

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

FORM 20-F

/ / REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR
/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002
OR
/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 1-14832

CELESTICA INC.
(Exact name of registrant as specified in its charter)

ONTARIO, CANADA

(JURISDICTION OF INCORPORATION OR ORGANIZATION)

1150 EGLINTON AVENUE EAST
TORONTO, ONTARIO, CANADA M3C 1H7
(ADDRESS OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

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

Subordinate Voting Shares
(TITLE OF CLASS)

The Toronto Stock Exchange
The New York Stock Exchange
(NAME OF EACH EXCHANGE ON WHICH REGISTERED)

Liquid Yield Option-TM- Notes due 2020
(TITLE OF CLASS)

The New York Stock Exchange
(NAME OF EACH EXCHANGE ON WHICH REGISTERED)

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

N/A

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

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.

189,538,365 Subordinate Voting Shares
39,065,950 Multiple Voting Shares

0 Preference Shares

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

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

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PART I

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

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

IN THIS ANNUAL REPORT, ALL DOLLAR AMOUNTS ARE EXPRESSED IN UNITED STATES DOLLARS, EXCEPT WHERE WE STATE OTHERWISE. UNLESS WE STATE OTHERWISE, ALL REFERENCES TO "U.S.\$" OR "\$" ARE TO U.S. DOLLARS 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 GIVEN AS OF FEBRUARY 28, 2003. AT THAT DATE, THE NOON BUYING RATE IN NEW YORK CITY FOR CABLE TRANSFERS IN CANADIAN DOLLARS WAS U.S.\$1.00=C\$1.4880, AS CERTIFIED FOR CUSTOMS PURPOSES BY THE FEDERAL RESERVE BANK OF NEW YORK.

UNLESS WE INDICATE OTHERWISE, ALL INFORMATION IN THIS ANNUAL REPORT IS STATED AS OF FEBRUARY 28, 2003.

FORWARD-LOOKING STATEMENTS

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

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. You should understand that the following important factors, in addition to those discussed in Item 3, "Key Information -- Risk Factors," and elsewhere in this Annual Report, could affect our future results and could cause those results to differ materially from those expressed in such forward-looking statements: the challenges of effectively managing our operations during uncertain economic conditions; the challenge of responding to lower-than-expected customer demand; the effects of price competition and other business and competitive factors generally affecting the electronics manufacturing services, or EMS, industry; our dependence on the information technology and communications industries; our dependence on a limited number of customers and on industries affected by rapid technological change; component constraints; variability of operating results among periods; and the ability to manage our restructuring and the shift of production to lower cost geographies.

We disclaim any intention or obligation to update or revise any forward-looking statements contained in this Annual Report or the documents we incorporate by reference herein, whether as a result of new information, future events, or otherwise.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

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

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles, or GAAP. These principles conform in all material respects with U.S. GAAP except as described in note 22 to the Consolidated Financial Statements in Item 18. For all the years presented, the selected financial data is prepared in accordance with Canadian

GAAP. The differences between the line items under Canadian GAAP and those as determined under U.S. GAAP are not significant except that, under U.S. GAAP:

- our net loss for the year ended December 31, 1998 would be \$6.2 million greater due to non-cash charges for compensation expense;
- our net earnings for the year ended December 31, 1999 would be \$1.9 million less due to non-cash charges for compensation expense;
- our net earnings for the year ended December 31, 2000 would be \$2.5 million less due to non-cash charges for compensation expense and \$6.8 million less due to interest on the convertible debt we issued in August 2000, in the principal amount of \$1,813.6 million, that would be classified as a long-term liability rather than as an equity instrument;
- our net loss for the year ended December 31, 2001 would be \$3.2 million greater due to non-cash charges for compensation expense, \$17.7 million greater due to interest on convertible debt classified as a long-term liability rather than as an equity instrument, \$2.7 million greater due to other charges, and \$12.1 million less due to the gain on a foreign exchange contract; and
- our net loss for the year ended December 31, 2002 would be \$3.8 million greater due to non-cash charges for compensation expense, \$27.8 million greater due to interest on convertible debt classified as a long-term liability rather than as an equity instrument, \$26.5 million greater due to other charges, and \$8.4 million less due to gain on repurchase of convertible debt.

YEAR ENDED DECEMBER 31 -----

1998(1) 1999(1) 2000(1) 2001(1) 2002(1) ---

--- (in millions, except per share amounts)
 CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
 DATA:

Revenue.....	\$3,249.2	\$5,297.2	\$9,752.1	\$10,004.4	
sales.....	3,018.7	4,914.7	9,064.1	9,291.9	7,715.8
Cost of sales.....		\$8,271.6			
Gross profit.....	230.5	382.5	688.0	712.5	555.8
Selling, general and administrative expenses.....	130.5	202.2	326.1	341.4	298.5
Amortization of goodwill and intangible assets(2).....	45.4	55.6	88.9	125.0	95.9
Integration costs related to acquisitions(3).....	8.1	9.6	16.1	22.8	21.1
Other charges(4).....					64.7
Operating income (loss).....	256.9	(49.8)	(537.5)	32.3	10.7
Interest expense (income), net(5).....	(19.0)	(7.9)	(1.1)		
Earnings (loss) before income taxes.....	275.9	(41.9)	(536.4)	(2.0)	36.0
Income tax expense (recovery).....	(2.1)	(91.2)			69.2
Net earnings (loss).....	68.4	\$ 206.7	\$ (39.8)	\$ (445.2)	=====
Basic earnings (loss) per share(6).....	(0.47)	\$ 0.41	\$ 1.01	\$ (0.26)	\$ (1.98)
Diluted earnings (loss) per share(6).....	(0.26)	\$ (1.98)			
OTHER DATA: Capital expenditures.....	\$ 211.8	\$ 282.8	\$ 199.3	\$ 151.4	

AS AT DECEMBER 31 -----

----- 1998

1999 2000 2001 2002 -----

----- (in

millions) CONSOLIDATED BALANCE SHEET

DATA: Cash and short-term

investments.....	\$ 31.7	\$ 371.5		
883.8	\$1,342.8	\$1,851.0	Working	
capital(7).....	\$			
356.2	\$1,000.2	\$2,262.6	\$2,339.8	\$2,093.2
	Capital			
assets.....	\$			
214.9	\$ 365.4	\$ 633.4	\$ 915.1	\$ 727.8
	Total			
assets.....				
\$1,636.4	\$2,655.6	\$5,938.0	\$6,632.9	
\$5,806.8	Total long-term debt, including current			
portion.....				
\$ 135.8	\$ 134.2	\$ 132.0	\$ 147.4	\$ 6.9
	Shareholders'			
equity.....	\$ 859.3			
\$1,658.1	\$3,469.3	\$4,745.6	\$4,203.6	

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(1) The consolidated statements of earnings (loss) data for:

1998, 1999, 2000, 2001 and 2002 include the results of operations of the manufacturing operation acquired from Madge Networks N.V. in February 1998, the manufacturing operation acquired from Lucent Technologies Inc. in April 1998, Analytic Design, Inc. acquired in May 1998, the manufacturing operation acquired from Silicon Graphics Inc. in June 1998, and Accu-Tronics, Inc. acquired in September 1998;

1999, 2000, 2001 and 2002 include the results of operations of International Manufacturing Services, Inc., or IMS, acquired December 1998, Signar SRO acquired in April 1999, greenfield operations established in Brazil and Malaysia in June 1999, VXI Electronics, Inc. acquired in September 1999, the assets acquired from Hewlett-Packard's Healthcare Group in October 1999, EPS Wireless, Inc. acquired in December 1999, and certain assets acquired from Fujitsu-ICL Systems Inc. in December 1999;

2000, 2001 and 2002 include the results of operations of the assets of the Enterprise System Group and the Microelectronics Division of IBM in Minnesota and in Italy acquired in February and May 2000, respectively, NDB Industrial Ltda. acquired in June 2000, Bull Electronics Inc. acquired in August 2000, and NEC Technologies (UK) Ltd. acquired in November 2000;

2001 and 2002 includes the results of operations of Excel Electronics, Inc. acquired in January 2001, certain assets of Motorola Inc. in Ireland and Iowa acquired in February 2001, certain assets of a repair facility of N.K. Techno Co., Ltd. in Japan acquired in March 2001, certain assets of Avaya Inc. in Arkansas and Colorado acquired in May 2001, Sagem CR s.r.o. acquired in June 2001, certain assets of Avaya Inc. in France acquired in August 2001, certain assets of Lucent Technologies Inc. in Ohio and Oklahoma acquired in August 2001, Primetech Electronics Inc. acquired in August 2001, and Omni Industries Limited acquired in October 2001; and

2002 includes the results of operations of certain assets of NEC Corporation in Miyagi and Yamanashi, Japan acquired in March 2002, and certain assets of Corvis Corporation in the United States acquired in August 2002.

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

In 2001, the Canadian Institute of Chartered Accountants (CICA) approved Handbook Sections 1581, "Business combinations" and 3062, "Goodwill and other intangible assets." The new standards mandate the purchase method of accounting for business combinations and require that the value of the shares issued in a business combination be measured using the average share price for a reasonable period before and after the date the terms of the acquisition are agreed to and announced. The new standards are substantially consistent with U.S. GAAP.

Effective July 1, 2001, goodwill acquired in business combinations completed after June 30, 2001 has not been amortized. Celestica has fully adopted these new standards as of January 1, 2002, and discontinued amortization of all existing goodwill. We also evaluated existing intangible assets, including estimates of remaining useful lives, and have reclassified \$9.1 million from intellectual property to goodwill, as of January 1, 2002, to conform with the new criteria.

Section 3062 required the completion of a transitional goodwill impairment evaluation within six months of adoption. Any transitional impairment would have been recognized as an effect of a change in accounting principle and would have been charged to opening retained earnings as of January 1, 2002. We completed the transitional goodwill impairment assessment during the

second quarter of 2002, and determined that no impairment existed as of the date of adoption. Under U.S. GAAP, any transitional impairment charge would have been recognized in earnings as a cumulative effect of a change in accounting principle.

Effective January 1, 2002, we had unamortized goodwill of \$1,137.9 million which is no longer being amortized. This change in accounting policy is not applied retroactively and the amounts presented for prior periods have not been restated for this change. The following table shows the impact of this change as if the policy had been applied retroactively to 2001:

YEAR ENDED DECEMBER 31	-----	2001
2002	-----	(in millions, except per
		share amounts) Net loss as
reported.....		\$
	(39.8) \$(445.2)	Add back: goodwill
amortization.....	39.2	-- -----
		- ----- Net loss before goodwill
amortization.....		\$ (0.6) \$(445.2)
	=====	===== Basic loss per share: As
reported.....		
	\$ (0.26) \$ (1.98)	Before goodwill
amortization.....		\$ (0.07) \$
	(1.98)	Diluted loss per share: As
reported.....		
	\$ (0.26) \$ (1.98)	Before goodwill
amortization.....		\$ (0.07) \$
	(1.98)	

- (3) These costs include costs to implement new information systems and processes, including salary and other costs directly related to the integration activities in newly acquired facilities.
- (4) In 1998, other charges totaled \$64.7 million (\$51.5 million after income taxes), comprised of non-cash charges of \$35.0 million relating to the write-down of intellectual property, \$6.8 million of goodwill which became impaired as a result of the merger with IMS, a write-off of deferred financing fees and debt redemption fees of \$17.8 million relating to the prepayment of debt with the net proceeds of our initial public offering, and other charges of \$5.1 million.

In 2001, other charges totaled \$273.1 million (\$226.4 million after income taxes) comprised of (a) a \$237.0 million restructuring charge, and (b) a non-cash charge of \$36.1 million relating to the annual impairment assessment of long-lived assets, comprised primarily of a write-down of goodwill and intangible assets.

In 2002, other charges totaled \$677.8 million (\$562.6 million after income taxes) comprised primarily of (a) a \$385.4 million restructuring charge, (b) a non-cash write-down of \$203.7 million relating to the annual goodwill impairment assessment, (c) a non-cash write-down of \$81.7 million relating to the annual impairment assessment of long-lived assets, primarily a write-down of intangible assets, and (d) a \$9.6 million charge for the premium paid and related deferred financing costs on the redemption of our Senior Subordinated Notes.

- (5) Interest expense (income) is comprised of interest expense incurred on indebtedness less interest income earned on cash and short-term investments.
- (6) In 2001, we retroactively adopted the new CICA Handbook Section 3500, "Earnings per share," which requires the retroactive use of the treasury stock method for calculating diluted earnings per share. This change results in an earnings per share calculation which is consistent with U.S. GAAP.

For purposes of the basic and diluted earnings (loss) per share calculations, the weighted average number of shares outstanding were:

YEAR ENDED DECEMBER 31	-----					
	-----	1998	1999	2000	2001	2002
		----- (in millions)				
Basic.....		103.0	167.2	199.8	213.9	229.8
Diluted.....		103.0	171.2	211.8	213.9	229.8

- (7) Calculated as current assets less current liabilities.

EXCHANGE RATE INFORMATION

The rate of exchange as of February 28, 2003 for the conversion of Canadian

dollars into United States dollars was U.S. \$0.6720. The following table sets forth the exchange rates for the conversion of U.S.\$1.00 into C\$1.00 as at the end of the following fiscal periods and the average exchange rates for those periods (based upon the average of the exchange rates on the last day of each month during the 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 Federal Reserve Statistical Releases.

1998	1999	2000	2001	2002	-----	-----	----

Average(1).....							
1.4836	1.4858	1.4855	1.5487	1.5704			

MARCH	FEBRUARY	JANUARY	DECEMBER	NOVEMBER	OCTOBER	2003	2003	2003	2002
2002	2002	-----	-----	-----	-----	-----	-----	-----	-----

High.....									
1.4905	1.5315	1.5798	1.5792	1.5903					
	1.5943								
Low.....									
1.4659	1.4880	1.5219	1.5478	1.5528					
	1.5610								

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(1) Calculated by using the averages of the exchange rates as of the last day of each month during the period.

The rate of exchange as of February 28, 2003 for the conversion of United States dollars into Canadian dollars was 1.4880 (U.S.\$1 = C\$1.4480).

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

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

OUR OPERATING RESULTS FLUCTUATE

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

- the volume of orders received relative to our manufacturing capacity;
- fluctuations in material costs and the mix in material costs versus labor and manufacturing overhead costs; and
- variations in the level and timing of orders placed by a customer due to the customer's attempts to balance its inventory, changes in the customer's manufacturing strategy or sourcing plans, and variation in demand for the customer's products. These changes can result from life cycles of customer products, competitive conditions, and general economic conditions.

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

- the level of price competition as a result of the highly competitive nature of our business;
- our past experience in manufacturing a particular product;
- the degree of automation we use in the assembly process;
- whether we are managing our inventories and fixed assets effectively;
- our customer and end-market concentrations;

- the timing of our expenditures in anticipation of increased sales;
- increased or unexpected expenses associated with the shifting of products between manufacturing locations, including transfer delays from higher cost locations;
- customer product delivery requirements and shortages of components or labor;
- the shifting of production by our customers from our operations, to one of our competitor's operations; and
- the timing of, and the price we pay for, our acquisitions and related integration costs.

In addition, most of our customers typically do not commit to firm production schedules for more than 30 to 90 days in advance. Accordingly, we cannot forecast the level of customer orders with certainty. This makes it difficult to order appropriate levels of materials and to schedule production and maximize utilization of our manufacturing capacity. In the past, we have been required to increase staffing, purchase materials, and incur other expenses to meet the anticipated demand of our customers. Sometimes these anticipated orders from certain customers have failed to materialize, and sometimes delivery schedules have been deferred as a result of changes in the customer's business needs. On other occasions, customers have required rapid and sudden increases in production which have placed an excessive burden on our manufacturing capacity. Deferred delivery schedules result in a delay, and may result in a reduction in our revenue from these customers, and also may lead to excess capacity at affected facilities. Also, certain customers may be unable to pay us or otherwise meet their commitments under their agreements or purchase orders with us.

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

Prospective investors should not rely on results of operations in any past period to indicate what our results will be for any future period.

WE HAVE HAD RECENT OPERATING LOSSES

We generated net earnings in each of the years from 1993 through 1996, and in 1999 and 2000. We recorded net losses of \$6.9 million in 1997, \$48.5 million in 1998, \$39.8 million in 2001, and \$445.2 million in 2002. In 1997, we incurred \$13.3 million of integration costs related to acquisitions and a \$13.9 million credit loss, with these charges totaling \$27.2 million (\$17.0 million after income taxes). In 1998, we incurred \$8.1 million of integration costs related to acquisitions, a \$41.8 million write-down of intellectual property and goodwill, a write-off of deferred financing fees and debt redemption fees of \$17.8 million, and \$5.1 million of charges related to the acquisition of IMS with these charges totaling \$72.8 million (\$56.5 million after income taxes). In 2001, we incurred \$22.8 million of integration costs related to acquisitions, \$237.0 million of restructuring charges, and a \$36.1 million write-down of certain assets, primarily goodwill and intangible assets, with these charges totaling \$295.9 million (\$245.2 million after income taxes). In 2002, we incurred \$21.1 million of integration costs related to acquisitions, \$385.4 million of restructuring charges, a \$285.4 million write-down of certain assets, primarily goodwill and intangible assets, and \$9.6 million in deferred financing costs and debt redemption fees, with these charges totaling \$701.5 million (\$582.2 million after income taxes). We may not be profitable in future periods. In response to the continued limited visibility in end markets, we plan to further reduce our manufacturing capacity. The reduction in capacity will result in an estimated pre-tax restructuring charge of between \$50.0 million and \$70.0 million, to be recorded during 2003. If end-market conditions were to weaken significantly from current levels, we may undertake additional restructuring activities, thereby reducing profitability in future periods.

WE ARE EXPOSED TO CHANGES IN GENERAL ECONOMIC CONDITIONS

As a result of unfavorable general economic conditions and reduced demand for technology capital goods, our sales have been particularly volatile in recent quarters. Specifically, since the first fiscal quarter of 2001, we have seen declines in the demand for products in the end markets that we serve. If global economic conditions in

the markets we serve do not improve, we may experience a continued material adverse impact on our business, operating results and financial condition.

THE WAR IN IRAQ, ACTS OF TERRORISM, AND OTHER POLITICAL AND ECONOMIC DEVELOPMENTS COULD ADVERSELY AFFECT OUR BUSINESS

Increased international political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, sustained

military action in Iraq, other conflicts in the Middle East and Asia, strained international relations arising from these conflicts and the related decline in consumer confidence and continued economic weakness, may hinder our ability to do business and may adversely affect our stock price. Any escalation in these events or similar future events may disrupt our operations or those of our customers and suppliers and may affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing facilities and finished products to customers. These events have had and may continue to have an adverse impact on the U.S. and world economy in general and customer confidence and spending in particular, which in turn adversely affects our revenues and results of operations. The impact of these events on the volatility of the U.S. and world financial markets could increase the volatility in our stock price and may limit the capital resources available to us and our customers or suppliers.

WE ARE UNCLEAR HOW THE SEVERE ACUTE RESPIRATORY SYNDROME (SARS) OUTBREAK WILL IMPACT OUR BUSINESS

We, our suppliers, and our customers have manufacturing operations in Asia, the geographic region most directly affected by the current outbreak of the SARS virus. Existing bans being imposed by some employers on non-essential travel to this region could begin to impact business in that region, including postponement of factory maintenance and delay in customer qualification of our manufacturing facilities for new programs. The continuation of this disease outbreak in Asia, or its expansion in other regions where we or our customers or suppliers have operations, could also disrupt our manufacturing supply chain and adversely affect our operations through higher operating expenses, lower or delayed production volumes resulting in weaker than expected utilization of our facilities, and delays in product transfer activities from higher to lower cost facilities as we implement our restructuring programs.

OUR RESULTS CAN BE AFFECTED BY LIMITED AVAILABILITY OF COMPONENTS

A significant portion of our costs reflects component purchases. A majority of the products we manufacture require one or more components that we order from sole-source suppliers of these particular components. Supply shortages for a particular component can delay production of all products using that component or cause price increases in the services we provide. In addition, at various times there have been industry-wide shortages of electronic components. Such shortages, or future fluctuations in material costs, may have a material adverse effect on our business or cause our results of operations to fluctuate from period to period. Also, we rely on a variety of common carriers for materials transportation and route materials through various world ports. A work stoppage, strike or shutdown of a major port or airport could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our results of operations.

WE DEPEND ON CERTAIN INDUSTRIES

Our financial performance depends on our customers' viability, financial stability, and the demand for our customers' end-market products. Our customers, in turn, depend substantially on the growth of the information technology and communications industries. These industries are characterized by rapidly changing technologies and shortening product life cycles. These industries have been experiencing severe revenue erosion, pricing and margin pressures, excess inventories, and increased difficulty in attracting capital. These factors affecting the information technology and communications industries in general, and the impact these factors might have from time to time on our customers in particular, could continue to have a material adverse effect on our business.

WE FACE CUSTOMER CREDIT RISK

We generate significant accounts receivable and inventory balances in providing manufacturing services to our customers. We may encounter significant delays or defaults in payments owed to us by customers.

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WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS

Our three largest customers in 2002 were IBM Corporation, Sun Microsystems Inc., and Lucent Technologies Inc., which each represented more than 10% of our total 2002 revenue and collectively represented 48% of our total 2002 revenue. Our next seven largest customers collectively represented 37% of our total revenue in 2002. IBM Corporation, Sun Microsystems Inc., and Lucent Technologies Inc., our three largest customers in 2001, each represented more than 10% of our total 2001 revenue and collectively represented 55% of our total 2001 revenue. Our next seven largest customers represented 29% of total 2001 revenue. We expect to continue to depend upon a relatively small number of customers for a significant percentage of our revenue.

Our mix of business with customers in higher complexity communications and information technology products had a major impact on our results in 2002 as spending in these areas was adversely affected. We saw the biggest declines in revenues from our top 10 customers, which represent over 80% of our business.

Other than in the case of asset acquisitions, otherwise known as "OEM divestitures," we generally do not enter into long-term supply commitments with our customers. Instead, we bid on a project basis and have supply contracts or purchase orders in place for each project. We are dependent on customers to fulfill the terms associated with these orders and/or contracts. Significant reductions in, or the loss of, sales to any of our largest customers would have a material adverse effect on us. OEM divestitures often entail long-term supply agreements between ourselves and the OEM customer, and we are similarly dependent on customers to fulfill their obligations under these contracts.

OUR CUSTOMERS MAY CANCEL THEIR ORDERS, CHANGE PRODUCTION QUANTITIES OR DELAY PRODUCTION

Our customers are increasingly dependent on EMS providers for new product introductions and rapid response times to volume requirements. We generally do not obtain firm, long-term purchase commitments from our customers and we often experience reduced lead-times in customers' orders. Customers may cancel their orders, change production quantities, or delay production for a number of reasons. The uncertain economic condition of our customers' end markets and general order volume volatility has 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. Cancellation, reduction, or delays by a significant customer, or by a group of customers, would seriously harm our results of operations by reducing the volumes of products manufactured and delivered by us for the customers in that period. Such order changes could also cause a delay in the repayment to us for inventory expenditures we incurred in preparation for the customer orders. Order cancellations and delays could also lower asset utilization, resulting in higher productive assets and lower margins.

WE FACE RISKS ARISING FROM THE RESTRUCTURING OF OUR OPERATIONS

We have undertaken numerous initiatives to restructure and reduce our capacity in response to the difficult economic climate, with the intention of improving utilization and realizing cost savings in the future. These initiatives have included changing the number and location of our production facilities, largely to align our capacity and infrastructure with anticipated customer demand, and to rationalize our footprint worldwide. This alignment includes transferring programs from higher cost geographies to lower cost geographies. The process of restructuring entails, among other activities, moving product production between facilities, reducing staff levels, realigning our business processes and reorganizing our management. Any failure to successfully execute these initiatives can have a material adverse impact on our results. If, in the future, our customer demand falls, or we are required to reduce prices, at a rate exceeding the rate at which we are able to reduce our costs, this could have a material adverse impact on our operating results.

WE MAY NOT BE ABLE TO RESTRUCTURE QUICKLY ENOUGH IN SOME OF OUR KEY MANUFACTURING REGIONS, SUCH AS EUROPE

We have operations in multiple regions around the world. As a result, we are subject to different regulatory requirements governing how quickly we are able to reduce manufacturing capacity and terminate related employees. Restrictions on our ability to close under-performing facilities will result in higher expenses associated with carrying excess capacity and infrastructure during our restructuring activities.

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CHANGES IN OUR INDUSTRY REQUIRE US TO MOVE A SIGNIFICANT PORTION OF OUR MANUFACTURING BASE TO LOWER COST REGIONS

With the significant and severe weakness in technology end markets over the past two years, our customers require significant cost reductions in order to maintain sales and improve their financial performance. This environment has resulted in an accelerated movement of our production from higher cost regions such as North America and western Europe to lower cost regions such as Asia, Latin America and Central Europe. This accelerated move could impact current and future results by such factors as increasing the risks associated with transferring production to new regions where skills or experience may be more limited than in higher cost regions, higher operating expenses during the transition, and additional restructuring costs associated with the decrease in production levels in higher cost geographies.

WE FACE RISKS DUE TO OUR INTERNATIONAL OPERATIONS

During 2002, approximately 40% of our revenue was produced from locations outside of North America. In addition, we purchased material from international suppliers for much of our business, including our North American business. We believe that our future growth depends in large part on our ability to increase our business in international markets and, as we describe above, the shift of much of our production to lower cost geographies. We will continue to expand our operations outside of North America. This expansion will require significant management attention and financial resources. International operations are subject to inherent risks, which may adversely affect us, including:

- labor unrest;
- unexpected changes in regulatory requirements;
- tariffs, import and export duties, value-added taxes and other barriers;
- less favorable intellectual property laws;
- difficulties in staffing and managing foreign sales and support operations;
- longer accounts receivable payment cycles and difficulties in collecting payments;
- changes in local tax rates and other potentially adverse tax consequences, including the cost of repatriation of earnings;
- lack of acceptance of locally manufactured products in other foreign countries;
- burdens of complying with a wide variety of foreign laws, including changing import and export regulations which could erode our profit margins or restrict exports;
- adverse changes in Canadian and U.S. trade policies with the other countries in which we maintain operations;
- political instability;
- potential restrictions on the transfer of funds;
- inflexible employee contracts that restrict our flexibility in responding to business downturns; and
- foreign exchange risks.

We have either purchased or built manufacturing facilities in numerous Asian countries, including Thailand, Malaysia, China, Indonesia, and Singapore, and are subject to the significant political, economic, and legal risks associated with doing business in these countries. For instance, under its current leadership, the Chinese government has instituted a policy of economic reform which has included encouraging foreign trade and investment, and greater economic decentralization. However, the Chinese government may discontinue or change these policies, and these policies may not be successful. Moreover, despite progress in developing its legal system, China does not have a comprehensive and highly developed system of laws, particularly as it relates to foreign investment activities and foreign trade. Enforcement of existing and future laws and contracts is uncertain, and implementation and interpretation of such laws may be inconsistent. As the Chinese legal system develops, new laws and changes to existing laws may adversely affect foreign operations in China. While Hong Kong has had a long history of promoting foreign investment, its incorporation into China means that the uncertainty related to China and its policies may now also affect Hong Kong. Thailand and Indonesia have also had a long history of promoting foreign investment but have experienced economic and political turmoil and a significant devaluation of their currencies in the recent past. There is a risk that economic and political turmoil may result in the reversal of current policies encouraging foreign investment and trade, restrictions on the transfer of funds overseas, employee turnover, labor unrest, or other domestic problems that could adversely affect us.

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OUR RECENT CAPACITY REDUCTION ACTIVITIES AND MANUFACTURING RESTRUCTURING PROGRAMS MAY IMPACT OUR ABILITY TO MEET THE GROWTH NEEDS OF OUR CUSTOMERS

With the significant and severe weakness in technology end markets over the past two years, we have experienced poor asset utilization and responded by significantly reducing our manufacturing infrastructure. If our customers were to experience sharp and unforecasted improvements in demand, the removal of this infrastructure could potentially impact customer satisfaction and limit our ability to grow if we are not able to respond to higher volumes required by our customers.

WE FACE FINANCIAL RISKS DUE TO FOREIGN CURRENCY FLUCTUATIONS

The principal currency in which we conduct our operations is U.S. dollars. However, some of our subsidiaries transact business in foreign currencies, such as Canadian dollars, Mexican pesos, British pounds sterling, Euros, Singapore dollars, Japanese yen, Brazilian reais, and the Thai baht. We may sometimes enter into hedging transactions to minimize our exposure to foreign currency and interest rate risks. Our current hedging activity is designed to reduce the variability of our foreign currency costs and consists of contracts to purchase or sell these foreign currencies at future dates. In general, these contracts extend for periods of less than 19 months. Our hedging transactions may not successfully minimize foreign currency risk.

INTEREST RATE DECREASES WILL REDUCE INTEREST INCOME ON OUR PORTFOLIO OF CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

The primary objective of our investment activities is to preserve principal while, at the same time, maximize yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including both government and corporate obligations, certificates of deposit, and money market funds. If interest rates, and therefore interest income, were to fall significantly, there may be a material adverse impact on our financial results.

WE DEPEND ON HIGHLY SKILLED PERSONNEL

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

WE ARE IN A HIGHLY COMPETITIVE INDUSTRY

We are in a highly competitive industry. We compete against numerous domestic and foreign companies. Two of our competitors, Flextronics International and Solectron Corporation, each have revenue in excess of \$12.0 billion for fiscal 2002 and one of our competitors, Sanmina-SCI Corporation, has revenue in excess of \$8.0 billion for fiscal 2002. We also face indirect competition from the manufacturing operations of our current and prospective customers, which continually evaluate the merits of manufacturing products internally rather than using EMS providers. Some of our competitors have more geographically diversified international operations, a greater production presence in lower cost geographies as well as substantially greater manufacturing, financial, procurement, research and development, and marketing resources than we have. These competitors may create alliances and rapidly acquire significant market share. Accordingly, our current or potential competitors may develop or acquire services comparable or superior to those we develop, combine or merge to form significant competitors, or adapt more quickly than we will to new technologies, evolving industry trends and changing customer requirements. Competition has caused and may continue to cause price reductions, reduced profits, or loss of market share, any of which could materially and adversely affect us. We may not be able to compete successfully against current and future competitors, and the competitive pressures that we face may materially adversely affect us. The EMS industry has been experiencing an increase in excess manufacturing capacity. This has and will continue to exert additional pressures on pricing for components and services, thereby increasing the competitive pressures in the EMS industry. Excess capacity will limit the industries ability to attain economics of scale and other synergies.

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WE DEPEND ON THE CONTINUING TREND OF OUTSOURCING BY OEMS

Future growth in our revenue depends on new outsourcing opportunities in which we assume additional manufacturing and supply chain management responsibilities from OEMs. To the extent that these opportunities are not available, either because OEMs decide to perform these functions internally or because they use other EMS providers, our future growth will be limited.

WE MAY BE UNABLE TO KEEP PACE WITH 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 develop and to market manufacturing services which meet changing customer needs, to maintain technological leadership, and to successfully anticipate or respond to technological changes in production and manufacturing processes in cost-effective and timely ways. Our manufacturing processes, test development efforts, and design capabilities may not be successful.

OUR CUSTOMERS MAY BE ADVERSELY AFFECTED BY RAPID TECHNOLOGICAL CHANGE

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

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY

We believe that certain of our proprietary intellectual property rights and information give us a competitive advantage. Accordingly, we have taken, and intend to continue to take, appropriate steps to protect this proprietary information. These steps include signing non-disclosure agreements with

customers, suppliers, employees, and other parties and implementing rigid security measures. Our protection measures may not be sufficient to prevent the misappropriation or unauthorized disclosure of our property or information.

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

WE ARE SUBJECT TO THE RISK OF INCREASED INCOME TAXES

Our business operations are carried on in a number of countries, including countries where:

- tax incentives have been extended to encourage foreign investment; or
- income tax rates are low.

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

OUR COMPLIANCE WITH ENVIRONMENTAL LAWS COULD BE COSTLY

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

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Some of our operating sites have a history of industrial use. Soil and groundwater contamination have occurred at some of our facilities. Certain environmental laws impose liability for the costs of removal or remediation of hazardous or toxic substances on an owner, occupier or operator of real estate, even if such person or company was not aware of or responsible for the presence of such substances. In addition, in some countries in which we have operations, any person or company who arranges for the disposal or treatment of hazardous or toxic substances at a disposal or treatment facility may be liable for the costs of removal or remediation of such substances at such facility, whether or not the person or company owns or operates the facility. From time to time we investigate, remediate, and monitor soil and groundwater contamination at certain of our operating sites. In certain instances where soil or groundwater contamination existed prior to our ownership or occupation of a site, landlords or former owners have contractually retained responsibility and liability for the contamination and its remediation. However, failure of such former owners or landlords to perform, as the result of financial inability or otherwise, could result in our company being required to remediate such contamination.

Except for facilities we acquired in the Omni transaction, we obtained Phase I or similar environmental assessments, or reviewed recent assessments initiated by others, for most of the manufacturing facilities that we own or lease at the time we either acquired or leased such facilities. Typically, these assessments include general inspections without soil sampling or groundwater analysis. Where contamination is suspected, Phase II intrusive environmental assessments (including soil and/or groundwater testing) are usually performed. These assessments have not revealed any environmental liability that we believe, based on current information, will have a material adverse effect on us, in part because of the contractual retention of liability for some contamination and its remediation by landlords and former owners. Our assessments may not reveal all environmental liabilities and current assessments are not available for all facilities. Consequently, there may be material environmental liabilities of which we are not aware. In addition, ongoing clean up and containment operations may not be adequate for purposes of future laws. The conditions of our properties could be affected in the future by the conditions of the land or operations in the vicinity of the properties (such as the presence of underground storage tanks). These developments and others (such as increasingly stringent environmental laws, increasingly strict enforcement of environmental laws by governmental authorities, or claims for damage to property or injury to persons resulting from the environmental, health, or safety impact of our operations) may cause us to incur significant costs and liabilities that could have a material adverse effect on us.

OUR LOAN AGREEMENTS CONTAIN RESTRICTIVE COVENANTS

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

POTENTIAL ADVERSE EFFECT OF SHARES ELIGIBLE FOR FUTURE SALE

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

As of February 28, 2003, we had 189,102,903 subordinate voting shares and 39,065,950 multiple voting shares outstanding. All of the subordinate voting shares are freely transferable without restriction or further registration under the U.S. Securities Act, except for shares 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 3,483,238 subordinate voting shares held by Onex. An affiliate may not sell shares in the United States unless the sale is registered under the U.S. Securities Act or an exemption from registration is available. Rule 144 adopted under the U.S. Securities Act permits our affiliates to sell 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 Celestica.

In addition, as of February 28, 2003, there were approximately 33,497,000 subordinate voting shares reserved for issuance under our employee share purchase and option plans and for director compensation,

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including outstanding options to purchase approximately 25,536,000 shares. The issuances and/or sale of such shares could adversely affect the market price of the subordinate voting shares.

OUR COMPANY IS CONTROLLED BY ONEX CORPORATION

Onex owns, directly or indirectly, all of the 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, represent 84% of the voting interest in Celestica and approximately 2% of the outstanding subordinate voting shares. Accordingly, Onex exercises a controlling influence over our business and affairs and has the power to determine all matters submitted to a vote of our shareholders where our shares vote together as a single class. Onex has the power to elect our directors and to approve significant corporate transactions such as certain amendments to our articles of incorporation, mergers, amalgamations, plans of arrangement, and the sale of all or substantially all of our assets. Onex' voting power could have the effect of deterring or preventing a change in control of our company that might otherwise be beneficial to our other shareholders. Under our revolving credit facilities, if Onex ceases to control Celestica and if our shares cease to be widely held ("widely held" meaning that no one person owns more than 20% of the votes), our lenders could demand repayment. Gerald W. Schwartz, the Chairman, President and Chief Executive Officer of Onex and one of our directors, owns shares with a majority of the voting rights of the shares of Onex. Mr. Schwartz, therefore, effectively controls our affairs. For additional information about our principal shareholders, please turn to Item 7(A), "Major Shareholders."

In private placements outside of the United States, certain subsidiaries of Onex have offered exchangeable debentures due 2025 that are exchangeable and redeemable under certain circumstances during their 25-year term for 9,214,320 subordinate voting shares. In addition, 1,757,467 subordinate voting shares may be delivered, at the option of Onex or certain persons related to Onex, to satisfy the obligations of such persons under equity forward agreements. If the issuers of the exchangeable debentures elect or the party to the equity forward agreements elects to deliver solely subordinate voting shares and no cash upon the exchange or redemption, or at maturity or acceleration, of the debentures or the settlement of the equity forward agreement, as the case may be, the number of shares owned by Onex, together with those shares Onex has the right to vote, would, if such delivery had occurred on February 28, 2003, represent in the aggregate 78% of the voting interest in our company.

POTENTIAL VOLATILITY OF SHARE PRICE

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

- quarterly variations in our operations and financial results;
- announcements by us or our competitors of technological innovations, new products, new contracts or acquisitions;

- changes in our prices or the prices of our competitors' products and services;
- changes in our product mix;
- changes in our growth rate as a whole or for a particular portion of our business;
- general conditions in the EMS industry; and
- systemic fluctuations in the stock markets.

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

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POTENTIAL UNENFORCEABILITY OF CIVIL LIABILITIES AND JUDGMENTS

We are incorporated under the laws of the Province of Ontario, Canada. Most of our directors, controlling persons and officers 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 for shareholders to initiate a lawsuit within the United States against these non-U.S. residents, or to enforce, in the U.S., judgments which are obtained in a U.S. court against us or these persons. It may also be difficult for shareholders to enforce a U.S. judgment in Canada or to succeed in a Canadian court, in a lawsuit based only on U.S. securities laws.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Celestica was incorporated in Ontario, Canada under the name Celestica International Holdings Inc. on September 27, 1996. Since that date, we have amended our articles of incorporation on various occasions principally to modify our corporate name and our share capital. Our legal name and commercial name is Celestica Inc. We are a corporation domiciled in the Province of Ontario, Canada and operate under the Ontario Business Corporations Act. Our principal executive offices are located at 1150 Eglinton Avenue East, Toronto, Ontario, Canada M3C 1H7 and our telephone number is (416) 448-5800. Our Web site is <http://www.celestica.com>. Information on our Web site is not incorporated by reference in this Annual Report.

We are a world leader in the delivery of innovative electronics manufacturing services. We operate a highly sophisticated global manufacturing network with operations in Asia, Europe, and the Americas, providing a broad range of services to leading OEMs. A recognized leader in quality, technology, and supply chain management, Celestica provides competitive advantage to customers by improving time-to-market, scalability, and manufacturing efficiency.

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

OUR ACQUISITIONS

A listing of our acquisitions since 1998 is included in note (1) to the Selected Financial Data table, see Item 3, "Key Information -- Selected Financial Data."

In 2002, we completed the acquisition of:

- certain manufacturing assets of NEC Corporation in Miyagi and Yamanashi, Japan; and
- certain assets from Corvis Corporation in the United States.

In connection with these acquisitions, we also entered into supply agreements. The aggregate purchase price for these acquisitions was \$111.0 million.

Certain information concerning capital expenditures, including acquisitions and financing activities, is set forth in notes 3, 9, 10, 11, and 20 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, such as restructuring, is set forth in note 13 to the Consolidated Financial Statements

in Item 18, in Item 4, "Information on the Company -- Description of Property," and Item 5, "Operating and Financial Review and Prospects-- Management's Discussion and Analysis of Financial Condition and Results of Operations."

B. BUSINESS OVERVIEW

Our goal is to be the "partner of choice" in EMS. We believe we are uniquely positioned to achieve this goal given our position as one of the major EMS providers worldwide and our widely recognized skills in our core areas of competency. The Company's strategy is to (i) maintain our leadership position in the areas of

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technology, quality, and supply chain management, (ii) develop profitable, strategic relationships with industry leaders, (iii) continually expand the range of the services we provide to OEMs, (iv) diversify our customer base, serving a wide variety of end markets, (v) selectively pursue strategic acquisitions, and (vi) steadily improve our operating margins. We believe that the successful implementation of this strategy will allow us to achieve superior financial performance and enhance shareholder value.

We have operations in the Americas, Europe, and Asia. We provide a wide variety of products and services to our customers, including the manufacture, assembly, and test of complex printed circuit assemblies, or PCAs, and the full system assembly of final products. In addition, we provide a broad range of EMS services from product design to worldwide distribution and after-sales support.

Celestica targets industry-leading OEMs primarily in the information technology and communications sectors. Celestica supplies products and services to over 100 OEMs. In the aggregate, our top ten customers represented over 80% of revenue in 2002. The products we manufacture can be found in a wide array of end products, including: cell phones and pagers, electronic metering devices, hubs and switches, LAN and WAN networking cards, laser printers, mainframe computers, mass storage devices, medical products, modems, multimedia peripherals, PBX switches, personal computers, PDAs, photonic devices, routers, scalable processors, servers, switching products, token ring products, video broadcasting equipment, wireless base stations, wireless loop systems, and workstations.

Our principal competitive advantages are our advanced capabilities and leadership in the areas of technology, quality and supply chain management. We are an industry leader in a wide range of advanced manufacturing technologies, using established and emerging process technologies. We believe our test capabilities are among the best in the industry and enable us to produce highly reliable products, including products that are critical to the functioning of our customers' products and systems. Our size, geographic reach, and leading expertise in supply chain management allow us to purchase materials effectively and to deliver products to customers faster, thereby reducing overall product costs and reducing the time to market.

We believe that our highly skilled workforce gives us a distinct competitive advantage. Through innovative compensation and broad-based employee stock ownership, we have developed a unique entrepreneurial, participative and team-based culture.

ELECTRONICS MANUFACTURING SERVICES INDUSTRY

OVERVIEW

The EMS industry is comprised of companies that provide a range of manufacturing services to OEMs. The industry (i) has experienced rapid growth in the past and has potential for growth in the future as the market for outsourcing, as a whole, grows, (ii) is highly fragmented and (iii) is poised for continuing consolidation due to the advantages of scale and geographic diversity. In 2002, two EMS providers -- Flextronics International and Solectron Corporation -- each achieved total revenue in excess of \$12.0 billion, and two EMS providers -- Celestica and Sanmina-SCI Corporation -- each achieved total revenue in excess of \$8.0 billion.

We see numerous industry vectors that are fueling the EMS industry. These include the continuing trend of information technology and communications companies to outsource their electronics manufacturing and to divest their manufacturing assets; OEMs in Japan increasingly execute an electronics manufacturing outsourcing strategy; the increasing adoption of an outsourcing strategy by the industrial, medical, military, and consumer electronics industries; and OEMs increasingly looking to the EMS industry to reduce their overall cost of goods sold and to provide a full range of services including design, system build, order fulfillment, reverse logistics, and other related manufacturing and customer support services.

In the current weak economic environment, the industry is dealing with the challenges of low utilization rates and the shifting of more production and manufacturing infrastructure to lower cost geographies. However, we believe that as the trend to outsourcing continues, OEMs will increasingly outsource more of their manufacturing and related services to EMS providers. This trend will favor

larger EMS providers that have clear advantages of scale, financial strength, geographic diversity, and leading supply chain capabilities, and is expected to lead to a sustained period of consolidation in the EMS industry.

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EVOLUTION OF THE EMS INDUSTRY

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

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

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

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

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

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

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

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

UTILIZE EMS COMPANIES' PROCUREMENT, INVENTORY MANAGEMENT AND LOGISTICS EXPERTISE. OEMs who manufacture internally are faced with greater complexities in planning, procurement and inventory management due to frequent design changes, short product life cycles and product demand fluctuations. OEMs can address

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these complexities by outsourcing to EMS providers that (i) possess sophisticated supply chain management capabilities, and (ii) can leverage significant component procurement advantages to lower product costs.

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

KEY SUCCESS FACTORS

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

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

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

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

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

COMPETITIVE COSTS. EMS companies with global plant networks can simplify and shorten an OEM's supply chain, significantly reduce the time it takes to bring products to market, and significantly reduce the total cost of an OEM's product. EMS providers that have significant capability in lower cost regions such as Mexico, Asia, and Central Europe can provide lower cost manufacturing solutions to their OEM customers. As a result of these trends, many large OEMs tend to work with a smaller number of EMS providers that, as worldwide suppliers, can meet their needs in multiple geographic markets at the lowest cost.

MARKET CONSOLIDATION

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

The EMS industry continues to experience large-scale acquisition activity, primarily through the sale of facilities and manufacturing operations from OEMs to larger EMS providers. OEMs have tended to award these

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

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

Celestica's goal is to be the "partner of choice" in EMS. To achieve this goal, Celestica works closely with OEM customers to proactively identify and fulfill each of their requirements, and exceed their expectations in areas such as price, delivery, quality, reliability and serviceability. By deploying the following strategy, we believe that Celestica will maximize customer satisfaction, achieve superior financial performance, and enhance shareholder value:

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

DEVELOP AND ENHANCE RELATIONSHIPS WITH LEADING OEMS. Celestica seeks profitable, strategic relationships with industry leaders in the information technology and communications sectors. To this end, we pursue opportunities which exploit our competitive advantages in the areas of technology, quality and supply chain management. This strategy has allowed us to establish strong manufacturing relationships with leading OEMs. We are also committed to diversification of our customer base and to expanding our global presence as required by our customers.

BROADEN SERVICE OFFERINGS. We continually expand the breadth and depth of the services we provide to OEMs. Although we traditionally offered our services in connection with the production of higher-end and more complex products, we have significantly broadened our offering of services to facilitate the manufacture of a broader spectrum of products and to support the full product lines of leading OEMs. In the past few years, we have acquired additional capabilities in prototyping and PCA design, embedded system design, full system assembly and repair services. We will expand our capabilities and service offerings on a global basis as required by our customers.

DIVERSIFY END MARKETS. Celestica has a diversified customer base whose products serve the communications, server, storage and other, workstation and personal computer industries. In 2002, revenue by end-market users was as follows: communications -- 45%; servers -- 26%; storage and other -- 22%; and workstations and personal computer -- 7%. Celestica targets industry-leading OEMs, primarily in the information technology and communications sectors. In addition to this, Celestica's strategy includes increasing its diversification across other end markets, such as aerospace, military, industrial, medical, consumer, and automotive, to reduce the risk of reliance on certain sectors.

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

INCREASE OPERATING EFFICIENCY. While operating margins were relatively stable for the past two years, operating margins fell in 2002 as a result of revenue declines and weaker facilities utilization. Management is committed to applying our proven strategies and processes to enhance margins around the world. Additionally, we are executing our plan to improve overall financial margins by (i) completing our restructuring program, (ii) leveraging corporate procurement capabilities to lower materials costs, (iii) increasing utilization of facilities to take advantage of significant operating leverage, (iv) deploying corporate cost reduction and productivity enhancement initiatives on a global basis, (v) consistently applying best practices among our operations worldwide, and (vi) compensating our employees based in part on the achievement of earnings targets. In addition, we will continue our intensive focus on maximizing asset turnover which, combined with the margin enhancements described above, we believe will increase our return on invested capital.

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

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

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

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

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

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

very short lead times. We are focused on exploiting this trend through our advanced supply chain management capabilities.

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

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

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

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

One of our strengths has been our ability to consistently deliver high quality services and products. Celestica has an extensive quality management system that focuses on continual process improvement and achieving high customer satisfaction. Celestica employs a variety of advanced statistical engineering techniques and other tools to assist in improving product and service quality. All of our principal facilities are ISO certified to ISO 9001 or ISO 9002 standards. Most of our principal facilities are also certified to the ISO 14001 (environmental) standards.

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

GEOGRAPHIES

In 2002, approximately 56% of Celestica's revenue was produced in North America. Facilities in Asia and Europe generated approximately 23% and 21%, respectively, of Celestica's revenue in 2002. A listing of our principal locations is included in Item 4, "Information on the Company -- Description of Property." We are focused on expanding our resources and capability in lower cost geographies. We believe that locating in lower cost geographic regions such as Central Europe and Asia complements our service offerings by providing lower cost manufacturing solutions to our OEM customers for certain price-sensitive applications.

Certain information concerning geographic segments is set forth in note 20 to the Consolidated Financial Statements in Item 18.

SALES AND MARKETING

Sales and marketing at Celestica is an integrated set of processes designed to provide a single "face" to the customer worldwide. Celestica's coordination of efforts with key global customers has been enhanced by the creation of customer-focused units each headed by a group general manager to oversee the entire relationship with such customers. We have a global network comprised of direct sales representatives, operational and project managers, account executives, and supply chain management, as well as senior executives. Celestica's

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sales resources are directed at multiple management and staff levels within target accounts. Sales offices are located in proximity to key customers and markets.

Celestica has adopted a focused marketing approach targeted at creating profitable, strategic relationships with leading OEMs primarily in the information technology and communications sectors.

CUSTOMERS

Celestica targets industry-leading customers primarily in the information technology and communications sectors. Celestica supplies products and services to over 100 OEMs, including such industry leaders as Avaya Inc., Cisco Systems Inc., Dell Computer Corporation, EMC Corporation, Hewlett-Packard Corporation, IBM Corporation, Lucent Technologies Inc., Motorola Inc., NEC Corporation, and Sun Microsystems Inc.

During 2002, Celestica's three largest customers, IBM Corporation, Sun Microsystems Inc., and Lucent Technologies Inc., each represented in excess of 10% of total revenue and in the aggregate represented 48% of total revenue. During 2001, Celestica's three largest customers, IBM Corporation, Sun Microsystems Inc., and Lucent Technologies Inc., each represented in excess of 10% of total revenue and in the aggregate represented 55% of total revenue. Celestica's next seven largest customers represented approximately 37% of Celestica's total revenue in 2002 (compared with 29% for the next seven largest customers in 2001).

We generally enter into supply arrangements in connection with our acquisition of facilities from OEMs. These arrangements generally govern the conduct of business between the parties relating to, among other things, the manufacture of products which were previously produced at that facility by the seller itself. Such arrangements, which in certain instances contain limited overhead contribution provisions or limited revenue or product volume guarantees, range from one to five years. There can be no assurance that these arrangements will be renewed. As a result of the weak economic environment, these supply agreements have been affected by order cancellations and rescheduling as our customers' base-business volumes have decreased.

TECHNOLOGY AND RESEARCH AND DEVELOPMENT

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

Our customer-focused factories are highly flexible and are continually reconfigured to meet customer-specific product requirements. Celestica has extensive capabilities across a broad range of specialized assembly process technologies, including chip on board, chip scale packaging, flip chip attach, tape automated bonding, wire bonding, multi-chip module, ball grid array, micro ball grid array, tape ball grid array, and column grid array. We also work with a wide range of substrate types from thin flexible printed circuit boards to highly complex, dense multilayer boards.

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

Our ongoing research and development activities include the development of processes and test technologies as well as some focused product development. Celestica is proactive in developing manufacturing techniques which take advantage of the latest component and product designs and packaging. We often work with industry groups to advance the state of technology in the industry.

SUPPLY CHAIN MANAGEMENT

Celestica has strong relationships with a broad range of suppliers. We use electronic data interchange with our key suppliers and ensure speed of supply through the use of automated receiving and full-service distribution capabilities. During 2002, Celestica procured and managed over \$6.0 billion in materials and related services. We

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view this size of procurement as an important competitive advantage as it enhances our ability to obtain better pricing, influence component packaging and design, and obtain supply of components in constrained markets.

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

We employ a strategy of risk minimization relative to our inventory and generally order materials and components only to the extent necessary to satisfy existing customer orders. Celestica has implemented specific inventory management strategies with certain suppliers such as "supplier managed inventory" (pulling inventory at the production line on an as-needed basis) and "real-time component pricing" (the ability to obtain the advantage of the most recent price change in component pricing) designed to minimize the risk to us of cost fluctuations. In providing contract 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.

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

INTELLECTUAL PROPERTY

We hold licenses to various technologies which we acquired in connection with acquisitions from Fujitsu-ICL, Hewlett-Packard, IBM Corporation, NEC Corporation, and other companies. 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.

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

We license some technology from third parties which we use in providing 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 Celestica non-exclusive, worldwide licenses with respect to the subject technology and terminate upon a material breach by Celestica of the terms of the licensing agreement.

COMPETITION

The EMS industry is comprised of a large number of domestic and foreign companies, of which two companies, Flextronics International and Solectron Corporation, each had revenue in excess of \$12.0 billion for fiscal year 2002 and two companies, Celestica and Sanmina-SCI Corporation, each had revenue in excess of \$8.0 billion for fiscal year 2002. We also face competition from current and prospective customers which evaluate our capabilities against the merits of manufacturing products internally. We compete with different

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companies depending on the type of service or geographic area. Certain of our competitors may have greater manufacturing, financial, research and development, and marketing resources than we do. We believe that the primary basis of competition in our targeted markets is manufacturing technology, quality, responsiveness, the provision of value-added services, and price. To remain competitive, we believe we must continue to provide technologically advanced manufacturing services, maintain quality levels, offer flexible delivery schedules, deliver finished products on a reliable basis, and compete favorably on the basis of price.

HUMAN RESOURCES

As of December 31, 2002, we employ over 40,000 permanent and temporary (contract) employees worldwide. Given the variable nature of our project flow and the quick response time required by our customers, it is critical that we be able to quickly ramp-up and ramp-down our production to maximize efficiency. To achieve this, our strategy has been to employ a skilled temporary labor force, as required.

Culturally, Celestica is team-oriented, values-driven, empowerment-based, dynamic, and results-oriented, with an overriding sensitivity to customer service and quality at all levels. This environment is a critical factor for us to be able to fully utilize the intellectual capital of our employees. We have never experienced a work stoppage or strike. We believe that our employee relations are good. Certain of our employees in the United Kingdom, France, Italy, Mexico, U.S., Japan and Brazil are represented by unions.

ENVIRONMENTAL MATTERS

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

Some of our operating sites have a history of industrial use. As is typical for such businesses, soil and groundwater contamination has occurred. We from time to time investigate, remediate and monitor soil and groundwater contamination at certain of our operating sites.

Except for the facilities we acquired in the Omni transaction, Phase I or similar environmental assessments (which involve general inspections without soil sampling or ground water analysis) were obtained for most of the manufacturing facilities leased or owned by Celestica in connection with our acquisition or lease of such facilities. Where contamination is suspected, Phase II intrusive environmental assessments (including soil and/or groundwater testing) are usually performed. We expect to conduct such environmental assessments in respect of future property acquisitions where consistent with local practice. These environmental assessments have not revealed any

environmental liability that we believe, based on current information, will have a material adverse effect on our results of operations, business, prospects or financial condition, nor are we aware that we have any such material environmental liability, in part because of the contractual retention of liability for some contamination and its remediation by landlords and former owners at some sites. It is possible that our assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which we are not presently aware or that future changes in law or enforcement standards will cause us to incur significant costs or liabilities in the future.

BACKLOG

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

expected product sales covered by firm purchase orders is a meaningful measure of future sales, since orders may be rescheduled or canceled.

SEASONALITY

With a significant exposure to information technology and communications infrastructure products, the Company has historically seen a level of seasonality in its quarterly revenue patterns. This seasonality has generally resulted in lower volumes in the Company's first quarter, gradually increasing throughout the year, culminating in higher revenue in the fourth quarter. Seasonality is also reflective of the mix and complexity of the products manufactured. As a result of the current weak and uncertain economic environment, it is difficult to predict the extent and impact of seasonality on our business.

GLOSSARY

Ball grid array.....	A silicon chip packaging technique that provides high interconnection density at a low cost, high thermal electrical performance, high reliability and high card assembly yields. This technology uses an array of solder balls to connect the silicon chip to the printed circuit board.
Chip on board.....	A generic term for the use of unpackaged or "bare" silicon that is attached to the surface of the printed circuit board. The "bare" silicon is often sealed with an epoxy to strengthen reliability. Chip on board allows for space savings as well as faster signal processing speeds. Examples of chip on board are flip chip attach, tape automated bonding and wire bonded chips.
Consignment.....	An outsourcing method in which the outsourcing company provides most or all of the materials required for the products, and the EMS provider supplies only the manufacturing service.
EMS.....	Electronics manufacturing services.
Flip chip attach.....	A type of chip on board that involves attaching the "bare" silicon directly to the printed circuit board using solder.
Full system assembly.....	The assembly of a variety of PCAs and other subassemblies/components into a final product, such as a server, workstation or personal computer. Full system assembly typically includes the testing and distribution of the final product.
In-circuit test.....	One of the first electrical tests performed on completed PCAs, where small portions of the PCAs can be individually tested down to the silicon chip level.
In-situ dynamic thermal cycling stress testing.....	The electrical testing of PCAs while varying temperature, in an effort to uncover potential defects in assembly and electronics components.
Interconnect technology.....	The series of techniques used to electrically connect silicon chips, substrates and other electronics components together to create a functional product.
LAN.....	"Local area network." Multiple computers linked together to facilitate shared communications in a local or office environment.
Multi-chip module.....	A packaging technique that combines multiple silicon chips

together into a single functional device.

OEM..... Original equipment manufacturer.

PBX switch..... "Private branch exchange switch." A switch used in a telephone system consisting of central office trunks, a switchboard and extension telephones which may be interconnected with the trunks or with each other through the

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switchboard and associated equipment. These switches are typically used within a single company, office or building.

PCAs..... "Printed circuit assemblies." Printed circuit boards which are populated with various electronics components to form functional products.

PDA..... "Personal Digital Assistant." A small form factor portable computing device.

Scalable processor..... A processor system that allows for the combination of multiple microprocessors together to provide significantly higher processing power and speed.

SMT..... "Surface mount technology." A manufactured technology for attaching electronics components directly onto the surface of printed circuit boards.

Substrate..... Also referred to as a "printed circuit board" or "board." A substrate acts as a carrier to provide very dense wiring between silicon chips. A substrate can take the form of ceramic, plastic, film or fibreglass sheets with embedded copper wiring.

Tape automated bonding..... A type of chip on board that involves attaching "bare" silicon through a mass bonding method. The silicon possesses gold- or tin-plated copper lead frames which are mounted directly to the printed circuit board.

Tape ball grid array..... A ball grid array silicon chip which is packaged on a thin tape/film carrier.

Three-dimensional laser paste volumetric inspection..... An inspection system that uses a laser light source and a camera for image capture in a controlled process. It is used to measure the volume of solder paste that has been screened onto a printed circuit board in order to ensure solder quality.

Token ring..... A type of LAN technology.

WAN..... "Wide area network." A communications network that covers a wide geographic area, such as a province, state or country.

Wire bonding..... A method of attaching a "bare" silicon chip on a board. This process involves ultrasonically bonding fine aluminum wire (the size of a human hair) from the silicon chip to the PCB. This procedure is often performed in a clean room environment.

Wireless base stations..... A base station transmitter used in digital cellular telephone networks. This is the electrical communication device that links a cellular telephone to the telephone network.

Wireless loop system..... A system providing wireless communications between the telephone network box on a residential street and all of the homes in the neighborhood, eliminating buried telephone cable to homes. This system can also be used in an office campus environment.

X-ray laminography..... An inspection process used for examining the quality of solder joints in an array package like ball grid array and column grid array. The technique is very similar to that of a CAT scan in the medical industry. The assembly is x-rayed in slices down through the solder joints, and the images are compared to a known good image for solder quality.

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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 (U.S.) Inc., a Delaware corporation.
- Celestica Corporation, a Delaware corporation.
- Celestica Europe Inc., an Ontario corporation.
- Celestica Hong Kong Limited, a Hong Kong corporation.
- Celestica Liquidity Management Hungary Limited Liability Company, a Hungarian corporation.

D. DESCRIPTION OF PROPERTY

The following table summarizes our principal facilities as of February 28, 2003. Our facilities are used to manufacture printed circuit boards, assemble final systems and configuration, and for other related manufacturing and customer support activities.

MANUFACTURING FACILITY SQUARE FOOTAGE OWNED/LEASED - -----	
----- (in thousands)	
Ontario.....	888
Owned Montreal,	
Quebec.....	180
Owned Oklahoma City,	
Oklahoma(1).....	430 Leased
Denver,	
Colorado.....	300
Leased Little Rock,	
Arkansas.....	424 Owned
Fort Collins,	
Colorado.....	200 Leased
Rochester,	
Minnesota(1).....	200
Leased Chippewa Falls,	
Wisconsin.....	127 Owned
Salem, New	
Hampshire.....	139
Leased San Jose,	
California.....	131
Leased Dallas,	
Texas.....	69
Leased Mt. Pleasant,	
Iowa.....	69 Leased
Milwaukie,	
Oregon.....	61 Leased
Chelmsford,	
Massachusetts(1).....	37 Leased
Raleigh, North	
Carolina.....	26 Leased
Austin,	
Texas.....	51
Leased Kidsgrove,	
England.....	375 Owned
Telford,	
England.....	50
Owned Vimercate,	
Italy.....	550 Owned
Santa Palombo,	
Italy.....	150 Owned
Dublin,	
Ireland.....	210
Owned Saumur,	
France.....	142
Owned Rajecko, Czech	
Republic.....	170 Owned
Kladno, Czech	
Republic.....	166 Owned
Monterrey,	
Mexico.....	214
Leased Monterrey,	
Mexico.....	113 Owned
Queretaro,	
Mexico.....	77 Leased
Jaguariuna,	
Brazil.....	142 Leased
Shanghai,	
China.....	273
Owned Dongguan,	
China.....	172
Leased	

China(2).....	208 Owned/Leased Shatin, Hong	
Kong.....		82 Leased
	Indonesia(3)	
(4).....		46
	Owned/Leased Johor Bahru,	
Malaysia(3).....		491 Leased

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MANUFACTURING FACILITY SQUARE FOOTAGE OWNED/LEASED - -----		
----- (in thousands) Kulim,		
Malaysia.....		324
	Owned	
Malaysia.....		
	40 Leased	
Singapore.....		
	298 Leased	
Singapore.....		
	65 Owned Laem Chabang,	
Thailand.....		422 Leased
Japan(2).....		
	566 Owned/Leased Rayong,	
Thailand.....		41
	Leased	

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- (1) As part of our restructuring plans, we have announced that we will close this site by the end of 2003.
- (2) This represents three facilities.
- (3) This represents two facilities.
- (4) As part of our restructuring plans, we have announced that we will close one of the two sites by the end of 2003.

Celestica's principal executive office is located at 1150 Eglinton Avenue East, Toronto, Ontario M3C 1H7. All of our principal facilities are ISO certified to ISO 9001 or ISO 9002 standards. Most of our principal facilities are also certified to the ISO 14001 (environmental) standards.

The leases for our leased facilities expire between 2003 and 2056. Celestica currently expects to be able to extend the terms of expiring leases or to find replacement facilities on reasonable terms.

As part of our restructuring plans, we have consolidated facilities and changed our strategic focus as to the number and geography of sites. We are rationalizing our footprint worldwide to increase the percentage of our facilities in lower cost geographies. See Item 5, "Operating and Financial Review and Prospects -- Management's Discussion and Analysis of Financial Condition and Results of Operations -- Operating Results" for additional information concerning our restructurings.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CELESTICA SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS IN ITEM 18. ALL DOLLAR AMOUNTS ARE EXPRESSED IN U.S. DOLLARS.

CERTAIN STATEMENTS CONTAINED IN THE FOLLOWING MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS BELIEVES, ANTICIPATES, ESTIMATES, EXPECTS, AND WORDS OF SIMILAR IMPORT, CONSTITUTE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS. THESE RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO: THE CHALLENGES OF EFFECTIVELY MANAGING OUR OPERATIONS DURING UNCERTAIN ECONOMIC CONDITIONS; THE CHALLENGE OF RESPONDING TO LOWER-THAN-EXPECTED CUSTOMER DEMAND; THE EFFECTS OF PRICE COMPETITION AND OTHER BUSINESS AND COMPETITIVE FACTORS GENERALLY AFFECTING THE EMS INDUSTRY; OUR DEPENDENCE ON THE INFORMATION TECHNOLOGY AND COMMUNICATIONS INDUSTRIES; OUR DEPENDENCE ON A LIMITED NUMBER OF CUSTOMERS AND ON INDUSTRIES AFFECTED BY RAPID TECHNOLOGICAL CHANGE; COMPONENT CONSTRAINTS; VARIABILITY OF OPERATING RESULTS AMONG PERIODS; AND THE ABILITY TO MANAGE OUR RESTRUCTURING AND THE SHIFT OF PRODUCTION TO LOWER COST GEOGRAPHIES. THESE AND OTHER RISKS AND UNCERTAINTIES AND FACTORS ARE DISCUSSED IN THIS ANNUAL REPORT. SEE ITEM 3, "KEY INFORMATION -- RISK FACTORS."

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.

OVERVIEW

Celestica is a world leader in providing electronics manufacturing services to OEMs in the information technology and communications industries. Celestica provides a wide variety of products and services to its customers, including the high-volume manufacture of complex printed circuit board assemblies and the full

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system assembly of final products. In addition, the Company is a leading-edge provider of design, repair and engineering services, supply chain management and power products. Celestica operates facilities in the Americas, Europe and Asia.

2002 was a challenging year as the information technology and communications end markets remained weak. Revenue for 2002 was \$8.3 billion, down 17% from \$10.0 billion for 2001. The reduced demand for Celestica's products and services contributed to the decrease in revenue and margins for 2002. Revenue from existing customers decreased for the second consecutive year.

Historically, acquisitions have contributed significantly to the Company's growth, with 2001 being the most active year for acquisitions, in terms of the number of acquisitions closed and the total purchase price. Growth from acquisitions in 2002, however, was minimal. Celestica continues to evaluate acquisition opportunities and anticipates that acquisitions will continue to contribute to its future growth.

In 2001, the Company announced its first restructuring plan in response to the weakened end markets. The continued downturn into 2002 resulted in the Company announcing further restructuring actions, which it expects to complete by the end of 2003. The restructurings were focused on consolidating facilities and increasing capacity in lower cost geographies. The Company expects that it will have a better-balanced manufacturing footprint when all of the planned restructuring actions, including those announced in January 2003, are completed. See "-- Recent Developments."

In the fourth quarter of 2002, Celestica recorded impairment losses totaling \$285.4 million, in connection with its annual impairment tests of goodwill and long-lived assets, based on factors and conditions at the time the assessments were performed. Conditions in the marketplace deteriorated significantly from January 1, 2002, when the Company completed its evaluation of the transitional goodwill impairment, as required by the new goodwill standards. Future impairment tests may result in additional impairment charges.

In 2002, management focused on reducing working capital, and increased its cash balance to its highest level in the Company's history. Cash earned from operations in 2002 fully funded the Company's 2002 acquisitions of \$111.0 million, repayment of \$130.0 million of subordinated debt, the repurchase of \$32.5 million in capital stock and the repurchase of convertible debt for an aggregate purchase price of \$100.3 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Celestica prepares its financial statements in accordance with generally accepted accounting principles (GAAP) in Canada with a reconciliation to United States GAAP, as disclosed in note 22 to the Consolidated Financial Statements.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant accounting policies and methods used in preparation of the financial statements are described in note 2 to the Consolidated Financial Statements. The Company evaluates its estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Significant estimates are used in determining, but not limited to, the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, the fair value of reporting units for purposes of goodwill impairment tests, the useful lives and valuation of intangible assets, and restructuring charges. Actual results could differ materially from those estimates and assumptions.

REVENUE RECOGNITION:

Celestica derives most of its revenue from OEM customers. The contractual agreements with its key customers generally provide a framework for its overall relationship with the customer. Celestica recognizes product revenue upon shipment to the customer as performance has occurred, all customer specified acceptance criteria have been tested and met, and the earnings process is considered complete. Actual production volumes are based on purchase orders for the delivery of products. These orders typically do not commit to firm

production schedules for more than 30 to 90 days in advance. Celestica minimizes its risk relative to its inventory by ordering materials and components only to the extent necessary to satisfy existing customer orders. Celestica is largely protected from the risk of inventory cost fluctuations as these costs are generally passed through to customers.

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ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Celestica records an allowance for doubtful accounts related to accounts receivable that are considered to be impaired. The allowance is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, current business environment, customer and industry concentrations, and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts recorded in selling, general and administrative expenses.

INVENTORY VALUATION:

Celestica values its inventory on a first-in, first-out basis at the lower of cost and replacement cost for production parts, and at the lower of cost and net realizable value for work in progress and finished goods. Celestica regularly adjusts its inventory valuation based on shrinkage and management's estimates of net realizable value, taking into consideration factors such as inventory aging, future demand for the inventory, and the nature of the contractual agreements with customers and suppliers, including the ability to return inventory to them. A change to these assumptions could impact the valuation of inventory and have a resulting impact on margins.

INCOME TAX VALUATION ALLOWANCE:

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

GOODWILL:

Celestica performs its annual goodwill impairment tests in the fourth quarter of each year, and more frequently if events or changes in circumstances indicate that an impairment loss may have been incurred. Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. The fair values of the reporting units are estimated using a combination of a market approach and discounted cash flows. The process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections at the reporting unit level, and discount rates. Celestica recorded an impairment loss in the fourth quarter of 2002. Future goodwill impairment tests may result in further impairment charges.

INTANGIBLE ASSETS:

Celestica performs its annual impairment tests on long-lived assets in the fourth quarter of each year, and more frequently if events or changes in circumstances indicate that an impairment loss may have been incurred. Celestica estimates the useful lives of intangible assets based on the nature of the asset, historical experience and the terms of any related supply contracts. The valuation of intangible assets is based on the amount of future net cash flows these assets are estimated to generate. Revenue and expense projections are based on management's estimates, including estimates of current and future industry conditions. A significant change to these assumptions could impact the estimated useful lives or valuation of intangible assets resulting in a change to amortization expense and impairment charges.

RESTRUCTURING CHARGES:

Celestica recorded restructuring charges in 2001 and 2002, relating to facility consolidations and workforce reductions. These charges are recorded based on detailed plans approved and committed to by management. The restructuring charges include employee severance and benefit costs, costs related to leased facilities that will be abandoned or subleased, owned facilities which are no longer used and will be held for disposition, cost of leased equipment that will be abandoned, impairment of owned equipment that will be held for disposition, and impairment of related intangible assets, primarily intellectual property. The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amount

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associated with these plans. The estimates of future liability may change, requiring additional restructuring charges or a reduction of the liabilities already recorded. At the end of each reporting period, the Company evaluates the

appropriateness of the remaining accrued balances.

RECENT ACQUISITIONS

A significant portion of Celestica's growth in prior years was generated by strengthening its customer relationships and increasing the breadth of its service offerings through asset and business acquisitions. The Company focused on investing strategically in acquisitions that better positioned the Company for future outsourcing opportunities. Celestica's most active year for acquisitions was 2001. The historical pace of Celestica's acquisitions did not continue in 2002 and may not continue in the future.

As a result of the continued downturn in the economy, some of the sites acquired in prior years have been impacted by the Company's latest round of restructuring. Supply agreements entered into in connection with certain acquisitions were also affected by order cancellations and reschedulings as base-business volumes have decreased. See discussion below in "-- Results of Operations."

2001 ASSET ACQUISITIONS:

In February 2001, Celestica acquired certain manufacturing assets in Dublin, Ireland and Mt. Pleasant, Iowa from Motorola Inc. and signed supply agreements. In March 2001, Celestica acquired certain assets relating to N.K. Techno Co. Ltd.'s repair business, which expanded the Company's presence in Japan, and established a greenfield operation in Shanghai. In May 2001, Celestica acquired certain assets from Avaya Inc. in Little Rock, Arkansas and Denver, Colorado, and, in August 2001, acquired certain assets in Saumur, France. The Company signed a five-year supply agreement with Avaya. In August 2001, Celestica acquired certain assets in Columbus, Ohio and Oklahoma City, Oklahoma from Lucent Technologies Inc. and signed a five-year supply agreement. The aggregate purchase price for these asset acquisitions in 2001 of \$834.1 million was financed with cash.

2001 BUSINESS COMBINATIONS:

In January 2001, Celestica acquired Excel Electronics, Inc. through a merger with Celestica (U.S.) Inc., which enhanced the Company's prototype service offering in the southern region of the United States. In June 2001, Celestica acquired Sagem CR s.r.o., in the Czech Republic, from Sagem SA, of France, which enhanced the Company's presence in central Europe. In August 2001, Celestica acquired Primetech Electronics Inc. (Primetech), an EMS provider in Canada. The purchase price for Primetech was financed primarily with the issuance of 3.4 million subordinate voting shares and the issuance of options to purchase 0.3 million subordinate voting shares of the Company.

In October 2001, Celestica acquired Omni Industries Limited (Omni). Omni is an EMS provider, headquartered in Singapore, with locations in Singapore, Malaysia, China, Indonesia and Thailand, and had approximately 9,000 employees at the date of acquisition. Omni provides printed circuit board assembly and system assembly services, as well as other related supply chain services including plastic injection molding and distribution. Omni manufactures products for industry-leading OEMs in the PC, storage and communications sectors. The acquisition significantly enhanced Celestica's EMS presence in Asia. The purchase price for Omni of \$865.8 million was financed with the issuance of 9.2 million subordinate voting shares and the issuance of options to purchase 0.3 million subordinate voting shares of the Company, and \$479.5 million in cash.

The aggregate purchase price for these business combinations in 2001 was \$1,093.3 million, of which \$526.3 million was financed with cash.

2002 ASSET ACQUISITIONS:

In March 2002, the Company acquired certain assets located in Miyagi and Yamanashi, Japan from NEC Corporation. The Company signed a five-year supply agreement to provide a complete range of electronics manufacturing services for a broad range of NEC's optical backbone and broadband access equipment. In August 2002, the Company acquired certain assets from Corvis Corporation in the United States. The Company

signed a multi-year supply agreement with Corvis, which positioned Celestica as the exclusive manufacturer of Corvis' terrestrial optical networking products and sub-sea terminating equipment. The aggregate purchase price for these acquisitions in 2002 of \$111.0 million was financed with cash and allocated to the net assets acquired, based on their relative fair values at the date of acquisition.

Celestica may at any time be engaged in ongoing discussions with respect to several possible acquisitions of widely-varying sizes, including small single facility acquisitions, significant multiple facility acquisitions and corporate acquisitions. Celestica has identified several possible acquisitions that would enhance its global operations, increase its penetration in several industries and establish strategic relationships with new customers. There can be no

assurance that any of these discussions will result in a definitive purchase agreement and, if they do, what the terms or timing of any agreement would be. Celestica expects to continue any current discussions and actively pursue other acquisition opportunities.

A. OPERATING RESULTS

Celestica's annual and quarterly operating results vary from period to period as a result of the level and timing of customer orders, fluctuations in materials and other costs and the relative mix of value-add products and services. The level and timing of customers' orders will vary due to customers' attempts to balance their inventory, changes in their manufacturing strategies, variation in demand for their products and general economic conditions. Celestica's annual and quarterly operating results are also affected by capacity utilization, geographic manufacturing mix and other factors, including price competition, manufacturing effectiveness and efficiency, the degree of automation used in the assembly process, the ability to manage labour, inventory and capital assets effectively, the timing of expenditures in anticipation of forecasted sales levels, the timing of acquisitions and related integration costs, customer product delivery requirements, shortages of components or labour and other factors. Weak end-market conditions began to emerge in early to mid-2001 and have continued to weaken for the communications and information technology industries. This resulted in customers rescheduling or canceling orders which negatively impacted Celestica's results of operations.

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

YEAR ENDED DECEMBER 31	2000	2001	2002	
Revenue.....	100.0%	100.0%	100.0%	Cost of sales..... 92.9
profit.....	7.1	6.7	7.1	Gross profit..... 7.1
Selling, general and administrative expenses.....	3.3	3.4	3.6	Amortization of goodwill and intangible assets..... 1.0 1.3 1.2
Integration costs related to acquisitions.....	0.2	0.2	0.2	Other charges..... 0.0
Operating income (loss).....	2.6	(0.5)	(6.5)	Interest income, net..... (0.2) (0.1)
Earnings (loss) before income taxes.....	2.8	(0.4)	(6.5)	Income taxes (recovery)..... 0.7 0.0
Net earnings (loss).....	2.1%	(0.4)%	(5.4)%	=====

REVENUE

Revenue decreased 17%, to \$8,271.6 million in 2002 from \$10,004.4 million in 2001, primarily due to a reduction in base-business volumes as a result of the prolonged weakened end-market conditions. Excess capacity in the EMS industry also put pressure on pricing for components and services, thereby reducing revenue. The visibility of end-market conditions remains limited.

Celestica manages its operations on a geographic basis. The three reporting segments are the Americas, Europe and Asia. Revenue from the Americas operations decreased 27%, to \$4,640.8 million in 2002 from \$6,334.6 million in 2001. Revenue from European operations decreased 40%, to \$1,786.5 million in 2002 from \$3,001.3 million in 2001. The Americas and European operations have been hardest hit by customer cancellations and delays of orders because of the downturn in end-market demand for their products, as well as the customers' demands for lower product manufacturing costs. As a result, the Company has initiated restructuring actions to reduce the manufacturing capacity in these geographies, which includes downsizing and closure of manufacturing facilities. The restructuring actions also include transferring programs from higher cost geographies to lower cost geographies. Revenue from Asian operations increased 113%, to \$2,109.7 million in 2002 from \$991.1 million in 2001. The increase in revenue from Asian operations is primarily due to acquisitions and an increase in base-business volumes. The effect of the 2002 acquisitions and the shifting of program activities from other geographies are expected to increase revenue in the Asian operations in 2003.

Revenue increased 3%, to \$10,004.4 million in 2001 from \$9,752.1 million in 2000. Acquisition revenue grew by 14%, offset by an 11% decline in base-business volumes. The acquisition growth was a result of strategic acquisitions in the

communications industry, primarily in the U.S. and Asia. Base-business revenue declined in 2001 due to the softening of end markets. Revenue from the Americas operations decreased 3%, to \$6,334.6 million in 2001 from \$6,542.7 million in 2000, primarily due to continued end-market softening which was partially offset by acquisitions. Revenue from European operations increased 6%, to \$3,001.3 million in 2001 from \$2,823.3 million in 2000, due to the flow through of the IBM acquisition from 2000, and from the 2001 acquisitions, partially offset by the general industry downturn. Revenue from Asian operations increased 14%, to \$991.1 million in 2001 from \$871.6 million in 2000, primarily due to the Omni acquisition offset in part by the general industry downturn.

The following represents the end-market industries as a percentage of revenue for the indicated periods:

YEAR ENDED DECEMBER 31	-----		
	----- 2000		
2001	2002	-----	
Communications.....			
	31%	36%	45%
Servers.....			
	33%	31%	26%
Storage and other.....			
		14%	18%
Workstations and PCs.....			
	22%	15%	7%

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

YEAR ENDED DECEMBER 31	-----		
	----- 2000		
2001	2002	-----	
	Sun		
Microsystems.....			X
		X	X
IBM.....			
	X	X	X
Lucent Technologies.....			X
			X

Celestica's top five customers represented in the aggregate 66% of total revenue in 2002, compared to 67% in 2001 and 69% in 2000. The Company is dependent upon continued revenue from its top customers. There can be no assurance that revenue from these or any other customers will not increase or decrease as a percentage of total revenue either individually or as a group. Any material decrease in revenue from these or other customers could have a material adverse effect on the Company's results of operations. See notes 17 (concentration of risk) and 19 to the Consolidated Financial Statements.

GROSS PROFIT

Gross profit decreased 22%, to \$555.8 million in 2002 from \$712.5 million in 2001. Gross margin decreased to 6.7% in 2002 from 7.1% in 2001. Gross margins decreased 0.4% from prior year, primarily due to the significant reduction in business volumes and industry pricing pressures. The European operations were most adversely affected as they were operating at lower levels of utilization and higher fixed costs for the year. The volume reductions tended to impact higher value-added products, disproportionately, further adversely affecting

the European margins. In addition, costs for the European operations were higher than expected due to delays in transferring programs, the slower pace of restructuring and some process scrap and related inventory issues, in the latter part of the year. The margin declines in the European operations were offset partially by improved margins in the Americas and Asian operations. The Americas improved its operating efficiencies, had higher value-added product mix and benefited from restructuring actions. Asian margins improved on higher volumes and utilization rates.

Gross profit increased 4%, to \$712.5 million in 2001 from \$688.0 million in 2000. Gross margin was 7.1% in 2001, consistent with 2000. Margins were maintained due to continued focus on costs and supply chain initiatives, and the benefits of the 2001 restructuring actions.

For the foreseeable future, the Company's gross margin is expected to depend on product mix, production efficiencies, utilization of manufacturing capacity, geographic manufacturing mix, start-up activity, new product introductions, pricing within the electronics industry, cost structure at individual sites and other factors. Over time, gross margins at individual sites and for the Company as a whole are expected to fluctuate. Also, the availability of labour and raw materials, which are subject to lead time and other constraints, could possibly limit the Company's revenue growth.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses decreased 13%, to \$298.5 million (3.6% of revenue) in 2002 from \$341.4 million (3.4% of revenue) in 2001. SG&A as a percentage of revenue increased as certain elements of expenses were fixed over this period. The decrease in SG&A, on an absolute basis, reflects the benefits from the Company's restructuring programs and a reduction in discretionary spending, which more than offset the increase in expenses due to operations acquired in the latter part of 2001 and in 2002.

SG&A increased 5%, to \$341.4 million (3.4% of revenue) in 2001 from \$326.1 million (3.3% of revenue) in 2000. The increase in expenses was primarily due to operations acquired during 2000 and 2001.

Research and development costs increased to \$18.2 million (0.2% of revenue) in 2002, compared to \$17.1 million (0.2% of revenue) in 2001 and \$19.5 million (0.2% of revenue) in 2000.

AMORTIZATION OF GOODWILL AND INTANGIBLE ASSETS

Amortization of goodwill and intangible assets decreased 23%, to \$95.9 million in 2002 from \$125.0 million in 2001. Effective January 1, 2002, the Company fully adopted the new accounting standards for goodwill and discontinued amortization of all goodwill effective that date. Amortization of goodwill for 2001 was \$39.2 million. See "-- Recent Accounting Developments." The decrease in amortization is the result of this change in accounting for goodwill, offset in part by the amortization of intangible assets arising from the 2001 and 2002 acquisitions. See note 2(q)(ii) to the Consolidated Financial Statements for the impact of the change in policy on net earnings (loss) and per share calculations.

Amortization of goodwill and intangible assets increased 41%, to \$125.0 million in 2001 from \$88.9 million in 2000. The increase is attributable to the goodwill and intangible assets arising from the 2000 and 2001 acquisitions.

INTEGRATION COSTS RELATED TO ACQUISITIONS

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

Integration costs were \$21.1 million in 2002, compared to \$22.8 million in 2001 and \$16.1 million in 2000. The integration costs incurred in 2002 primarily relate to the Lucent, NEC Japan and Omni acquisitions.

Integration costs vary from period to period due to the timing of acquisitions and related integration activities.

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OTHER CHARGES

In 2002, Celestica incurred \$677.8 million in other charges, compared to \$273.1 million in 2001.

YEAR ENDED DECEMBER 31	2002	2001
restructuring.....	\$237.0	\$ 1.9
restructuring.....	-- 383.5	2002 goodwill
impairment.....	203.7	Other
impairment.....	36.1	81.7
Deferred financing costs and debt redemption fees.....	-- 9.6	Gain on sale of surplus
land.....	-- (2.6)	
	-----	-----
	\$273.1	\$677.8

Further details of the other charges are included in note 13 to the Consolidated Financial Statements.

As of December 31, 2002, the Company had announced two restructuring plans in response to the economic climate. These actions, which included reducing the workforce, consolidating facilities and changing the strategic focus of the number and geography of sites, were largely intended to align the Company's capacity and infrastructure to anticipated customer demand, as well as to rationalize its footprint worldwide. The 2001 restructuring plan amounted to \$237.0 million. The 2002 restructuring plan amounted to \$383.5 million. Cash outlays are funded from cash on hand. In January 2003, the Company announced a restructuring to further reduce its manufacturing capacity. See "-- Recent Developments."

The Company has and expects to continue to benefit from the restructuring measures taken in 2001 and 2002 through reduced operating costs. The Company has completed the major components of the 2001 restructuring plan, except for certain long-term lease and other contractual obligations. The Company expects to complete the major components of the 2002 restructuring plan by the end of 2003, except for certain long-term lease and other contractual obligations. The Company continues to evaluate its cost structure relative to its revenue levels and has announced that it will take additional restructuring charges in 2003. See "-- Recent Developments."

In the fourth quarter of 2002, the Company recorded a non-cash charge against goodwill of \$203.7 million, in connection with its annual impairment assessments of goodwill. An independent third-party valuation confirmed the fair value of the reporting units and the impairment assessment. In the fourth quarter of 2002, the Company also recorded a non-cash charge of \$81.7 million, primarily against intangible assets. In 2001, the Company recorded a non-cash charge of \$36.1 million, primarily against goodwill and intangible assets. See note 7 to the Consolidated Financial Statements.

The Company may continue to experience goodwill and intangible asset impairment charges in the future as a result of adverse changes in the electronics industry, customer demand and other market conditions, which may have a material adverse effect on the Company's financial condition.

INTEREST INCOME, NET

Interest income in 2002 amounted to \$17.2 million, compared to \$27.7 million in 2001, and \$36.8 million in 2000. Interest income decreased for 2002 compared to 2001, primarily due to lower interest rates on cash balances. Interest income was offset by interest expense on the Company's Senior Subordinated Notes and debt facilities, which has decreased from \$19.8 million in 2001 to \$16.1 million in 2002, due to the redemption of the Senior Subordinated Notes in August 2002. Interest expense is expected to decrease for 2003 as a result of the full-year effect of the redemption.

INCOME TAXES

The income tax recovery in 2002 was \$91.2 million, reflecting an effective tax recovery rate of 17%. This is compared to an income tax recovery of \$2.1 million in 2001, reflecting an effective tax recovery rate of 5%.

The Company's effective tax rate is the result of the mix and volume of business in lower tax jurisdictions within Europe and Asia. These lower tax rates include tax holidays and tax incentives that Celestica has negotiated with the respective tax authorities which expire between 2004 and 2012. The tax benefit arising from these incentives is approximately \$24.9 million, or \$0.11 diluted per share for 2002 and \$9.6 million, or \$0.04 diluted per share for 2001. The Company expects the current tax rate of 17% to continue for the foreseeable future based on the anticipated nature and conduct of its business and the tax laws, administrative practices and judicial decisions now in effect in the countries in which the Company has assets or conducts business, all of which are subject to change or differing interpretation, possibly with retroactive effects.

The net deferred income tax asset as at December 31, 2002 of \$274.3 million arises from available income tax losses and future income tax deductions. The Company's ability to use these income tax losses and future income tax deductions is dependent upon the operations of the Company in the tax jurisdictions in which such losses or deductions arose. Management records a valuation allowance against deferred income tax assets when management believes it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Based on the reversal of deferred income tax liabilities, projected future taxable income, the character of the income tax asset and tax planning strategies, management has determined that a valuation allowance of \$76.6 million is required in respect of its deferred income tax assets as at December 31, 2002. No valuation allowance was required for the deferred income tax assets as at December 31, 2001. In order to fully utilize the net deferred income tax assets of \$274.3 million, the Company will need to generate future taxable income of approximately \$741.0 million. Based on the Company's current projection of taxable income for the periods in which the deferred income tax assets are deductible, it is more likely than not that the Company will realize the benefit of the net deferred income tax assets as at December 31, 2002.

UNAUDITED QUARTERLY FINANCIAL HIGHLIGHTS

2001	2002	-----		

----- FIRST SECOND THIRD				
FOURTH FIRST SECOND THIRD FOURTH				
QUARTER QUARTER QUARTER QUARTER QUARTER				
QUARTER QUARTER QUARTER -----				

-----	-----	(in millions, except per share amounts)			
Revenue.....					
\$2,692.6	\$2,660.7	\$2,203.0	\$2,448.2		
\$2,151.5	\$2,249.2	\$1,958.9	\$1,911.9		
	Cost of				
Sales.....					
\$2,499.3	\$2,468.5	\$2,053.5	\$2,270.7		
\$1,999.4	\$2,087.2	\$1,827.6	\$1,801.6		
	Gross Profit				
%.....				7.2%	7.2%
6.8%	7.3%	7.1%	7.2%	6.7%	5.8%
earnings (loss).....					
\$54.8	\$15.8	\$(38.7)	\$(71.8)	\$39.7	\$
40.4	\$(90.6)	\$(434.7)			
	average # of shares outstanding (in millions) --				
basic.....				203.6	
207.0	218.1	227.1	229.8	230.2	230.1
	229.0 --				
diluted.....				223.1	
225.5	218.1	227.1	236.8	236.0	230.1
	229.0 Earnings (loss) per share --				
basic.....				\$	
0.25	\$0.06	\$(0.20)	\$(0.33)	\$0.15	\$
	0.16	\$(0.40)	\$(1.90)	--	
diluted.....				\$	
0.25	\$0.06	\$(0.20)	\$(0.33)	\$0.15	\$
	0.15	\$(0.40)	\$(1.90)		

See "-- Capital Resources" for information regarding the impact of foreign currency fluctuations on the Company.

B. LIQUIDITY AND CAPITAL RESOURCES

In 2002, operating activities provided Celestica with \$982.8 million in cash, compared to \$1,290.5 million in 2001. Cash was generated from earnings and a reduction in working capital, primarily inventory, due to improved inventory management, and the collection of accounts receivable. The Company will continue to focus on improving working capital management. Cash generated from operations was sufficient to fully fund the Company's investing and financing activities for 2002.

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Investing activities for 2002 included capital expenditures of \$151.4 million, and asset acquisitions of \$111.0 million, offset in part by proceeds from the sale of the Company's Columbus, Ohio facility and from the sale-leaseback of machinery and equipment.

In 2002, Celestica redeemed the entire \$130.0 million of outstanding Senior Subordinated Notes which were due in 2006 and paid the contractual premium of 5.25%, or \$6.9 million, on redemption. The Company also reduced the leverage on its balance sheet by repurchasing Liquid Yield Option-TM- Notes (LYONs) in the open market. These LYONs, having a principal amount at maturity of \$222.9 million, were repurchased at an average price of \$450.10 per LYON, for a total of \$100.3 million. A gain of \$6.7 million, net of taxes of \$3.9 million, was recorded. See further details in note 10 to the Consolidated Financial Statements. The Company may, from time to time, purchase additional LYONs in the open market. Subsequent to year-end, the board of directors authorized the Company to spend up to an additional \$100.0 million to repurchase LYONs, at management's discretion. This is in addition to the amounts authorized in October 2002, of which \$48.0 million remains available for future purchases. The amount and timing of future purchases cannot be determined at this time.

In July 2002, Celestica filed a Normal Course Issuer Bid to repurchase up to 9.6 million subordinate voting shares, for cancellation, over a period from August 1, 2002 to July 30, 2003. The shares will be purchased at the market price at the time of purchase. The number of shares to be repurchased during any 30-day period may not exceed 2% of the outstanding subordinate voting shares. A copy of our Notice relating to the Normal Course Issuer Bid may be obtained from Celestica, without charge, by contacting the Company's Investor Relations Department at clsir@celestica.com. In 2002, the Company repurchased 2.0 million subordinate voting shares at a weighted average price of \$16.23 per share. All of these transactions were funded with cash on hand.

In 2001, operating activities provided Celestica with \$1,290.5 million in cash principally from earnings and a reduction in working capital. The primary factors contributing to the positive cash flow for the year were the reduction of inventory due to better inventory management, strong accounts receivable collections and the sale of \$400.0 million in accounts receivable under a revolving facility, offset by a decrease in accounts payable and accrued liabilities. Investing activities in 2001 included capital expenditures of \$199.3 million and \$1,299.7 million for acquisitions. See "-- Recent Acquisitions." The Company fully funded the 2001 acquisitions with cash from

operations. The Company's 2001 financing activities included the issuance in May of 12.0 million subordinate voting shares for gross proceeds of \$714.0 million and the repayment of \$56.0 million of debt acquired in connection with the acquisition of Omni.

CAPITAL RESOURCES

During the year, Celestica amended its credit facilities. At December 31, 2002, the Company had two credit facilities: a \$500.0 million four-year revolving term credit facility and a \$350.0 million revolving term credit facility which expire in 2005 and 2004, respectively. The Company elected to cancel its third credit facility which was originally entered into in July 1998. The credit facilities permit Celestica and certain designated subsidiaries to borrow funds directly for general corporate purposes (including acquisitions) at floating rates. Under the credit facilities: Celestica is required to maintain certain financial ratios; its ability and that of certain of its subsidiaries to grant security interests, dispose of assets, change the nature of its business or enter into business combinations, is restricted; and, a change in control is an event of default. No borrowings were outstanding under the revolving credit facilities at December 31, 2002.

Celestica and certain subsidiaries have uncommitted bank facilities which total \$47.1 million that are available for operating requirements.

Celestica believes that cash flow from operating activities, together with cash on hand and borrowings available under its credit facilities, will be sufficient to fund currently anticipated working capital, planned capital spending and debt service requirements for the next 12 months. The Company expects capital spending for 2003 to be in the range of 1.5% to 2.0% of revenue. At December 31, 2002, Celestica had committed \$30.3 million in capital expenditures. In addition, Celestica regularly reviews acquisition opportunities, and therefore, may require additional debt or equity financing.

The Company has an arrangement to sell up to \$400.0 million in accounts receivable under a revolving facility which is available until September 2004. As of year-end, the Company generated cash from the sale of

\$320.5 million in accounts receivable. The terms of the arrangement provide that the purchaser may elect not to purchase receivables if Celestica's credit rating falls below a specified threshold. Celestica's credit rating is significantly above that threshold.

Celestica prices the majority of its products in U.S. dollars, and the majority of its material costs are also denominated in U.S. dollars. However, a significant portion of its non-material costs (including payroll, facilities costs, and costs of locally sourced supplies and inventory) are denominated in various currencies. As a result, Celestica may experience transaction and translation gains or losses because of currency fluctuations. The Company has an exchange risk management policy in place to control its hedging programs and does not enter into speculative trades. At December 31, 2002, Celestica had forward foreign exchange contracts covering various currencies in an aggregate notional amount of \$669.1 million with expiry dates up to March 2004, except for one contract for \$10.6 million that expires in January 2006. The fair value of these contracts at December 31, 2002, was an unrealized gain of \$18.9 million. Celestica's current hedging activity is designed to reduce the variability of its foreign currency costs and generally involves entering into contracts to trade U.S. dollars for Canadian dollars, British pounds sterling, Mexican pesos, euros, Thai baht, Singapore dollars, Brazilian reais, Japanese yen and Czech koruna at future dates. In general, these contracts extend for periods of less than 19 months. Celestica may, from time to time, enter into additional hedging transactions to minimize its exposure to foreign currency and interest rate risks. There can be no assurance that such hedging transactions, if entered into, will be successful. See note 2(n) to the Consolidated Financial Statements.

As at December 31, 2002, the Company has contractual obligations that require future payments as follows:

	TOTAL	2003	2004	2005	2006
	2007	THEREAFTER	-----	---	---
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	(in
					millions)
debt.....					Long-term
	\$ 6.9	\$ 2.7	\$ 2.5	\$ 1.5	
	0.1	\$ 0.1	\$--		Operating
leases.....					
	338.3	106.5	59.5	38.9	23.0
		18.9	91.5		

As at December 31, 2002, the Company has convertible instruments, the LYONs, with an outstanding principal amount at maturity of \$1,590.6 million payable August 1, 2020. Holders of the instruments have the option to require Celestica

to repurchase their LYONS on August 2, 2005, at a price of \$572.82 per LYON, or a total of \$911.1 million. The Company may elect to settle its repurchase obligation in cash or shares, or any combination thereof. See further details in note 10 to the Consolidated Financial Statements.

Under the terms of an existing real estate lease which expires in 2004, Celestica has the right to acquire the real estate at a purchase price equal to the lease balance which currently is approximately \$37.3 million. In the event that the lease is not renewed, subject to certain conditions, Celestica may choose to market and complete the sale of the real estate on behalf of the lessor. If the highest offer received is less than the lease balance, Celestica would pay the lessor the lease balance less the gross sale proceeds, subject to a maximum of \$31.5 million. In the event that no acceptable offers are received, Celestica would pay the lessor \$31.5 million and return the property to the lessor. Alternatively, Celestica may choose to acquire the real estate at the expiration for a price equal to the then current lease balance. The future lease payments under this lease are included in the total operating lease commitments.

As at December 31, 2002, the Company has commitments that expire as follows:

TOTAL	2003	2004	2005
	2006	2007	THEREAFTER
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----
- (in millions)			
Foreign currency			
contracts.....	\$669.1	\$621.5	\$ 39.6
	\$ 5.3	\$ 2.7	\$-- \$--
Letters of credit,			
letters of guarantee			
and surety and			
performance			
bonds.....	61.2	37.6	
	1.0	16.9	-- 3.9 1.8

The Company has also provided routine indemnifications, whose terms range in duration and often are not explicitly defined. These guarantees may include indemnifications against adverse effects due to changes in tax laws and patent infringements by third parties. The maximum amounts from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss

from these guarantees. Historically, the Company has not made significant payments relating to these indemnifications.

The Company expenses management related fees charged by its parent company. Management believes that the fees charged are reasonable in relation to the services provided. See note 15 to the Consolidated Financial Statements.

RECENT DEVELOPMENTS

In January 2003, the Company made the following announcements:

In response to the continued limited visibility in end markets, the Company plans to further reduce its manufacturing capacity. The reduction in capacity will result in a pre-tax restructuring charge of between \$50.0 million and \$70.0 million, to be recorded during 2003, of which approximately 80% will be cash costs.

The Company has, from time to time, purchased LYONS on the open market. The Company has been authorized by the board of directors to spend up to an additional \$100.0 million to repurchase LYONS, at management's discretion. This is in addition to the amounts authorized in October 2002, of which \$48.0 million remains available for future purchases.

RECENT ACCOUNTING DEVELOPMENTS

BUSINESS COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS:

In September 2001, the CICA issued Handbook Sections 1581, "Business Combinations" and 3062, "Goodwill and Other Intangible Assets." The FASB issued similar standards in July 2001. See notes 2(q)(ii) and 22(k) to the Consolidated Financial Statements.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS:

Effective January 1, 2002, the Company adopted the new CICA Handbook Section 3870. See note 2(q)(iii) to the Consolidated Financial Statements.

FOREIGN CURRENCY TRANSLATION AND HEDGING RELATIONSHIPS:

In January 2002, the CICA issued Accounting Guideline AcG-13. See note 2(r) to the Consolidated Financial Statements.

IMPAIRMENT OF LONG-LIVED ASSETS:

In August 2001, FASB approved SFAS No. 143, "Accounting for Asset Retirement Obligations" and in October 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." In December 2002, the CICA issued standards similar to SFAS No. 144. See notes 22(k) and 2(r) to the Consolidated Financial Statements.

COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES:

In July 2002, FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," effective for exit or disposal activities that are initiated after December 31, 2002. See note 22(k) to the Consolidated Financial Statements.

GUARANTEES:

In November 2002, FASB issued FIN 45, "Guarantor's Accounting and Disclosure Requirements." In December 2002, the CICA approved AcG-14 which harmonizes Canadian GAAP to the disclosure requirements of FIN 45. See notes 22(k) and 2(r) to the Consolidated Financial Statements.

CONSOLIDATION OF VARIABLE INTEREST ENTITIES:

In January 2003, FASB issued FIN 46, "Consolidation of Variable Interest Entities." See note 22(k) to the Consolidated Financial Statements.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Certain information concerning research and development and intellectual property is set forth in "-- Operating Results -- Selling, general and administrative expenses" and in Item 4, "Information of the Company -- Business Overview -- Celestica's Business -- Technology and Research and Development."

D. TREND INFORMATION

During the past two years, economic growth slowed and, in some regions of the world, the economy contracted. The demand for technology products fell significantly and Celestica's customers experienced commensurately reduced demand for their products. In turn, Celestica experienced reduced demand for the manufacturing services that we provide. In 2003, the economic environment continues to be uncertain, and Celestica continues to experience limited visibility in end-market demand. Given the difficult economic environment, Celestica has been focused on re-aligning capacity to match current levels of product demand, generating increased levels of cash flow, and improving operating efficiencies. We intend to continue these activities in 2003. There continues to be a significant number of outsourcing opportunities and Celestica is well positioned to participate further in the trend towards increased outsourcing by OEMs. If, however, economic conditions were to deteriorate significantly beyond current expectations, Celestica would likely continue reducing capacity to match reduced levels of demand.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

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

NAME AGE POSITION WITH CELESTICA

NAME	AGE	POSITION WITH CELESTICA
----- Eugene V. Polistuk	56	Chairman of the Board, Chief Executive Officer, and Director
Robert L. Crandall	67	Director
William A. Etherington	61	Director
Richard S. Love	65	Director
Roger L. Martin	46	Director
Anthony R. Melman	55	Director
Michio Naruto		

67 Director Gerald W.
 Schwartz..... 61
 Director Charles W.
 Szuluk..... 60
 Nominee to Board of Directors
 Don
 Tapscott.....
 55 Director J. Marvin
 M(a)Gee..... 50
 President and Chief Operating
 Officer Anthony P.
 Puppi..... 45
 Executive Vice President, Chief
 Financial Officer and General
 Manager, Global Services R.
 Thomas
 Tropea..... 50
 Vice Chair, Global Customer
 Units and Worldwide Marketing
 and Business Development Stephen
 W. Delaney..... 43
 President, Americas N.K.
 Quek.....
 55 President, Asia Peter J.
 Bar..... 45
 Vice President and Corporate
 Controller Arthur P.
 Cimento..... 45
 Senior Vice President, Corporate
 Strategies Elizabeth L.
 DelBianco..... 43 Vice
 President, General Counsel, and
 Secretary

NAME AGE POSITION WITH
 CELESTICA - ---- -

 ----- Iain
 S.
 Kennedy.....
 41 Group Executive, Global
 Supply Chain and Information
 Technology Donald S.
 McCreesh..... 54
 Senior Vice President, Human
 Resources Paul
 Nicoletti.....
 35 Vice President and Corporate
 Treasurer Daniel P.
 Shea..... 46
 Group Executive and Chief
 Technology Officer Rahul
 Suri.....
 38 Senior Vice President,
 Corporate Development F. Graham
 Thouret..... 48
 Senior Vice President, Finance

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

EUGENE V. POLISTUK is the founder, Chairman of the Board of Directors and Chief Executive Officer of Celestica. He has been the Chief Executive Officer of Celestica since its establishment in 1994, and was Celestica's President until February 2001. Since 1986, Mr. Polistuk has been instrumental in charting Celestica's transformation and executing the company's successful evolution from its early history as an operating unit with IBM, to a standalone public company and leader in the electronics manufacturing services industry. Previously, Mr. Polistuk spent 25 years with IBM Canada, where, over the course of his career, he managed all key functional areas of the business. In 1994, he was presented with the "2T5 Meritorious Service Medal" in recognition of his meritorious service in and for the profession, by his peers in the University of Toronto Engineering Alumni Association. And more recently, in 2002, Mr. Polistuk was inducted by the University of Toronto into its Engineering Hall of Distinction for his contributions to engineering and society. Mr. Polistuk holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto and a Doctor of Engineering (Hon.) from Ryerson University.

ROBERT L. CRANDALL is the retired Chairman of the Board and Chief Executive Officer of AMR Corporation/ American Airlines Inc. Mr. Crandall has been a

director of Celestica since July 1998 and was appointed Lead Director in December 2002. He is also a director of Anixter International Inc., the Halliburton Company and i2 Technologies Inc. He also serves on the International Advisory Board of American International Group, Inc. Mr. Crandall holds a Bachelor of Science degree from the University of Rhode Island and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

WILLIAM A. ETHERINGTON is a corporate director serving on the boards of Celestica Inc. (since October 2001), Canadian Imperial Bank of Commerce, Dofasco Inc., MDS Inc. and AT&T Canada. He is the former Senior Vice President and Group Executive, Sales and Distribution, IBM Corporation and Chairman, President and Chief Executive Officer of IBM World Trade Corporation. After joining IBM Canada in 1964, Mr. Etherington ran successively larger portions of the company's business in Canada, Latin America, Europe and from the corporate office in Armonk, New York. He retired from IBM after a 37-year career. Mr. Etherington holds a Bachelor of Science degree in Electrical Engineering and a Doctor of Laws (Hon.) from the University of Western Ontario.

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

ROGER L. MARTIN is Dean and Professor of Strategy at the Joseph L. Rotman School of Management at the University of Toronto and has been a director of Celestica since July 1998. Mr. Martin was formerly a director of Monitor Company, a Cambridge, Massachusetts based consulting firm, and is Chair of the Ontario Task Force on Competitiveness, Productivity, and Economic Progress. Mr. Martin also serves as a director on the board of The Thomson Corporation, serves on the advisory boards of Butterfield & Robinson and Social Capital Partners, is a founder of E-magine and serves as a trustee of The Hospital for Sick Children. Mr. Martin holds an AB degree (cum laude) from Harvard College and a Master of Business Administration degree from the Harvard University Graduate School of Business Administration.

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ANTHONY R. MELMAN is Vice President of Onex and has been a director of Celestica since 1996. Dr. Melman joined Onex in 1984. He serves on the boards of various Onex subsidiaries. From 1977 to 1984, Dr. Melman was Senior Vice President of Canadian Imperial Bank of Commerce, in charge of worldwide merchant banking, project financing, acquisitions and other specialized financing activities. Prior to emigrating to Canada in 1977, he had extensive merchant banking experience in South Africa and the U.K. Dr. Melman is also a director of The Baycrest Centre Foundation, The Baycrest Centre for Geriatric Care, the University of Toronto Asset Management Corporation, and a member of the Board of Governors of Mount Sinai Hospital. He is also Chair of Fundraising for the Pediatric Oncology Group of Ontario (POGO). Dr. Melman holds a Bachelor of Science degree in Chemical Engineering from the University of The Witwatersrand, a Master of Business Administration (gold medalist) from University of Cape Town and a Ph.D. in Finance from the University of The Witwatersrand.

MICHIO NARUTO had been Chairman of the Board of Fujitsu Services (formerly ICL) since 2002. He has been special representative of Fujitsu since June 2000 and was Vice Chairman of Fujitsu until April 2000. Mr. Naruto is currently Chairman of Toyota InfoTechnology Center, a subsidiary of Toyota Motor Corporation. He has been a director of Celestica since October 2001. Mr. Naruto joined Fujitsu Limited in February 1962. In 1981, when the company entered into the technology agreement with ICL, he held the position of General Manager, Business Administration of International Operations. He was appointed to the board of Fujitsu Limited in 1985, in charge of International Operations. Later his responsibility in Fujitsu covered the ICL Business Group; Legal and Industry Relations; and, External Affairs and Export Control. In his current capacity, he attends various international conferences as special representative of Fujitsu and also takes a role as chairman of Fujitsu Research Institute. Mr. Naruto holds a Bachelor of Laws degree from the University of Tokyo.

GERALD W. SCHWARTZ is the Chairman of the Board, President and Chief Executive Officer of Onex Corporation and has been a director of Celestica since July 1998. Prior to founding Onex in 1983, Mr. Schwartz was a co-founder (in 1977) of what is now CanWest Global Communications Corp. He is a director of Onex, The Bank of Nova Scotia, Phoenix Entertainment Corp. and Vincor International Inc., and Chairman of Loews Cineplex Entertainment Corp. Mr. Schwartz is also Vice Chairman and member of the Executive Committee of Mount Sinai Hospital, and is a director, governor or trustee of a number of other organizations, including Junior Achievement of Toronto, Canadian Council of Christians and Jews, The Board of Associates of the Harvard Business School 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, and a Doctor of Laws (Hon.) from St. Francis Xavier University.

CHARLES W. SZULUK, formerly an officer of The Ford Motor Company, was President of Visteon Automotive Systems, and a Group Vice President. From 1988 until 1999, he held positions of increasing responsibility with Ford, including General Manager, Electronics Division, and Vice President, Process Leadership and Information Systems. He retired from Ford in 1999. Prior to joining Ford, he spent 24 years with IBM Corporation in a variety of management and executive management positions. Mr. Szuluk holds a Bachelor of Science degree in Chemical Engineering from the University of Massachusetts and attended Union College of New York in Advanced Graduate Studies.

DON TAPSCOTT is an internationally respected authority, consultant and speaker on business strategy and organizational transformation. He is the author of several widely read books on the application of technology in business. Mr. Tapscott is President of New Paradigm Learning Corporation -- a business strategy and education company he founded in 1992, and an adjunct Professor of Management at the University of Toronto's Joseph L. Rotman School of Management. He is also a founding member of the Business and Economic Roundtable on Addiction and Mental Health, and a fellow of the World Economic Forum. Mr. Tapscott has been a director of Celestica since September 1998. He holds a Bachelor of Science degree in Psychology and Statistics, and a Master of Education degree, specializing in Research Methodology, as well as a Doctor of Laws (Hon.) from the University of Alberta.

J. MARVIN M(A)GEE has been the President and Chief Operating Officer of Celestica since February 2001. Prior to that, he held the position of Executive Vice President, Worldwide Operations since October 1999. He joined the Company in January 1997, as Senior Vice President, Canadian Operations. Mr. M(a)Gee currently has

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responsibility for global manufacturing operations. Before joining Celestica, Mr. M(a)Gee spent 18 years with IBM Canada where he held a number of executive positions in manufacturing and development, with assignments in Canada and the United States. Mr. M(a)Gee holds a Bachelor of Science degree in Mechanical Engineering from the University of New Brunswick and a Master of Business Administration degree from McMaster University.

ANTHONY P. PUPPI has been the Chief Financial Officer of Celestica since its establishment and was a director of Celestica from October 1996 to April 2002. He was appointed Executive Vice President in October 1999 and General Manager, Global Services in January 2001. Mr. Puppi is responsible for Celestica's global financial activities, as well as a number of global services businesses, including design, repair, power systems, and plastics. From 1980 to 1992, he held positions of increasing financial management responsibility with IBM Canada. Mr. Puppi holds a Bachelor of Business Administration degree in Finance and a Master of Business Administration degree from York University in Ontario.

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

STEPHEN W. DELANEY has been the President, Americas of Celestica since September 2002. He is responsible for Celestica's operations in North and South America. Prior to that, Mr. Delaney was Senior Vice President, U.S. East Operations since January 2002, and was Senior Vice President, U.S. Central Operations from May 2001 to January 2002. Before joining Celestica, Mr. Delaney was the vice president and general manager of Interior and Exterior Systems Business at Visteon, where he was responsible for a division with 25 plants and 25,000 employees spanning North and South America, Europe, and Asia. Prior to joining Visteon in 1997, as vice president of Supply, Mr. Delaney held executive and senior management roles in the operations of AlliedSignal's Electronic Systems business, Ford's Electronics Division, and IBM's Telecommunications division. Mr. Delaney holds a Masters degree in Business Administration from Duke University in North Carolina and a Bachelor of Science degree in Industrial Engineering from Iowa State University.

N. K. QUEK has been the President, Asia of Celestica since September 2002. He is responsible for Celestica's operations in China, Hong Kong, Indonesia, Japan, Malaysia, Singapore, and Thailand. Prior to that, Mr. Quek was Senior Vice President, Asia Operations. Before joining Celestica in 1999, he was the Senior Vice President of Asia Operations for IMS. Mr. Quek has over 25 years direct high-tech experience and, over the course of his career, has held positions at Intel, Seagate, National Semi-conductor, GE, SCI Systems and

Siemens in operations, repair services, process engineering, quality assurance, and power. Mr. Quek holds a Bachelor degree in Management Studies from the Management Institute of Singapore.

PETER J. BAR has been Vice President and Corporate Controller of Celestica since February 1999. He joined Celestica in March 1998, as Vice President, Finance -- Power Systems. Prior to joining Celestica, Mr. Bar was the Director of Finance for the Personal Systems Group of IBM Canada. During his 14-year career in the information technology industry, he has served in several senior management positions for both IBM Canada, and IBM's headquarters in Armonk, New York. Mr. Bar holds a Bachelor of Commerce degree from the University of Toronto and a Chartered Accountants designation.

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

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ELIZABETH L. DELBIANCO joined Celestica Inc. in February 1998, as Vice President, General Counsel, and Corporate Secretary. She is responsible for the legal affairs of Celestica on a global basis, including all aspects of regulatory compliance and corporate governance. Ms. DelBianco came to Celestica following a 13-year career as a senior corporate legal advisor in the telecommunications industry. Ms. DelBianco holds a Bachelor of Arts degree from the University of Toronto, a Bachelor of Laws degree from Queen's University, and a Master of Business Administration degree from the University of Western Ontario. She is admitted to practice in Ontario and New York.

IAIN S. KENNEDY has been a Senior Vice President of Celestica since 1996. He currently is responsible for Celestica's global supply chain management (SCM) and information technology (IT) organizations. As such, Mr. Kennedy is responsible for maintaining industry-leading SCM and IT performance, while continuing to deploy a competitive operational strategy across all functions and regions of the Company's sophisticated global manufacturing network. Previously, he was responsible for the integration of new acquisitions as well as South American operations from October 2000 until November 2002. Prior to that he led Celestica's Mergers and Acquisitions team from 1996 through September 2000. Mr. Kennedy joined IBM Canada in 1984, and, over the course of his career, has held a number of senior management positions in key areas of the business, including supply chain management, manufacturing operations, business development, and information technology as chief information officer from 1996 to 1998. Mr. Kennedy holds a Bachelor of Science degree in Computer Science from the University of Western Ontario and a Master of Business Administration (Ivey Scholar) degree from the Richard Ivey School of Business, University of Western Ontario. In 1998, he was the recipient of Canada's Top 40 Under 40-TM- award in recognition of attaining a significant level of success before the age of 40.

DONALD S. MCCREESH joined Celestica in August 1999 as Senior Vice President, Human Resources. Prior to joining Celestica, he was the Executive Vice President of Human Resources at the Canadian Imperial Bank of Commerce (CIBC), one of North America's leading financial institutions. In 1988 he joined Northern Telecom, a global leader in telephony, data, wireless and wireline solutions for the Internet. There he held a number of senior human resource management positions. In 1993, he was named Senior Vice President, Human Resources, where he oversaw all global human resource operations for Nortel. Mr. McCreesh holds both a Bachelor of Psychology and a Master of Business Administration degree from McMaster University.

PAUL NICOLETTI has been Vice President and Corporate Treasurer since September 2002. He is responsible for all corporate finance and treasury-related matters, in addition to global tax and investor relations. Previously, he was Vice President, Global Financial Operations since February 2001, where he led the regional financial organizations on a global basis. Prior to that, since August 1999, he was Vice President, Finance and was responsible for all financial aspects of Celestica's Canadian and Mexico EMS operations. Mr. Nicoletti joined IBM in 1989, and, over the course of his career, has held a number of senior financial roles in business development, planning, accounting, pricing, and financial strategies. He was responsible for leading all financial strategies and due diligence relating to the divestiture of Celestica from IBM. Mr. Nicoletti holds a Bachelor of Arts degree from the University of Western Ontario and a Masters of Business Administration degree from York University.

DANIEL P. SHEA has been a Senior Vice President of Celestica since October 1996, and has been the company's Chief Technology Officer since March 1998. In his current role as Group Executive and Chief Technology Officer, Mr. Shea is responsible for all activities including sales, business development, operations, and profit and loss associated with his global accounts, as well as all aspects of the Company's technology development.

Mr. Shea joined IBM Canada in 1980, and, over the course of his career, has held a number of engineering management roles including quality, reliability, procurement, development and power systems. Mr. Shea holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto.

RAHUL SURI has been a Senior Vice President of Celestica since July 2000. In his current role as Senior Vice President, Corporate Development, he is responsible for global mergers and acquisitions, as well as for pursuing, developing and implementing strategic corporate development opportunities with new and existing customers and partners. Mr. Suri has more than 13 years of mergers and acquisitions and corporate development experience. Prior to joining Celestica, he held a range of senior positions in the mergers and acquisitions field, including managing director of the M&A group at BMO Nesbitt Burns Investment Banking, and Partner at

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Davies Ward Phillips & Vineberg, a leading M&A law firm. Mr. Suri was also a visiting professor at Queen's University Law School, Ontario for three years, where he taught advanced corporate law and mergers and acquisitions. In 1992, he served as policy advisor to the chairman and the executive director of the Ontario Securities Commission on policy and legal matters. Mr. Suri has a Master of Arts degree in law from Cambridge University, England. He is also a qualified barrister and solicitor in the Province of Ontario.

F. GRAHAM THOURET has been a Senior Vice President of Celestica since September 2002. He is currently responsible for the Company's global finance organization. Prior to that, Mr. Thouret was Vice President and Corporate Treasurer of Celestica since October 1997. Before joining Celestica, he served as vice president and treasurer of Dominion Textile Inc., a public company with international manufacturing and marketing operations. Mr. Thouret has also held senior management positions in the oil and gas industry (Gulf Canada) and investment banking (Burns Fry). Mr. Thouret holds a Bachelor of Engineering (Honours) degree from McGill University and a Master of Science degree in Management from the Massachusetts Institute of Technology.

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

B. COMPENSATION

AGGREGATE COMPENSATION OF DIRECTORS AND OFFICERS

Directors who are not officers or employees of Celestica or Onex receive compensation for their services as directors. These directors receive an annual retainer fee of \$25,000 and a fee of \$2,500 for each meeting of the Board of Directors attended and each meeting attended of a committee of the Board of Directors of which the Director is a member. Meetings of directors are expected to occur at least quarterly. In lieu of receiving such retainer and attendance fees in cash, these directors may elect, at the time they are first elected or appointed to Celestica's Board of Directors, to receive their fees in subordinate voting shares. Directors who joined the Board of Directors at or about the time of Celestica's initial public offering receive an annual retainer and per meeting fee of 2,860 and 286 subordinate voting shares respectively. Under the Directors' Compensation Plan adopted in July 2001, the number of shares to be paid to other eligible directors in lieu of cash is calculated, in the case of meeting fees, by dividing the cash fee that would otherwise be payable by the closing price of subordinate voting shares on the NYSE on the date of the meeting, and, in the case of annual retainer fees, 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 day of the quarter. Each director has the right to elect to defer payment of his fees. Grants of subordinate voting shares for director compensation may not exceed an aggregate of 500,000 subordinate voting shares. The aggregate compensation paid in 2002 by Celestica to our directors in their capacity as directors was \$60,000 and the right to receive, in the aggregate for 2002, 19,286 subordinate voting shares (an aggregate of 77,830 subordinate voting shares from the initial public offering through 2002). The delivery of these shares was deferred until the respective directors cease to be directors of Celestica. Mr. Crandall, in his capacity as Chairman of the Executive Committee, also receives an annual grant of 10,000 Performance Units convertible into subordinate voting shares upon his retirement from the Board of Directors.

In 2002, eligible directors were issued options to acquire 10,000 subordinate voting shares pursuant to the Long-Term Incentive Plan, at an exercise price of US\$32.40.

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As of February 28, 2003, senior officers and directors as a group held options to purchase a total of the following numbers of subordinate voting shares at the purchase price per share indicated below:

NUMBER OF
SUBORDINATE

PURCHASE PRICE VOTING SHARES PER SHARE - - -	

- - - - -	

210,000 \$	0.925
596,737 \$	5.00
483,690 \$	8.75
69,700 \$	7.50
293,880 C\$	18.90
28,600 C\$	20.625
80,000 C\$	31.85
70,000 \$	22.97
486,000 C\$	57.845
60,000 \$	39.03
100,000 C\$	60.00
251,000 C\$	86.50
59,000 \$	56.1875
25,000 C\$	73.50
100,000 \$	50.00
480,200 C\$	66.06
149,000 \$	41.89
5,000 \$	40.06
40,000 C\$	34.50
40,000 \$	23.41
40,000 C\$	72.60
40,000 \$	48.69
40,000 C\$	66.78
40,000 \$	44.23
40,000 \$	35.95
50,000 \$	13.10
145,000 \$	18.66
482,000 C\$	29.11
3,000 C\$	23.29
10,000 \$	32.40

These options expire at various dates from November 4, 2005 through December 18, 2012. See "-- Share Ownership -- Share Purchase and Option Plans" below. See note 11 to the Consolidated Financial Statements in Item 18 for further information about options.

REMUNERATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth the compensation of the Chief Executive Officer of Celestica and the four other most highly compensated executive officers of Celestica during the year ended December 31, 2002 (collectively, the "Named Executive Officers") for services rendered in all capacities during our two most recently completed financial years.

SUMMARY COMPENSATION TABLE

LONG-TERM ANNUAL COMPENSATION(1) COMPENSATION AWARDS ----- ----- SECURITIES UNDER ALL OTHER NAME AND PRINCIPAL POSITION YEAR SALARY BONUS OPTIONS GRANTED(2) COMPENSATION(3) - ----- ----- ---	(\$)	(\$)	(#)	(\$)	
Eugene V. Polistuk.....	2002	700,000	--	150,000	
645,161 Chairman of the Board and Chief 2001 700,000 -- 150,000 225,962 Executive Officer J. Marvin					
M(a)Gee.....	2002	525,000	--	110,000	
31,589 President and Chief Operating Officer 2001 516,250 -- 135,000 61,947 Anthony P.					
Puppi.....	2002	400,000	--	60,000	
117,608 Executive Vice President, Chief 2001 400,000 -- 59,000 55,565 Financial Officer and General Manager, Global Services R. Thomas					
Tropea.....	2002	400,000	--	45,000 11,500	
Vice Chair, Global Customer Units and 2001 400,000 -- 59,000 10,200 Worldwide Marketing and Business Development Stephen W.					
Delaney.....	2002	333,750	--	75,000(4)	
7,000 President, Americas 2001 204,694(5) 150,000(6) 140,000(7) 154,500(8)					

-
- (1) Excludes perquisites and other personal benefits because such compensation did not exceed 10% of the total annual salary and bonus for any of the Named Executive Officers.
 - (2) See table under "Options Granted During Year Ended December 31, 2002 to Named Executive Officers."
 - (3) Represents amounts set aside to provide benefits under Celestica's pension plans (see " -- Pension Plans").
 - (4) Includes 25,000 options granted to Mr. Delaney on October 1, 2002 when he assumed responsibility for the Americas.
 - (5) Mr. Delaney joined Celestica in May 2001. The amount specified represents Mr. Delaney's salary from his date of hire to the end of the year.
 - (6) Represents the amount Celestica agreed to pay to Mr. Delaney at his date of hire as a bonus for the year ended December 31, 2001.
 - (7) Includes 100,000 options granted to Mr. Delaney upon joining Celestica.
 - (8) Includes \$150,000 paid to Mr. Delaney upon joining Celestica.

OPTIONS GRANTED DURING YEAR ENDED DECEMBER 31, 2002 TO NAMED EXECUTIVE OFFICERS

The following table sets out options to purchase subordinate voting shares granted by the Company to the Named Executive Officers during the year ended December 31, 2002.

SUBORDINATE
MARKET
VALUE OF
VOTING
SHARES %
OF TOTAL
OPTIONS

SUBORDINATE
 VOTING
 UNDER
 OPTIONS
 GRANTED TO
 SHARES ON
 THE NAME
 GRANTED(1)
 EMPLOYEES
 IN 2002
 EXERCISE
 PRICE DATE
 OF GRANT
 EXPIRATION
 DATE - ---
 - ----

 ----- (#)
 (\$/share)
 (\$/share)
 Eugene V.
 Polistuk...
 150,000
 3.9%
 C\$29.11
 C\$29.11
 December
 3, 2012 J.
 Marvin
 M(a)Gee...
 110,000
 2.8%
 C\$29.11
 C\$29.11
 December
 3, 2012
 Anthony P.
 Puppi....
 60,000
 1.5%
 C\$29.11
 C\$29.11
 December
 3, 2012 R.
 Thomas
 Tropea....
 45,000
 1.2%
 U.S.\$18.66
 U.S.\$18.66
 December
 3, 2012
 Stephen W.
 Delaney...
 25,000
 0.6%
 U.S.\$13.10
 U.S.\$13.10
 October 1,
 2012
 50,000
 1.3%
 U.S.\$18.66
 U.S.\$18.66
 December
 3, 2012
 - ----

(1) Options vest in four equal annual installments.

OPTIONS EXERCISED DURING MOST RECENTLY COMPLETED FINANCIAL YEAR AND VALUE OF
 OPTIONS AT DECEMBER 31, 2002 FOR NAMED EXECUTIVE OFFICERS

The following table sets out certain information with respect to options to
 purchase subordinate voting shares that were exercised by Named Executive
 Officers during the year ended December 31, 2002 and with respect to subordinate

voting shares under option to the Named Executive Officers as at December 31, 2002.

VALUE OF
UNEXERCISED
UNEXERCISED
OPTIONS AT IN-
THE-MONEY
OPTIONS AT
SUBORDINATE
VOTING
AGGREGATE
DECEMBER 31,
2002 DECEMBER
31, 2002(2)
SHARES ACQUIRED
VALUE -----

NAME ON
EXERCISE
REALIZED(1)
EXERCISABLE(3)
UNEXERCISABLE(3)
EXERCISABLE(3)
UNEXERCISABLE(3)

Eugene V. Polistuk.....	-	-	-	598,333	
				347,500	
				\$2,738,230	--
J. Marvin M(a)Gee.....	-	-	-	252,382	
				248,750	\$
				962,551	--
Anthony P. Puppi.....					
				14,869	\$139,769
				193,446	139,250
				\$ 483,210	-- R.
Thomas Tropea.....	-	-	-	271,302	
				170,888	\$
				998,053	
				\$249,513	
Stephen W. Delaney.....	--	--	--	35,000	
				180,000	-- \$
				25,000	

- (1) Based on the closing price of the underlying shares on The New York Stock Exchange on the date of exercise of the options.
- (2) Based on the closing price of the subordinate voting shares on The New York Stock Exchange on December 31, 2002 of \$14.10.
- (3) Options granted under the ESPO Plans and the Long-Term Incentive Plan. Exercisable options include options that vested January 1, 2003.

PENSION PLANS

Messrs. Polistuk, Puppi and M(a)Gee each participate in Celestica's non-contributory pension plan (the "Canadian Pension Plan"). The Canadian Pension Plan has a defined benefit and a defined contribution portion and provides for a maximum of 30 years' service and retirement eligibility at the earlier of 30 years' service or age 55. They also participate in an unregistered supplementary pension plan (the "Supplementary Plan") that provides benefits equal to the difference between the benefits determined in accordance with the formula set out in the Canadian Pension Plan and Canada Customs and Revenue Agency maximum pension benefits.

Mr. M(a)Gee participates only in the defined contribution portion of the Canadian Pension Plan. The defined contribution portion of the Canadian Pension Plan allows employees to choose how Celestica contributions are invested on their behalf within a range of investment options provided by third party fund managers. Celestica's contributions to this plan on behalf of an employee range from 3% of earnings to a maximum of 6.75% of earnings based on the number of years of service. Retirement benefits depend upon the performance of the investment options chosen. Celestica currently contributes 6% of earnings annually on behalf of Mr. MaGee.

Messrs. Polistuk and Puppi participate only in the defined benefit portion of the Canadian Pension Plan. The benefit provided under this plan is equal to the benefit entitlement accrued under the relevant IBM plan prior to October 22, 1996, the date Celestica was divested from IBM, plus the benefits earned under the Canadian Pension Plan since that date. The terms of the Canadian Pension Plan, which were accepted by certain employees when they transferred to Celestica, mirrored those of the IBM pension plan in place at the time of divestiture. The Plan is of a modified career average design with benefits based on a three-year earnings average to December 31 of a designated base year (the "Base Year"). In 2002, the Base Year was updated to December 31, 2001 and may be updated from time to time until December 31, 2009. The formula for calculating benefits for the period after October 22, 1996 is the greater of 1.2% of earnings (salary and bonus) or 0.9% of earnings up to the yearly maximum pensionable earnings ("YMPE") level, plus 1.45% of earnings above the YMPE. The defined benefit portion of the Canadian Pension Plan also provides for supplementary early retirement benefits from the date of early retirement to age 65.

The following table sets forth the estimated aggregate annual benefits payable under the defined benefit portion of the Canadian Pension Plan and the Supplementary Plan based on average earnings and years of service.

CANADIAN PENSION PLAN TABLE(1)(2)

YEARS OF SERVICE --	EARNINGS AVERAGE 20
25 30 35 -	
-- \$	
400,000	\$113,000
\$113,000	\$142,000
\$142,000	\$170,000
\$170,000 \$	600,000
600,000	\$171,000
\$171,000	\$214,000
\$214,000	\$257,000
\$257,000 \$	800,000
800,000	\$229,000
\$229,000	\$287,000
\$287,000	\$344,000
\$344,000	\$344,000
\$1,000,000	\$1,000,000
\$1,000,000	\$287,000
\$287,000	\$359,000
\$359,000	\$431,000
\$431,000	\$431,000
\$1,200,000	\$1,200,000
\$1,200,000	\$345,000
\$345,000	\$432,000
\$432,000	\$518,000
\$518,000	\$518,000
\$1,400,000	\$1,400,000
\$1,400,000	\$403,000
\$403,000	\$504,000
\$504,000	\$605,000
\$605,000	\$605,000
\$1,600,000	\$1,600,000
\$1,600,000	\$461,000
\$461,000	\$577,000
\$577,000	\$692,000
\$692,000	\$692,000

\$1,800,000
\$519,000
\$649,000
\$779,000
\$779,000

-
- (1) This table assumes total of retirement age and years of service is greater than or equal to 80.
 - (2) All amounts are shown converted into U.S. dollars from Canadian dollars at an exchange rate of US\$1.00 = C\$1.4880.

As at December 31, 2002, Messrs. Polistuk and Puppi had completed 34 and 23 years of service, respectively.

During the year ended December 31, 2002, Celestica accrued an aggregate of \$749,574 to provide pension benefits for Messrs. Polistuk, Puppi and M(a)Gee pursuant to the Canadian Pension Plan. No other amounts were set aside or accrued by Celestica during the year ended December 31, 2002 for the purpose of providing pension, retirement or similar benefits for Messrs. Polistuk, Puppi and M(a)Gee pursuant to any other plans.

Messrs. Tropea and Delaney participate in the "U.S. Plan." The U.S. Plan qualifies as a deferred salary arrangement under section 401 of the Internal Revenue Code (United States). Under the U.S. Plan, participating employees may defer a portion of their pre-tax earnings not to exceed 20% of their total compensation. Celestica may make contributions for the benefit of eligible employees.

During the year ended December 31, 2002, Celestica contributed \$18,500 to the U.S. Plan for the benefit of Messrs. Tropea and Delaney. Except as described above, no other amounts were set aside or accrued by Celestica during the year ended December 31, 2002 for the purpose of providing pension, retirement or similar benefits for Messrs. Tropea and Delaney.

EMPLOYMENT AGREEMENTS

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

INDEMNIFICATION AGREEMENTS

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

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C. BOARD PRACTICES

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

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

BOARD COMMITTEES

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

The Audit Committee consists of Mr. Crandall, Mr. Etherington, Mr. Love, Mr. Martin and Mr. Tapscott, all of whom are independent directors. 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 may consider appropriate. The Audit Committee annually reviews and approves the mandate and plan of the internal audit department. The Audit Committee's duties include the responsibility for reviewing financial statements with management and the auditors, monitoring the integrity of Celestica's management information systems and internal control procedures, and reviewing the adequacy of Celestica's processes for identifying and managing risk.

COMPENSATION COMMITTEE

The Compensation Committee consists of Mr. Crandall, Mr. Etherington, Mr. Love, Mr. Melman and Mr. Tapscott, all of whom are independent directors. It is the responsibility of the Compensation Committee to define and communicate compensation policy and principles that reflect and support the Company's strategic direction, business goals and desired culture. The mandate of the Compensation Committee includes the following: review and recommend to the Board of Directors the Company's compensation strategy, including plan design, performance targets and program administration; recommend to the Board of Directors the compensation of the Chief Executive Officer based on the Board of Directors' assessment of the annual performance of the Chief Executive Officer; review and recommend to the Board of Directors the compensation of the Named Executive Officers and other senior managers whose compensation is subject to review by the Board of Directors; review the Company's succession plans for key executive positions; and review and approve material changes to the Company's organizational structure and human resource policies.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

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

D. EMPLOYEES

Celestica has over 40,000 permanent and temporary (contract) employees worldwide as of December 31, 2002. The following table sets forth information concerning our employees by geographic location:

NUMBER OF EMPLOYEES	AMERICAS	EUROPE	ASIA	DATE
2000	16,000	6,000	7,000	December 31,
2001	17,500	7,500	15,000	December 31,
2002	14,500	6,000	19,500	

During the year ended December 31, 2002, approximately 10,000 temporary (contract) employees were engaged by Celestica worldwide. During the year ended December 31, 2002, approximately 4,600 employees, including temporary (contract) employees, were terminated as a result of restructuring actions announced during the year. See note 13 to the Consolidated Financial Statements in Item 18 for further information on the restructuring.

E. SHARE OWNERSHIP

The following table sets forth certain information concerning the direct and beneficial ownership of shares of Celestica at February 28, 2003 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", subordinate voting shares are referred to as "SVS", and Celestica's Liquid Yield Option-TM- Notes due 2020 are referred to as "LYONs."

PERCENTAGE OF EQUITY SHARES	PERCENTAGE OF VOTING POWER	NAME OF OWNER(1)	CLASS OF SHARES	PERCENTAGE OF VOTING POWER
		----- Eugene V. Polistuk(2).....		
		720,892 SVS	* * *	Robert L. Crandall(3).....
110,000 SVS	* * *	15,130 LYONs	(4) *	* * William E. Etherington(5).....
		16,250 SVS	* * *	Richard S. Love(6).....
		105,000 SVS	* * *	Roger L. Martin(7).....
73,000 SVS	* * *	Anthony R. Melman(8)		(9)..... 450,000 SVS *
		* * Gerald W. Schwartz(8)		
(10).....		39,065,950 MVS		
100.0%	17.1%	83.8%	3,671,982 SVS	1.9%
		1.6%	* Don Tapscott(11).....	
		93,000 SVS	* * *	J. Marvin M(a)Gee.....
		308,632 SVS	* * *	Anthony P. Puppi.....
		293,667 SVS	* * *	R. Thomas Tropea.....
		351,302 SVS	* * *	Stephen W. Delaney.....
61,657 SVS	* * *	All directors and executive officers as a group (22 persons)(2)(3)(5)(6)(7)(8)(9)(10)(11)		
(12)....		39,065,950 MVS	100.0%	17.1%
83.8%		7,280,453 SVS	3.8%	3.2% * Total
percentage of all equity shares and total percentage of voting power.....				
		20.3%	84.4%	

* Less than 1%.

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

(2) Includes 598,333 subordinate voting shares subject to exercisable options.

(3) Includes 100,000 subordinate voting shares subject to exercisable options.

(4) Each LYON is convertible into 5.6748 subordinate voting shares at the option of the holder.

(5) Includes 6,250 subordinate voting shares subject to exercisable options.

(6) Includes 100,000 subordinate voting shares subject to exercisable options.

- (7) Includes 73,000 subordinate voting shares subject to exercisable options.
- (8) The address of such shareholders is: c/o Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.
- (9) Includes 274,588 subordinate voting shares owned by Onex which are subject to options granted to Mr. Melman pursuant to certain management investment plans of Onex.
- (10) Includes 188,744 subordinate voting shares owned by a company controlled by Mr. Schwartz and all of the shares of Celestica beneficially owned by Onex, of which 1,077,500 subordinate voting shares are subject to options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex. Mr. Schwartz, a director of Celestica, is the Chairman of the Board, President and Chief Executive Officer of Onex, and controls Onex through his ownership of shares, with a majority of the voting rights attaching to all shares of Onex. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of shares of Celestica beneficially owned by Onex.

- (11) Includes 93,000 subordinate voting shares subject to exercisable options.
- (12) Includes 425,200 subordinate voting shares held by Towers Share Plan Services, in trust for Celestica Employee Nominee Corporation as agent for and on behalf of individual Celestica executives, pursuant to the provisions of Celestica employee benefit plans, and 666,437 subordinate voting shares which are subject to options.

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

SHARE PURCHASE AND OPTION PLANS

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

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

Upon the completion of Celestica's initial public offering, certain options became exercisable. The balance of the options issued under the ESPO Plans vest over a period of five years beginning December 31, 1998. All options granted under the ESPO Plans were fully vested as of December 31, 2002. All subordinate voting shares acquired by employees under the ESPO Plans are held either by the employee, or by Towers Perrin Share Plan Services in trust for Celestica Employee Nominee Corporation as agent for and on behalf of such employees.

As at February 28, 2003, approximately 4,500 persons held options to acquire an aggregate of approximately 25,536,000 subordinate voting shares. Most of these options were issued pursuant to the ESPO and LTIP Plans. The following table sets forth information with respect to options outstanding as at February 28, 2003.

OUTSTANDING OPTIONS

NUMBER OF SUBORDINATE VOTING SHARES BENEFICIAL HOLDERS UNDER OPTION EXERCISE PRICE YEAR OF ISSUANCE DATE OF EXPIRY - --- ----- ----- ----- ----- -----	
Executive Officers (15 persons in total).....	210,000 \$0.925

June 13, 1996
 June 13, 2006
 596,737 \$5.00
 During 1997
 April 8, 2007
 387,390
 \$7.50-\$8.75
 During 1997 and
 October 22,
 1997 1998 to
 July 3, 2008
 472,480
 C\$18.90-\$22.97
 During 1999
 January 1, 2009
 to September
 20, 2009
 546,000
 \$39.03/C\$57.845
 December 7,
 1999 December
 7, 2009 105,000
 \$40.06-C\$60.00
 During 2000
 February 1,
 2010 to May 26,
 2010 310,000
 \$56.1875/C\$86.50
 December 5,
 2000 December
 5, 2010 25,000
 C\$73.50 March
 1, 2001 March
 1, 2011 100,000
 \$50.00 April
 20, 2001 April
 20, 2011
 629,200
 \$41.89/C\$66.06
 December 4,
 2001 December
 4, 2011 680,000
 \$13.10-C\$29.11
 During 2002
 October 1, 2012
 to December 18,
 2012 Directors
 who are not
 Executive
 Officers.....
 166,000 \$8.75
 During 1998
 July 7, 2008
 80,000
 \$23.41/C\$34.50
 July 7, 1999
 July 7, 2009
 80,000
 \$48.69/C\$72.60
 July 7, 2000
 July 7, 2010
 80,000
 \$44.23/C\$66.78
 July 7, 2001
 July 7, 2011
 40,000 \$35.95
 October 22,
 2001 October
 22, 2011 10,000
 \$32.40 April
 21, 2002 April
 21, 2012

NUMBER OF SUBORDINATE VOTING SHARES
 BENEFICIAL HOLDERS UNDER OPTION EXERCISE
 PRICE YEAR OF ISSUANCE DATE OF EXPIRY - ---

All other Celestica Employees (other than
 IMS and Primetech) (more than 4,000 persons
 in
 total).....

3,108,372 \$5.00 During 1997 April 8,
2007(1) 621,985 \$7.50-C\$14.05 During 1998
April 29, 2008 to November 9, 2008 726,945
\$13.69-C\$21.45 January 1, 1999 to January
1, 2009 to March 17, 1999 March 17, 2009
2,162,075 \$39.03/C\$57.845 December 7, 1999
December 7, 2009 577,705 \$13.65-C\$53.75
During 1999 January 1, 2009 to December 31,
2009 1,040,416 \$40.06-C\$123.65 During 2000
January 1, 2010 to December 31, 2010
2,332,290 \$56.1875/C\$86.50 December 5, 2000
December 5, 2010 1,223,292 \$49.00-C\$108.45
During 2001 January 1, 2011 to December 31,
2011 5,286,348 \$41.89/C\$66.06 December 4,
2001 December 4, 2011 451,976 \$13.10-
C\$70.81 During 2002 January 1, 2012 to
December 31, 2012 2,713,228 \$18.66/C\$29.11
December 3, 2002 December 3, 2012 48,150
\$11.76-C\$18.12 January 1, 2003 to January
1, 2013 to February 28, 2003 February 28,
2013 IMS Employees(2)
(3)..... 509,434
\$0.925-\$13.31 December 30, 1998 June 13,
2006 to December 18, 2008 Primetech
Employees(4)..... 31,793
C\$47.73 June 29, 1998 June 29, 2003 58,821
C\$65.91 July 14, 1999 July 14, 2004 93,500
C\$97.73-C\$111.36 February 15, 2000 February
15, 2005 to June 15, 2000 to June 15, 2005
31,735 C\$45.45-C\$67.05 January 10, 2001
January 10, 2006 to March 16, 2001 to March
16, 2006

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- (1) Except for 157,035 options which expire on November 4, 2005.
 - (2) Represents options outstanding under certain stock option plans that were assumed by Celestica on December 30, 1998.
 - (3) The original exercise price for these options was based on the NASDAQ market price of IMS common stock at the date of issuance.
 - (4) Represents options outstanding under certain stock option plans that were assumed by Celestica on August 3, 2001.

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

LONG-TERM INCENTIVE PLAN

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

Under the Plan, up to 29,000,000 subordinate voting shares of Celestica may be issued from treasury. The number of subordinate voting shares which may be issued from treasury under the Plan to directors is limited to 2,000,000. In addition, Celestica may satisfy obligations under the Plan by acquiring subordinate voting shares in the market. The Plan limits the number of subordinate voting shares which may be reserved for issuance to insiders or any one participant pursuant to options or rights granted pursuant to the Plan, together with subordinate voting shares reserved for issuance under any other employee-related plan of Celestica or options for services granted by Celestica, to 10% and 5%, respectively, of the aggregate issued and outstanding subordinate voting shares and multiple voting shares of Celestica.

The exercise price for any stock option issued under the Plan will not be less than the market price of the subordinate voting shares on the day preceding the date of grant, except that options to acquire subordinate voting shares were issued to directors and an officer substantially concurrently with the completion of the initial public offering with an exercise price equal to the initial public offering price (\$8.75). Options issued under the Plan may be exercised during a period determined under the Plan, which may not exceed ten years. The Plan also provides that, unless otherwise determined by the board of

directors, options will terminate within specified time periods following the termination of employment of an eligible participant with Celestica or our affiliated entities. The exercise of options may be subject to vesting conditions, including specific time schedules for vesting and performance-based conditions such as share price and financial results. The grant to, or exercise of options by, an eligible participant may also be subject to certain share ownership requirements.

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

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

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

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

EMPLOYEE SHARE OWNERSHIP PLAN

The purpose of the Employee Share Ownership Plan ("ESOP") is to enable eligible employees and directors ("Eligible Participants") of Celestica to acquire subordinate voting shares, so as to encourage continued employee interest in the operation, growth and development of Celestica, as well as to provide an additional investment opportunity to employees and directors. The ESOP enables Eligible Participants to acquire subordinate voting shares from shares acquired by an administrator in the market. Under the ESOP, an Eligible Participant who is an employee may elect to contribute an amount by deduction from each regular payroll, representing no more than 10% of his or her compensation. A participant who is a director may elect to designate all or a portion of his or her cash retainer fees, meeting fees, committee or similar fees as a contribution under the ESOP. Celestica will contribute 25% of the amount of the contributions of employees, up to a maximum total for each contribution of 1% of the employee's compensation for the relevant payroll period. Unless otherwise determined by Celestica, no Celestica contribution shall be made for contributions by directors. The ESOP provides for vesting conditions relating to shares acquired under the ESOP using Celestica

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contributions. Under the ESOP, following each payroll period, an administrator acquires in the market subordinate voting shares for the purposes of satisfying purchases by Eligible Participants under the ESOP, using funds contributed by employees and Celestica. The ESOP also provides that participation in the Plan by Eligible Participants is not a condition of employment of an Eligible Participant.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth certain information concerning the direct and beneficial ownership of the shares of Celestica at February 28, 2003 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."

OWNER(1)	TYPE OF OWNERSHIP	NUMBER OF SHARES	PERCENTAGE OF CLASS	PERCENTAGE OF VOTING POWER	NAME OF BENEFICIAL SHAREHOLDERS	CLASS OF EQUITY SHARES

-- Onex Corporation(2)(3)...	Direct and Indirect	39,065,950	MVS	100.0%	17.1%	83.8%
Gerald W. Schwartz(2)	(4)...	Direct and Indirect	39,065,950	MVS	100.0%	17.1%
Toronto, Ontario...		3,671,982	SVS	1.9%	1.6%	83.8%
* Total percentage of all equity shares and total percentage of voting power.....						
				20.3%		84.4%

- - - - -

* Less than 1%.

(1) As used in this table, "beneficial ownership" means sole or shared power to vote or direct the voting of the security, or the sole or shared investment power with respect to a security (I.E., the power to dispose, or direct a disposition, of a security). A person is deemed at any date to have "beneficial ownership" of any security that such person has a right to acquire within 60 days of such date. More than one person may be deemed to have beneficial ownership of the same securities.

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

(3) Includes 11,635,958 multiple voting shares held by wholly-owned subsidiaries of Onex, 1,540,734 subordinate voting shares held in trust for Celestica Employee Nominee Corporation as agent for and on behalf of certain executives and employees of Celestica pursuant to certain of Celestica's employee share purchase and option plans, 33,754 subordinate voting shares representing an undivided interest of approximately 10.2% in 330,872 subordinate voting shares, and 280,376 subordinate voting shares directly or indirectly held by certain officers of Onex which Onex has the right to vote.

Of these shares, 9,214,320 subordinate voting shares may be delivered, at the issuer's option, upon the exercise or redemption, or at maturity or acceleration, of exchangeable debentures due 2025 issued by certain subsidiaries of Onex and 1,757,467 subordinate voting shares may be delivered, at the option of Onex or certain persons related to Onex, to satisfy the obligations of such persons under equity forward agreements. If a debenture is exercised or an equity forward agreement is settled and the issuer of the debenture or, in the case of an equity forward agreement, Onex does not elect to satisfy its obligations in cash rather than delivering subordinate voting shares, if the issuer or Onex, as the case may be, does not hold a sufficient number of subordinate voting shares to satisfy its obligations, the requisite number of multiple voting shares held by such person will immediately be converted into subordinate voting shares, which will be delivered to satisfy such obligations.

The shares Onex owns and the shares Onex has the right to vote represent in the aggregate 84% of the voting power of all Celestica shares. If the issuer of the exchangeable debentures or the party to the equity forward agreements, as the case may be, elects to deliver solely subordinate voting shares and no cash upon the exchange or redemption, or at maturity or acceleration, of the debentures or the settlement of the equity forward agreement, as the case may be, the number of shares owned by Onex, together with those shares Onex has the right to vote, would, if such delivery had occurred on February 28, 2003, represent in the aggregate 78% of the voting interest in our company.

(4) Includes 188,744 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 1,077,500 subordinate voting shares are subject to options granted to Mr. Schwartz pursuant to certain management incentive plans of Onex. Mr. Schwartz is a director of Celestica and the Chairman of the Board, President and Chief Executive Officer of Onex, and controls Onex through his ownership of shares with a majority of the voting rights attaching to all shares of Onex. Accordingly, Mr. Schwartz may be deemed to be the beneficial owner of the Celestica shares owned by Onex.

HOLDERS

On February 28, 2003, there were approximately 1,777 holders of record of subordinate voting shares, of which approximately 410 holders, holding approximately 46% of the outstanding subordinate voting shares, were resident in the United States.

On February 28, 2003, there was one holder of record of the Liquid Yield Option-TM- Notes due 2020; the holder of record was in the United States.

B. RELATED PARTY TRANSACTIONS

INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

Celestica and Onex are parties to an agreement under which Onex has agreed to provide certain strategic planning, financial and support services to Celestica of such nature as Celestica may reasonably request from time to time having regard to Onex's experience, expertise and personnel or the personnel of its subsidiaries, as the case may be. Celestica has agreed to pay Onex certain fees under the agreement equal to \$2.0 million per year adjusted for changes in the Canadian consumer price index. The agreement also provides that if Celestica uses Onex management personnel to provide investment banking or financial advice in connection with any acquisition, Onex will be entitled to receive fees consistent in the determination of the board of directors of Celestica with fees typically paid for financial advice in such circumstances to investment bankers or other expert advisors at arm's-length to Celestica. The agreement has a term of five years, commencing July 7, 1998, with automatic renewal for successive one-year periods thereafter, subject to termination on 12 months' prior written notice at any time after the initial five-year term by the directors of Celestica who are independent of Celestica and Onex, and provided that in any event the agreement, and the rights of Onex to receive fees (other than accrued and unpaid fees), will terminate 30 days after the first day upon which Onex ceases to hold at least one multiple voting share. During 2002, Celestica paid to Onex management fees of approximately \$2.2 million.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As at February 28, 2003, Celestica had guaranteed \$4,128,012 aggregate indebtedness of certain officers and employees of Celestica incurred in connection with the purchase of subordinate voting shares. The following table sets forth details of such guarantees by Celestica of indebtedness of the directors and officers of Celestica.

INDEBTEDNESS OF SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

LARGEST AMOUNT AS AT 28, 2003(1)(2)	AMOUNT OUTSTANDING	DURING 2002(1)	OUTSTANDING AS AT FEBRUARY 28, 2003(1)(2)	PRINCIPAL POSITION
				J. Marvin
M(a)Gee	\$ 166,618	\$ 166,618		President and Chief Operating Officer R. Thomas
Tropea	\$ 436,828	\$ 436,828		Vice Chair, Global Customer Units and Worldwide Marketing and Business Development Daniel P.
Shea	\$ 301,299	\$ 301,299		Group Executive and Chief Technology Officer Rahul
Suri	\$ 1,026,254	\$ 1,026,254		Senior Vice President, Corporate Development

(1) All amounts shown are converted into U.S. dollars from Canadian dollars at an exchange rate of U.S.\$1.00 = C\$1.4880.

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

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No securities were purchased by any director or officer during 2002 with the financial assistance of Celestica. No director, officer or employee was indebted to Celestica other than in connection with securities purchase programs during the year ended December 31, 2002.

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

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, the board of directors does not anticipate paying any dividends for the foreseeable future. Celestica's 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

See note 23 to the Consolidated Financial Statements in Item 18 for information on significant changes.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

MARKET INFORMATION

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

THE ANNUAL HIGH AND LOW MARKET PRICES FOR THE FIVE MOST RECENT FISCAL YEARS

NYSE -----
 -- HIGH LOW VOLUME -----
 ----- (Price per SVS) Year
 ended December 31, 1998 (from June
 30, 1998)(1)..... \$13.75 \$ 5.19
 22,165,800 Year ended December 31,
 1999.....
 57.00 12.06 115,803,800 Year ended
 December 31,
 2000.....
 87.00 35.50 314,486,100 Year ended
 December 31,
 2001.....
 76.40 20.69 602,213,700 Year ended
 December 31,
 2002.....
 47.08 9.89 544,914,800

 (1) The SVS began trading on June 30, 1998.

TSX -----
 - HIGH LOW VOLUME -----
 ----- (Price per SVS) Year
 ended December 31, 1998 (from June
 30, 1998)(1)..... C\$ 21.13 C\$
 8.00 33,833,130 Year ended December
 31,
 1999.....
 82.75 18.40 142,584,064 Year ended
 December 31,
 2000.....
 128.25 51.05 202,303,300 Year ended
 December 31,
 2001.....
 114.00 32.42 323,130,318 Year ended
 December 31,
 2002.....
 75.05 15.78 328,786,676

 (1) The SVS began trading on June 30, 1998.

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

RECENT FISCAL YEARS

NYSE	HIGH	LOW	VOLUME
(Price per SVS)			
Year ended December 31, 2001			
First quarter	\$76.40	\$25.80	143,622,000
Second quarter	63.25	24.00	166,006,300
Third quarter	50.94	20.69	148,784,400
Fourth quarter	48.40	25.41	143,801,000
Year ended December 31, 2002			
First quarter	\$47.08	\$31.50	141,144,200
Second quarter	36.98	21.14	127,727,400
Third quarter	26.70	12.95	153,867,600
Fourth quarter	19.28	9.89	122,175,600

TSX	HIGH	LOW	VOLUME
(Price per SVS)			
Year ended December 31, 2001			
First quarter	C\$114.00	C\$40.75	85,670,137
Second quarter	97.50	37.55	81,722,757
Third quarter	78.10	32.42	65,423,337
Fourth quarter	76.50	40.12	90,314,087
Year ended December 31, 2002			
First quarter	C\$ 75.05	C\$49.85	74,912,318
Second quarter	58.98	32.00	67,102,498
Third quarter	41.45	20.60	92,428,385
Fourth quarter	29.99	15.78	94,343,475

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

NYSE	HIGH	LOW	VOLUME
(Price per SVS)			
October 2002			
	\$15.08	\$ 9.89	57,744,300
November 2002			
	18.75	13.07	37,332,900
December 2002			
	19.28	13.38	27,098,400
January 2003			
	17.52	11.26	44,389,300
February 2003			
	12.40	10.31	27,387,400
March 2003			
	13.67	11.24	23,280,100

TSX	HIGH	LOW	VOLUME
(Price per SVS)			
October 2002			
	C\$23.50	C\$15.78	40,853,685
November 2002			
	29.45	20.51	30,695,160
December 2002			
	29.99	20.80	22,794,630
January 2003			
	27.24	17.25	41,242,030
February 2003			
	18.73	15.77	28,779,217
March 2003			
	20.23	16.52	27,584,270

Lynch & Co., Inc. The market price range of the LYONS on the NYSE for the periods indicated are set forth in the following tables.

THE ANNUAL HIGH AND LOW MARKET PRICES FOR THE LYONS FOR THE THREE MOST RECENT FISCAL YEARS

NYSE	HIGH	LOW
Year ended December 31, 2000 (from August 1, 2000)(1)	\$55.83	\$40.05
Year ended December 31, 2001	53.74	34.56
Year ended December 31, 2002	46.00	33.00

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

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

NYSE	HIGH	LOW
Year ended December 31, 2001 First quarter	\$53.74	\$35.48
Second quarter	48.82	34.56
Third quarter	44.24	35.82
Fourth quarter	44.72	36.51
Year ended December 31, 2002 First quarter	\$41.00	\$35.25
Second quarter	46.00	34.00
Third quarter	40.50	33.00
Fourth quarter	44.50	39.25

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

NYSE	HIGH	LOW
October 2002	\$40.50	\$40.50
November 2002	42.00	39.25
December 2002	44.50	42.13
January 2003	44.00	42.25
February 2003	48.25	42.25
March 2003	48.63	48.00

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

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

Celestica's LYONS are listed on the NYSE. In Canada, the LYONS are offered on a private placement basis through Merrill Lynch & Co., Inc. and its affiliates.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSE OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF INCORPORATION

ANNUAL AND SPECIAL MEETINGS OF SHAREHOLDERS

The Business Corporations Act (Ontario), or the OBCA, requires Celestica to call an annual shareholders' meeting not later than 15 months after holding the last preceding annual meeting and permits Celestica to call a special shareholders' meeting at any time. In addition, in accordance with the OBCA, the holders of not less than 5% of Celestica's shares carrying the right to vote at a meeting sought to be held may requisition our directors to call a special shareholders' meeting for the purposes stated in the requisition. Celestica is required to mail a notice of meeting and management information circular to registered shareholders not less than 21 days and not more than 50 days prior to the date of any annual or special shareholders' meeting. These materials also are filed with Canadian securities regulatory authorities and the SEC. Our by-laws provide that a quorum of two shareholders in person or represented by proxy holding or representing by proxy not less than 35% of Celestica's issued shares carrying the right to vote at the meeting is required to transact business at a shareholders' meeting. Shareholders, and their duly appointed proxies and corporate representatives, as well as our auditors, are entitled to be admitted to our annual and special shareholders' meetings.

ARTICLES OF INCORPORATION

Celestica's articles of incorporation do not place any restrictions on Celestica's objects and purposes.

CERTAIN POWERS OF DIRECTORS

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

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

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

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

(d) one with an affiliate.

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

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

The by-laws provide that the directors may:

(a) borrow money upon the credit of Celestica;

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

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

- (d) issue, sell or pledge such bonds, debentures, notes or other securities or debt obligations for such sums and at such prices as may be deemed expedient; and
- (e) mortgage, hypothecate, charge, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real and personal, movable and immovable, property of Celestica, and Celestica's undertaking and rights to secure any such bonds, debentures, notes or other securities or debt obligations, or to secure any of Celestica's present or future borrowing, liability or obligation.

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

ELIGIBILITY TO SERVE AS A DIRECTOR

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

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

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. The rights and preferences attaching to our LYONS are described in the section entitled "Description of LYONS" of our Rule 424(b) prospectus, filed with the SEC on July 26, 2000, as part of our registration statement on Form F-3 (Reg. No. 333-12338), filed with the SEC on July 24, 2000. Those sections are 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

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

APPROXIMATE
DATE PARTIES
TYPE TERMS
AND
CONDITIONS
CONSIDERATION
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
- - - - -
February 19,
2001,
Celestica
Corporation
Asset
Purchase
Celestica
Corporation
acquired
\$200 million
amended May
4, 2001 and
Avaya, Inc.
Agreement
certain
assets from
Avaya in

Denver,
Colorado and
Little Rock,
Arkansas May
31, 2001
Celestica
and
Primetech
Arrangement
Celestica
acquired all
of the \$179
million
Electronics
Inc.
Agreement
shares of
Primetech
Electronics
Inc. June
15, 2001
Celestica
and Omni
Merger
Celestica
acquired all
of the \$865
million
Industries
Limited
Agreement
shares of
Omni
Industries
Limited July
24, 2001
Celestica
Corporation
Asset
Purchase
Celestica
Corporation
acquired
\$570 million
and Lucent
Agreements
certain
assets from
Lucent in
Technologies
Inc.
Columbus,
Ohio and
Oklahoma
City,
Oklahoma
March 31,
2002
Celestica
and NEC
Stock
Purchase
Celestica
acquired all
the business
\$105 million
Corporation
Agreement
operations
of NEC
Miyagi and
NEC
Yamanashi

D. EXCHANGE CONTROLS

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

E. TAXATION

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

This summary is based on the current provisions of the Tax Treaty, the Canadian Tax Act and the regulations thereunder, all specific proposals to amend the Canadian Tax Act or the regulations publicly announced by the Minister of Finance (Canada) prior to February 28, 2003, and Celestica's understanding of the current published administrative practices of the Canada Customs and Revenue Agency.

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

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

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

TAXATION OF DIVIDENDS

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

DISPOSITION OF SUBORDINATE VOTING SHARES

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

The following discussion describes the material United States federal income tax consequences to United States Holders (as defined below) of subordinate voting shares. A United States Holder is a citizen or resident of the United States, a corporation or partnership 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. 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

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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 February 28, 2003, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular United States Holder based on the United States Holder's individual circumstances. In particular, this discussion does not address the potential application of the alternative minimum tax or U.S. federal income tax consequences to United States Holders who are subject to special treatment, including taxpayers who are broker-dealers or insurance companies, taxpayers who have elected mark-to-market accounting, individual retirement and other tax-deferred accounts, tax-exempt organizations, financial institutions or "financial services entities," taxpayers who hold subordinate voting shares as part of a straddle, "hedge" or "conversion transaction" with other investments, taxpayers owning directly, indirectly or by attribution at least 10% of the voting power of our share capital, and taxpayers whose functional currency (as defined in Section 985 of the Internal Revenue Code) is not the U.S. dollar.

This discussion does not address any aspect of U.S. federal gift or estate tax or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of persons who hold subordinate voting shares through a partnership or other pass-through entity. 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

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

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

United States Holders will generally have the option of claiming the amount of any Canadian income taxes withheld either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability, subject to specified conditions and limitations. Individuals who do not claim

itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the Canadian income taxes withheld, but these individuals generally may still claim a credit against their U.S. federal income tax liability. The amount of foreign income taxes that may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each shareholder. The total amount of allowable foreign tax credits in any year cannot exceed the pre-credit U.S. tax liability for the year attributable to foreign source taxable income. A United States Holder will be denied a foreign tax credit with respect to Canadian income tax withheld from dividends received on subordinate voting shares to the extent that he or she has not held the subordinate voting shares for at least 16 days of the 30-day period

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beginning on the date which is 15 days before the ex-dividend date or to the extent that he or she is under an obligation to make related payments with respect to substantially similar or related property. Instead, a deduction may be allowed. Any days during which a United States Holder has substantially diminished his or her risk of loss on his or her subordinate voting shares are not counted toward meeting the 16-day holding period.

TAXATION OF DISPOSITION OF SUBORDINATE VOTING SHARES

Subject to the discussion of the PFIC rules below, upon the sale, exchange or other disposition of subordinate voting shares, a United States Holder will recognize capital gain or loss in an amount equal to the difference between his or her adjusted tax basis in his or her shares and the amount realized on the disposition. A United States Holder's adjusted tax basis in the subordinate voting shares will generally be the initial cost, but may be adjusted for various reasons including the receipt by such United States Holder of a distribution that was not made up wholly of earning and profits as described above under the heading "Taxation of Dividends Paid on Subordinate Voting Shares." A United States Holder that uses the cash method of accounting calculates the dollar value of the proceeds received on the sale date as of the date that the sale settles, while a United States Holder who uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the "trade date," unless he or she has elected to use the settlement date to determine his or her proceeds of sale. Capital gain from the sale, exchange or other disposition of shares held more than one year is long-term capital gain and is eligible for a maximum 20% rate of taxation for non-corporate taxpayers. Special rules (and generally lower maximum rates) apply to non-corporate taxpayers in lower tax brackets. Further preferential tax treatment may be available for non-corporate taxpayers who dispose of subordinate voting shares held for over five years. Gain or loss recognized by a United States Holder on a sale, exchange or other disposition of subordinate voting shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. The deductibility of a capital loss recognized on the sale, exchange or other disposition of subordinate voting shares is subject to limitations. A United States Holder who receives foreign currency upon disposition of subordinate voting shares and converts the foreign currency into U.S. dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar. United States Holders should consult their own tax advisors regarding the treatment of a foreign currency gain or loss.

TAX CONSEQUENCES IF WE ARE A PASSIVE FOREIGN INVESTMENT COMPANY

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

- excess distributions by 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 rate in effect for that year on ordinary income and the tax is subject to an interest charge at the rate applicable to deficiencies for income tax;

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

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

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

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

We believe that we will not be a PFIC for 2003. Based on our current business plan, we do not expect to become a PFIC in the foreseeable future. These conclusions rest at least in part on factual issues, including a determination as to value of assets and projections as to our revenue. We cannot assure you that our actual revenues, including our revenues for the remainder of 2003, will be as projected or that a determination as to non-PFIC status would not be challenged by the Internal Revenue Service. Moreover, the tests for determining PFIC status are applied annually, and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination as to whether we will be a PFIC in the future. A United States Holder who holds subordinate voting shares during a period in which we are a PFIC will be subject to the PFIC rules, even if we cease to be a PFIC, unless he or she has made a qualifying electing fund election. If we were determined to be a PFIC with respect to a year in which we had not thought that we would be so treated, the information needed to enable United States Holders to make a qualifying electing fund election would not have been provided. United States Holders are strongly urged to consult their tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market or qualifying electing fund elections with respect to subordinate voting shares in the event that we are treated as a PFIC.

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

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

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

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

United States Holders generally are subject to information reporting requirements and back-up withholding at a current rate of 30% (which rate will be reduced over the next four years in accordance with recently enacted tax legislation) with respect to dividends paid in the United States and on proceeds paid from the disposition of shares, unless the United States Holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact when so required, or (ii) provides a correct taxpayer identification number, certifies that it is not subject to backup withholdings, and otherwise complies with applicable requirements of the backup withholding rules.

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

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

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

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

You may review a copy of our filings with the SEC, including exhibits and schedules filed with this Annual Report, at the SEC's public reference facilities in Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. You may also obtain copies of such materials from the Public Reference Section of the SEC, Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. You may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC maintains a web-site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. We began to file electronically with the SEC in November 2000.

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

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

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

EXCHANGE RATE RISK

Celestica has entered into foreign currency contracts to hedge foreign currency risk. These financial instruments include, to varying degrees, elements of market risk in excess of amounts recognized in the balance sheets. As at December 31, 2002, Celestica had outstanding foreign exchange contracts to trade U.S. \$282.7 million in exchange for Canadian dollars over a period of 15 months at a weighted average exchange rate of U.S.\$0.64. Celestica also had forward contracts to trade U.S. \$10.6 million in exchange for Canadian dollars over a period of 37 months at a weighted average exchange rate of U.S. \$0.63. In addition, Celestica had exchange contracts to trade U.S. \$36.4 million in exchange for British pounds sterling over a 13-month period at a weighted average exchange rate of U.S. \$1.45, U.S. \$37.1 million in exchange for Mexican pesos over a period of 12 months at a weighted average rate of exchange of U.S. \$0.10, U.S. \$168.7 million in exchange for Euros over a 15-month period at a weighted average exchange rate of U.S. \$0.93, U.S. \$27.6 million in exchange for Singapore dollars over a 12-month period at a weighted average exchange rate of U.S. \$0.57, 64.5 million Brazilian reais in exchange for U.S. dollars over a

1-month period at a weighted average exchange rate of U.S. \$0.30, U.S. \$40.7 million in exchange for Japanese yen over a 1-month period at a weighted average exchange rate of U.S. \$0.01, and U.S. \$11.9 million in exchange for Czech koruna over a 12-month period at a weighted average exchange rate of U.S. \$0.03. The table below provides information about Celestica's foreign currency contracts. The table presents the notional amounts and weighted average exchange rates by expected (contractual) maturity dates. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contracts. At December 31, 2002, these contracts had a fair value unrealized gain of U.S. \$18.9 million.

EXPECTED MATURITY
DATE -----

FAIR VALUE 2003
2004 2005 2006
THEREAFTER TOTAL
GAIN (LOSS) -----

----- FORWARD
EXCHANGE

AGREEMENTS Receive
C\$/Pay U.S.\$
Contract amount
(in
millions).....
\$261.0 \$24.3 \$5.3
\$2.7 \$ -- \$293.3
\$(2.9) Average
exchange

rate.....
\$ 0.64 \$ 0.63
\$0.63 \$0.63

Receive THB/Pay
U.S.\$ Contract
amount (in
millions)..... \$
34.3 -- -- -- -- \$
34.3 \$(0.4)

Average exchange
rate.....
\$ 0.02 Receive

L/Pay U.S.\$
Contract amount
(in
millions)..... \$
34.7 \$ 1.7 -- -- -
- \$ 36.4 \$ 3.5

Average exchange
rate.....
\$ 1.45 \$ 1.52

Receive Mexican
Pesos/Pay U.S.\$
Contract amount
(in
millions)..... \$
37.1 -- -- -- -- \$
37.1 \$(1.5)

Average exchange
rate.....
\$ 0.10 Receive

Euro/Pay U.S.\$
Contract amount
(in
millions).....
\$155.1 \$13.6 -- --
-- \$168.7 \$19.5

Average exchange
rate.....
\$ 0.93 \$ 0.99

Receive
Singapore\$/Pay
U.S.\$ Contract
amount (in
millions)..... \$
27.6 -- -- -- -- \$
27.6 \$ 0.3 Average

exchange
rate.....
\$ 0.57 Sell

Reais/Receive
U.S.\$ Contract

amount (in millions)..... \$
 19.1 -- -- -- -- \$
 19.1 \$ 0.8 Average exchange rate.....
 \$ 0.30 Receive Yen/Pay U.S.\$ Contract amount (in millions)..... \$
 40.7 -- -- -- -- \$
 40.7 \$(1.1) Average exchange rate.....
 \$ 0.01

EXPECTED MATURITY DATE	FAIR VALUE			
	2003	2004	2005	2006 THEREAFTER
TOTAL GAIN (LOSS)				
Receive Koruna/Pay U.S.\$ Contract amount (in millions).....	\$ 11.9	--	--	--
Average exchange rate.....	\$ 11.9	\$ 0.7		
0.03				
Total.....	\$621.5	\$39.6	\$5.3	\$2.7
	\$669.1	\$18.9	=====	=====

INTEREST RATE RISK

Celestica's existing debt is comprised of capital lease commitments amounting to \$6.9 million, which are not sensitive to changes in interest rates.

CONVERTIBLE DEBT (LYONS)

As of December 31, 2002, we have convertible instruments, with an outstanding principal amount at maturity of \$1.6 billion, payable August 1, 2020. We were not exposed to interest rate risk on this debt because (i) the issue price represents a fixed yield to maturity, (ii) the principal payable at maturity is fixed and (iii) the conversion ratio into subordinate voting shares of Celestica is fixed.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

None.

ITEM 15. CONTROLS AND PROCEDURES

Based on their evaluation of Celestica's disclosure controls and procedures as of a date within 90 days of the filing of this Annual Report, the Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures are effective.

There were no significant changes in Celestica's internal controls or in other factors that could significantly affect such controls subsequent to the date of their evaluation.

ITEM 16. [RESERVED]

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

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

	PAGE -----	Auditors'
Report.....		F-2
Comments by Auditors for U.S. Readers on Canada-U.S. Reporting		
Difference.....		F-3
Consolidated Balance Sheets as at December 31, 2001 and 2002.....		
F-4 Consolidated Statements of Earnings (Loss) for the years ended December 31, 2000, 2001 and 2002.....		F-5
F-5 Consolidated Statements of Shareholders' Equity for the years ended December 31, 2000, 2001 and 2002.....		F-6
F-6 Consolidated Statements of Cash Flows for the years ended December 31, 2000, 2001 and 2002.....		F-7
F-7 Notes to the Consolidated Financial Statements.....		F-8

ITEM 19. EXHIBITS

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

EXHIBIT NUMBER	
DESCRIPTION - -	

--- 1. Articles of Incorporation and Bylaws as currently in effect: 1.1 Certificate and Articles of Incorporation(1) 1.2 Certificate and Articles of Amendment effective October 22, 1996(1) 1.3 Certificate and Articles of Amendment effective January 24, 1997(1) 1.4 Certificate and Articles of Amendment effective October 8, 1997(1) 1.5 Certificate and Articles of Amendment effective April 29, 1998(2) 1.6 Articles of Amendment effective June 26, 1998(3) 1.7 Restated Articles of Incorporation effective June 26, 1998(3) 1.8 Restated Articles of Incorporation effective November 20, 2001 1.9 Bylaw No. 1(4) 1.10 Bylaw No. 2(1)	
2. Instruments defining rights of holders of	

equity or debt securities: 2.1 See Certificate and Articles of Incorporation and amendments thereto identified above. 2.2 Form of Subordinate Voting Share Certificate(5) 2.3 Indenture, dated as of August 1, 2000, between Celestica Inc. and The Chase Manhattan Bank, as Trustee (including a form of the Outstanding Notes)(6) 2.4 Second Amended and Restated Credit Agreement, dated as of December 17, 2002, between Celestica Inc., the subsidiaries of Celestica Inc., specified therein as Designated Subsidiaries, The Bank of Nova Scotia, as Administrative Agent, CIBC World Markets, as Joint Lead Arranger and Syndication Agent, RBC Capital Markets, as Joint Lead Arranger and Co-Documentation Agent, Banc of America Securities LLC, as Joint Lead Arranger and Co-Documentation Agent, and the financial institutions named in Schedule A as lenders

EXHIBIT NUMBER
DESCRIPTION - -

--- 2.5 Amended
and Restated
Four Year
Revolving Term
Credit
Agreement,
dated as of
December 17,
2002, among
Celestica Inc.
and Celestica

International
Inc., as
Borrowers, The
Bank of Nova
Scotia, as
Administrative
Agent, and the
financial
institutions
named therein,
as Lenders 3.

Certain
Contracts: 3.1
Management
Services
Agreement,
dated as of
July 7, 1998,
among Celestica
Inc., Celestica
North America
Inc. and Onex
Corporation(5)

3.2 Asset
Purchase
Agreement,
dated as of
February 19,
2001, by and
between Avaya
Inc. and
Celestica
Corporation(4)*

3.3 Amendment
No. 1 to the
Asset Purchase
Agreement,
dated as of May
4, 2001, by and
between Avaya
Inc. and
Celestica
Corporation(4)

3.4 Arrangement
Agreement,
dated as of May
31, 2001,
between
Celestica Inc.
and Primetech
Electronics
Inc.(7)*

3.5
Merger
Agreement,
dated as of
June 15, 2001,
between Omni
Industries
Limited and
Celestica Inc.
(7)*

3.6 Asset
Purchase
Agreement,
dated as of
July 24, 2001,
between Lucent
Technologies
Inc. and
Celestica
Corporation(7)*

3.7 Asset
Purchase
Agreement,
dated as of
July 24, 2001,
between Lucent
Technologies
Inc. and
Celestica
Corporation(7)*

3.8 Stock
Purchase
Agreement,
dated January
28, 2002,
between NEC

Corporation,
NEC Miyagi,
Ltd., NEC
Yamanashi,
Ltd., 1325091
Ontario Inc.,
and Celestica
Inc.** 3.9
Employment
Agreement,
dated as of
October 22,
1996, by and
between
Celestica, Inc.
and Eugene V.
Polistuk(1)
3.10 Employment
Agreement,
dated as of
October 22,
1996, by and
between
Celestica, Inc.
and Anthony P.
Puppi(1) 3.11
Employment
Agreement,
dated as of
October 22,
1996, by and
between
Celestica, Inc.
and Daniel P.
Shea(1) 3.12
Employment
Agreement,
dated as of
June 30, 1998,
by and between
Celestica Inc.
and R. Thomas
Tropea(8) 3.13
D2D Employee
Share Purchase
and Option Plan
(1997)(2) 3.14
Celestica 1997
U.K. Approved
Share Option
Scheme(1) 3.15
1998 U.S.
Executive Share
Purchase and
Option Plan(9)
8.1
Subsidiaries of
Registrant 99.1
Certification
required by
Section 906 of
the Sarbanes-
Oxley Act of
2002***

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* Request for confidential treatment granted. Confidential portions of this document have been redacted and filed separately with the Securities and Exchange Commission.

** Confidential treatment requested. Confidential portions of this document have been redacted and filed separately with the Securities and Exchange Commission.

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

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

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

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

(4) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 22, 2001.

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

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

(7) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 3, 2002.

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

(9) Incorporated by reference to the Registration Statement on Form S-8 of Celestica Inc. filed on October 8, 1998 (Registration No. 333-9500).

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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

Name: Elizabeth L. DelBianco

Title: Vice President & General Counsel

Date: April 21, 2003

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CERTIFICATIONS

I, Eugene V. Polistuk, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 21, 2003

/s/ EUGENE V. POLISTUK

Eugene V. Polistuk
Chairman of the Board and
Chief Executive Officer

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CERTIFICATIONS

I, Anthony P. Puppi, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Anthony P. Puppi
Executive Vice President, Chief Financial Officer
and General Manager, Global Services

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Consolidated Financial Statements of

CELESTICA INC.

Years ended December 31, 2000, 2001 and 2002
(in millions of U.S. dollars)

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AUDITORS' REPORT

To the Board of Directors of
Celestica Inc.

We have audited the consolidated balance sheets of Celestica Inc. as at December 31, 2001 and 2002 and the consolidated statements of earnings (loss), shareholders' equity and cash flows for each of the years in the three year period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and United States generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2002 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
January 21, 2003

/s/ KPMG LLP
Chartered Accountants

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COMMENTS BY AUDITORS FOR U.S. READERS ON
CANADA-U.S. REPORTING DIFFERENCE

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is a change in accounting principles that has a material effect on the comparability of the Company's financial statements, such as the changes described in note 2(q) to the financial statements relating to the adoption by the Company of CICA Handbook Section 1581 -- Business Combinations, CICA Handbook Section 3062 -- Goodwill and Other Intangible Assets, and CICA Handbook Section 3870 -- Stock-based Compensation and Other Stock-based Payments. Our report to the Board of Directors of Celestica Inc. dated January 21, 2003 is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the financial statements.

Toronto, Canada
January 21, 2003

/s/ KPMG LLP
Chartered Accountants

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CELESTICA INC.

CONSOLIDATED BALANCE SHEETS

(IN MILLIONS OF U.S. DOLLARS)

AS AT DECEMBER 31 ----- 2001

2002 ----- ASSETS Current assets:

Cash and short-term

investments..... \$1,342.8

\$1,851.0 Accounts receivable (note

4)..... 1,054.1 785.9

Inventories (note

5)..... 1,372.7

775.6 Prepaid and other

assets..... 177.3

115.1 Deferred income

taxes..... 49.7

36.9 ----- 3,996.6 3,564.5 Capital

assets (note

6)..... 915.1

727.8 Goodwill from business combinations (note

7)..... 1,128.8 948.0 Intangible

assets (note 7).....

427.2 211.9 Other assets (note

8)..... 165.2

354.6 ----- \$6,632.9 \$5,806.8

===== ===== LIABILITIES AND SHAREHOLDERS'

EQUITY Current liabilities: Accounts

payable.....

\$1,198.3 \$ 947.2 Accrued

liabilities.....

405.7 475.4 Income taxes

payable.....

21.0 24.5 Deferred income

taxes..... 21.8

21.5 Current portion of long-term debt (note

9)..... 10.0 2.7 -----

1,656.8 1,471.3 Long-term debt (note

9)..... 137.4 4.2

Accrued pension and post-employment benefits

(note 16)..... 47.3 77.2 Deferred income

taxes..... 41.5

46.2 Other long-term

liabilities..... 4.3

4.3 ----- 1,887.3 1,603.2

Shareholders'

equity.....

4,745.6 4,203.6 ----- \$6,632.9

\$5,806.8 =====

Commitments, contingencies and guarantees (note 18)

Canadian and United States accounting policy differences (note 22)

Subsequent events (note 23)

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CELESTICA INC.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

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

YEAR ENDED DECEMBER 31 ----- 2000

2001 2002 -----

Revenue.....

\$9,752.1 \$10,004.4 \$8,271.6 Cost of

sales.....

9,064.1 9,291.9 7,715.8 ----- Gross

profit.....

688.0 712.5 555.8 Selling, general and administrative

expenses..... 326.1 341.4 298.5 Amortization of

goodwill and intangible assets (note 7)..... 88.9 125.0

95.9 Integration costs related to acquisitions (note

3)..... 16.1 22.8 21.1 Other charges (note

13)..... 273.1 677.8 ---

----- 431.1 762.3 1,093.3 -----

----- Operating income

(loss)..... 256.9 (49.8)

(537.5) Interest on long-term

debt..... 17.8 19.8 16.1

Interest income,

net..... (36.8) (27.7)

(17.2) ----- Earnings (loss) before

income taxes..... 275.9 (41.9) (536.4)

----- Income taxes (note 14): Current

expense..... 80.1

(recovery).....	(10.9)		
(27.9) (107.8) -----	69.2	(2.1)	
(91.2) -----	Net earnings		
(loss).....	\$ 206.7		
(39.8) \$ (445.2) =====	Basic earnings		
(loss) per share (note 12).....	\$ 1.01		
(0.26) \$ (1.98) Diluted earnings (loss) per share (notes 2, 12).....	\$ 0.98	\$ (0.26)	\$ (1.98)
	Weighted average number of shares outstanding (note 12) Basic (in millions).....		
	199.8		
	213.9	229.8	Diluted (in millions) (note 2).....
	211.8	213.9	229.8
	Net earnings (loss) in accordance with U.S. GAAP (note 22).....		
	\$		
197.4 \$ (51.3) \$ (494.9) Basic earnings (loss) per share, in accordance with U.S. GAAP (note 22).....	\$ 0.99	\$ (0.24)	
	\$ (2.15)		Diluted earnings (loss) per share, in accordance with U.S. GAAP (note 22).....
	\$ 0.96	\$ (0.24)	
	\$ (2.15)		

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CELESTICA INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(IN MILLIONS OF U.S. DOLLARS)

FOREIGN CONVERTIBLE RETAINED CURRENCY TOTAL DEBT CAPITAL STOCK CONTRIBUTED EARNINGS TRANSLATION SHAREHOLDERS' (NOTE 10) (NOTE 11) SURPLUS (DEFICIT) ADJUSTMENT EQUITY -----				

----- Balance -- December 31, 1999.....	\$--	\$1,646.1	-\$-	
\$ 16.2 \$ (4.1) \$1,658.2 Convertible debt issued, net.....	850.4	--	--	
-- -- -- 850.4 Convertible debt accretion, net of tax.....	10.1	--	--	(5.4) -- 4.7
10.1 -- -- (5.4) -- 4.7 Shares issued, net.....	--	--	--	749.3
749.3 -- -- -- 749.3 Net earnings for the year.....	--	--	--	206.7
206.7 -- 206.7 -----				
----- Balance -- December 31, 2000.....	860.5	2,395.4	--	217.5 (4.1)
860.5 2,395.4 -- 217.5 (4.1) 3,469.3 Convertible debt accretion, net of tax.....	26.3	--	--	(15.0) -- 11.3
26.3 -- -- (15.0) -- 11.3 Shares issued, net.....	--	--	--	1,303.6
1,303.6 -- -- -- 1,303.6 Currency translation.....	--	--	--	1.2
-- -- 1.2 1.2 Net loss for the year.....	--	--	--	(39.8)
(39.8) -- (39.8) -----				
----- Balance -- December 31, 2001.....	886.8	3,699.0	--	162.7 (2.9) 4,745.6
886.8 3,699.0 -- 162.7 (2.9) 4,745.6 Convertible debt accretion, net of tax.....	28.7	--	--	(17.5) -- 11.2
28.7 -- -- (17.5) -- 11.2 Repurchase of convertible debt (note 10).....	--	--	--	6.7
-- -- -- 6.7 -- (104.2) Shares issued, net.....	--	--	--	8.5
-- -- 8.5 Repurchase of shares (note 11).....	--	--	--	(36.9) 5.8
(36.9) 5.8 (1.4) -- (32.5) Currency translation.....	--	--	--	20.2
-- -- 20.2 20.2 Net loss for the year.....	--	--	--	(445.2)
(445.2) -- (445.2) -----				

Balance -- December 31,
2002..... \$ 804.6 \$3,670.6
\$5.8 \$(294.7) \$17.3 \$4,203.6
=====

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CELESTICA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN MILLIONS OF U.S. DOLLARS)

YEAR ENDED DECEMBER 31	2000	2001	2002
CASH PROVIDED			
BY (USED IN): OPERATIONS: Net earnings			
(loss).....			\$ 206.7 \$
(39.8) \$ (445.2) Items not affecting cash: Depreciation and amortization.....			212.5 319.5
			311.0 Deferred income
taxes.....			(10.9) (27.9)
			(107.8) Restructuring charges (note
13).....	--	98.6 194.5	Other charges
(note 13).....	--	36.1 292.1	
Other.....			
(4.4) 1.7 (6.1) -----			Cash from
earnings.....			403.9
388.2 238.5 -----			Changes in non-
			cash working capital items: Accounts
receivable.....			(995.3)
			887.2 297.4
Inventories.....			
			(656.7) 822.5 623.9 Other
assets.....			(94.7)
			45.7 26.1 Accounts payable and accrued
liabilities.....			1,230.4 (854.0) (202.7)
Income taxes payable.....			
27.3 0.9 (0.4) -----			Non-cash
working capital changes.....			(489.0)
902.3 744.3 -----			Cash provided by
(used in) operations.....			(85.1)
1,290.5 982.8 -----			INVESTING:
			Acquisitions, net of cash
acquired.....			(634.7) (1,299.7)
			(111.0) Purchase of capital
assets.....			(282.8) (199.3)
			(151.4) Proceeds on sale of capital
assets.....			-- -- 71.6
Other.....			
(59.5) 1.4 (0.7) -----			Cash used in
investing activities.....			(977.0)
(1,497.6) (191.5) -----			FINANCING:
			Bank
indebtedness.....			
			(8.6) (2.8) (1.6) Repayments of long-term
debt.....			(2.2) (56.0) (146.5)
			Debt redemption fees (note
9).....	--	--	(6.9) Deferred
financing costs.....			(0.1)
			(3.9) (2.6) Issuance of convertible
debt.....			862.9 -- --
			Convertible debt issue costs, pre-
tax.....			(19.4) -- -- Repurchase of
convertible debt (note 10).....			-- --
			(100.3) Issuance of share
capital.....			766.6 737.7 7.4
			Share issue costs, pre-
tax.....			(26.8) (10.0) --
			Repurchase of capital stock (note
11).....	--	--	(32.5)
Other.....			
2.0 1.1 (0.1) -----			Cash provided
by (used in) financing activities.....			1,574.4
666.1 (283.1) -----			Increase in
cash.....			512.3
			459.0 508.2 Cash, beginning of
year.....			371.5 883.8
1,342.8 -----			Cash, end of
year.....			\$ 883.8 \$
			1,342.8 \$1,851.0 =====

Cash is comprised of cash and short-term investments.

Supplemental cash flow information (note 21)

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. NATURE OF BUSINESS:

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

The Company's accounting policies are in accordance with accounting principles generally accepted in Canada and, except as outlined in note 22, are, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) PRINCIPLES OF CONSOLIDATION:

These consolidated financial statements include the accounts of the Company and its subsidiaries. The results of subsidiaries acquired during the year are consolidated from their respective dates of acquisition. The Company's business combinations are accounted for using the purchase method. Inter-company transactions and balances are eliminated on consolidation.

(b) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates are used in determining, but not limited to, the allowance for doubtful accounts, inventory valuation, income tax valuation allowances, restructuring charges, the useful lives and valuation of intangible assets and the fair values of reporting units for purposes of goodwill impairment tests. Actual results could differ materially from those estimates and assumptions.

(c) REVENUE:

Revenue is comprised of product sales and service revenue earned from engineering, design and repair services. Revenue from product sales is recognized upon shipment of the goods. Service revenue is recognized as services are performed.

(d) CASH AND SHORT-TERM INVESTMENTS:

Cash and short-term investments include cash on account, demand deposits and short-term investments with original maturities of less than three months.

(e) ALLOWANCE FOR DOUBTFUL ACCOUNTS:

The Company evaluates the collectibility of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected. A specific allowance is recorded against customer receivables that are considered to be impaired based on the Company's knowledge of the financial condition of its customers. In determining the amount of the allowance, the following factors are considered: the length of time the receivables have been outstanding, customer and industry concentrations, current business environment, and historical experience.

(f) INVENTORIES:

Inventories are valued on a first-in, first-out basis at the lower of cost and replacement cost for production parts, and at the lower of cost and net realizable value for work in progress and finished goods. Cost

includes materials and an application of relevant manufacturing value-add. In determining the net realizable value, the Company considers factors such as shrinkage, the aging and future demand of the inventory, past experience with specific customers, and the ability to redistribute inventory to other programs or return inventory to suppliers.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(g) CAPITAL ASSETS:

Capital assets are carried at cost and amortized over their estimated useful lives on a straight-line basis. Estimated useful lives for the principal asset categories are as follows:

Buildings.....	25 years
Buildings/leasehold improvements.....	Up to 25 years or term of lease
Office equipment.....	5 years
Machinery and equipment.....	5 years
Software.....	1 to 10 years

(h) GOODWILL FROM BUSINESS COMBINATIONS:

Prior to July 1, 2001, all goodwill was amortized on a straight-line basis over 10 years. Goodwill acquired in business combinations subsequent to June 30, 2001, has not been amortized. Effective January 1, 2002, the Company discontinued amortization of all existing goodwill. These changes are a result of new accounting standards issued in 2001 which are summarized in note 2(q)(ii) -- Changes in accounting policies.

Upon adopting these standards on January 1, 2002, the Company is required to evaluate goodwill annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is tested at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. The fair values of the reporting units are estimated using a combination of a market approach and discounted cash flows. To the extent a reporting unit's carrying amount exceeds its fair value, an impairment of goodwill exists. Impairment is measured by comparing the fair value of goodwill, determined in a manner similar to a purchase price allocation, to its carrying amount. The Company conducted its annual goodwill assessment in the fourth quarter of 2002 and recorded an impairment charge. See notes 7 -- Goodwill and intangible assets and 13(c) -- Other charges.

Prior to 2002, the Company assessed the recoverability of goodwill by comparing its carrying amount to its projected future net cash flows as described under note 2(j) -- Impairment of long-lived assets.

(i) INTANGIBLE ASSETS:

Intangible assets are comprised of intellectual property and other intangible assets. Intellectual property assets consist primarily of certain non-patented intellectual property and process technology, and are amortized on a straight-line basis over their estimated useful lives, to a maximum of 5 years. Other intangible assets consist primarily of customer relationships and contract intangibles, and represent the excess of cost over the fair value of tangible assets and intellectual property acquired in asset acquisitions. Other intangible assets are amortized on a straight-line basis over their estimated useful lives, to a maximum of 10 years.

(j) IMPAIRMENT OF LONG-LIVED ASSETS:

The Company reviews capital and intangible assets for impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate. The Company has recorded impairment charges in 2001 and 2002. See note 13(d) -- Other charges.

(k) PENSION AND NON-PENSION, POST-EMPLOYMENT BENEFITS:

The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets. The cost of pensions and other post-employment benefits earned by employees is actuarially determined

using the projected benefit method pro-rated on service, and management's best estimate of expected plan investment performance, salary escalation, compensation levels at time of retirement, retirement ages of employees and expected health care costs. Changes in these assumptions could impact future pension expense. For the purpose of calculating the expected return on plan assets, assets are valued at fair value. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. Actuarial gains or losses exceeding 10% of a plan's accumulated benefit obligations or the fair market value of the plan assets at the beginning of the year are amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by the pension plans is 14 years for 2001 and 11 years for 2002. The average remaining service period of active employees covered by the other post-employment benefit plans is 21 years for 2001 and 23 years for 2002. Curtailment gains or losses may arise from significant changes to a plan. Curtailment gains are offset against unrecognized losses and any excess gains and all curtailment losses are recorded in the period in which the curtailment occurs.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Pension assets are recorded as Other assets while pension liabilities are recorded as Accrued pension and post-employment benefits.

(l) DEFERRED FINANCING COSTS:

Costs relating to long-term debt are deferred in other assets and amortized over the term of the related debt or debt facilities.

(m) INCOME TAXES:

The Company uses the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. A valuation allowance is recorded to reduce deferred income tax assets to an amount that, in the opinion of management, is more likely than not to be realized. The effect of changes in tax rates is recognized in the period in which the rate change occurs.

(n) FOREIGN CURRENCY TRANSLATION AND HEDGING:

The functional currency of the majority of the Company's subsidiaries is the United States dollar. For such subsidiaries, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the year-end rate of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated at historic rates, and revenue and expenses are translated at average exchange rates prevailing during the month of the transaction. Exchange gains or losses are reflected in the consolidated statements of earnings (loss).

The accounts of the Company's self-sustaining foreign operations for which the functional currency is other than the U.S. dollar, are translated into U.S. dollars using the current rate method. Assets and liabilities are translated at the year-end exchange rate, and revenue and expenses are translated at average exchange rates prevailing during the month of the transaction. Gains and losses arising from the translation of financial statements of foreign operations are deferred in the "foreign currency translation adjustment" account included as a separate component of shareholders' equity.

The Company enters into forward exchange contracts to hedge the cash flow risk associated with firm purchase commitments and forecasted transactions in foreign currencies and foreign-currency denominated balances. The Company does not enter into derivatives for speculative purposes.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and at the end of each quarter, whether the derivatives that are used in hedged transactions are highly effective in offsetting changes in cash flows of hedged items.

Gains and losses on hedges of firm commitments are included in the cost of the hedged transaction when they occur. Gains and losses on hedges of forecasted transactions are recognized in earnings in the same period and the same line item as the underlying hedged transaction. Foreign exchange translation gains and losses on forward contracts used to hedge foreign-currency denominated amounts are accrued on the balance sheet as current assets or current liabilities and are recognized currently in the income statement, offsetting the respective translation gains or losses on the foreign-currency denominated amounts. The forward premium or discount is amortized over the term of the forward contract. Gains and losses on hedged forecasted transactions are recognized in earnings immediately when the hedge is no longer effective or the forecasted transactions are no longer expected.

(o) RESEARCH AND DEVELOPMENT:

The Company incurs costs relating to research and development activities which are expensed as incurred unless development costs meet certain criteria for capitalization. Total research and development costs recorded in selling, general and administrative expenses for 2002 were \$18.2 (2001 -- \$17.1; 2000 -- \$19.5). No amounts have been capitalized.

(p) RESTRUCTURING CHARGES:

The Company records restructuring charges relating to employee terminations, contractual lease obligations and other exit costs, based on detailed plans approved and committed to by management. The recognition of these charges requires management to make certain judgments regarding the nature, timing and amount associated with the planned restructuring activities, including

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

estimating sublease income and the net recovery of equipment to be disposed of. At the end of each reporting period, the Company evaluates the appropriateness of the remaining accrued balances.

(q) CHANGES IN ACCOUNTING POLICIES:

(i) Earnings per share:

Effective 2001, the Company retroactively applied the new Canadian Institute of Chartered Accountants (CICA) Handbook Section 3500, "Earnings per share," which requires the use of the treasury stock method for calculating diluted earnings per share. The diluted earnings per share calculation includes employee stock options and the conversion of convertible debt instruments, if dilutive. The new standard is consistent with U.S. GAAP. Previously reported diluted earnings per share have been restated to reflect this change. See note 12 -- Earnings (loss) per share and weighted average shares outstanding.

(ii) Business combinations, goodwill and other intangible assets:

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

Effective July 1, 2001, goodwill acquired in business combinations completed after June 30, 2001, has not been amortized. In addition, the new criteria for recognition of intangible assets apart from goodwill and the valuation of the shares issued in a business combination have been applied to business combinations completed after June 30, 2001.

The Company has fully adopted these new standards as of January 1, 2002, and discontinued amortization of all existing goodwill. The Company also evaluated existing intangible assets, including estimates of remaining lives, and has reclassified \$9.1 from intellectual property to goodwill, as of January 1, 2002, to conform with the new criteria.

Section 3062 requires the completion of a transitional goodwill impairment evaluation within six months of adoption. Impairment is identified by comparing the carrying amounts of the Company's reporting units with their fair values. To the extent a reporting unit's carrying amount exceeds its fair value, the impairment of goodwill must be recorded by December 31, 2002. The impairment of goodwill is measured by comparing the fair value of goodwill, determined in a manner similar to a purchase price allocation, to its carrying amount. Any transitional impairment would have been recognized as an effect of a change in accounting principle and would have been charged to opening retained earnings as of January 1, 2002. The Company completed the transitional goodwill impairment assessment, and determined that no impairment existed as of the date of adoption.

Effective January 1, 2002, the Company had unamortized goodwill of \$1,137.9 which is no longer amortized. This change in accounting policy was not applied retroactively and the amounts presented for prior years have not been restated for this change. The following table shows the impact of this change as if the policy had been applied retroactively to 2001 and 2000:

YEAR ENDED DECEMBER 31 -----			
2000	2001	2002	-----
			Net earnings
(loss) as reported.....			\$206.7
	\$(39.8)	\$(445.2)	Add back: goodwill
amortization.....			39.1 39.2 --

			Net earnings (loss) before
			goodwill amortization.....
			\$245.8 \$ (0.6)
	\$(445.2)	=====	Basic earnings (loss)
			per share: As
reported.....			
	\$ 1.01	\$(0.26)	\$(1.98)
			Before goodwill
			amortization.....
			\$ 1.20
	\$(0.07)	\$(1.98)	Diluted earnings (loss) per share: As
reported.....			
	\$ 0.98	\$(0.26)	\$(1.98)
			Before goodwill
			amortization.....
			\$ 1.16
			\$(0.07) \$ (1.98)

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

2. SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

(iii) Stock-based compensation and other stock-based payments:

Effective January 1, 2002, the Company adopted the new CICA Handbook Section 3870, which requires that a fair value based method of accounting be applied to all stock-based payments to non-employees and to direct awards of stock to employees. However, the new standard permits the Company to continue its existing policy of recording no compensation cost on the grant of stock options to employees with the addition of pro forma information. The standard requires the disclosure of pro forma net earnings and earnings per share information as if the Company had accounted for employee stock options under the fair value method. The Company has applied the pro forma disclosure provisions of the new standard to awards granted on or after January 1, 2002. The pro forma effect of awards granted prior to January 1, 2002, has not been included.

The fair value of the options issued by the Company during 2002 was determined using the Black-Scholes option pricing model. The Company used the following weighted average assumptions: risk-free rate of 5.14%; dividend yield of 0%; a volatility factor of the expected market price of the Company's shares of 70%; and, an expected option life of 5 years. The weighted-average grant date fair value of options issued during the year was \$12.02 per share. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to income over the vesting period, on a straight-line basis. For the year ended December 31, 2002, the Company's pro forma net loss is \$447.4, pro forma basic loss per share is \$1.99 and pro forma diluted loss per share is \$1.99. See note 11(c) for a description of the stock option plans.

(r) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

(i) Foreign currency translation and hedging relationships:

Effective January 1, 2002, the CICA amended Section 1650 to eliminate the deferral and amortization of foreign currency translation gains and

losses on long-lived monetary items, with retroactive restatement of prior periods. The Company was not impacted by this change. The CICA issued Accounting Guideline AcG-13 which establishes criteria for hedge accounting effective for the Company's 2004 fiscal year. The Company has reviewed the requirements of AcG-13 and has determined that all of its current hedges will continue to qualify for hedge accounting when the guideline becomes effective.

(ii) Impairment or disposal of long-lived assets:

In December 2002, the CICA issued Handbook Section 3063, "Impairment or Disposal of Long-Lived Assets" and revised Section 3475, "Disposal of Long-Lived Assets and Discontinued Operations." These sections supersede the write-down and disposal provisions of Section 3061, "Property, Plant and Equipment" and Section 3475, "Discontinued Operations." The new standards are consistent with U.S. GAAP. Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held-for-use. An impairment is recognized when the carrying amount of an asset to be held and used, exceeds the projected future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value. Section 3475 provides specific criteria for and requires separate classification for assets held-for-sale and for these assets to be measured at the lower of their carrying amounts or fair value, less costs to sell. Section 3475 also broadens the definition of discontinued operations to include all distinguishable components of an entity that will be eliminated from operations. Section 3063 is effective for the Company's 2004 fiscal year, however, early application is permitted. Revised Section 3475 is applicable to disposal activities committed to by the Company after May 1, 2003, however, early application is permitted. The Company expects that the adoption of these standards will have no material impact on its financial position, results of operations or cash flows.

(iii) Guarantees:

In December 2002, the CICA approved Accounting Guideline AcG-14 which requires certain disclosures of obligations under guarantees, effective for the Company's first quarter of 2003. The guideline is generally consistent with the disclosure requirements for guarantees under U.S. GAAP. The guideline does not apply to product warranties or the measurement requirements under U.S. GAAP. The Company has disclosed its guarantees under U.S. GAAP in note 22(k). The Company expects that the adoption of this guideline will have no material impact on its financial position, results of operations or cash flows.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

3. ACQUISITIONS:

2001 ACQUISITIONS:

(a) ASSET ACQUISITIONS:

In February 2001, the Company acquired certain assets located in Dublin, Ireland and Mt. Pleasant, Iowa from Motorola Inc. In March 2001, the Company acquired certain assets of a repair facility in Japan from N.K. Techno Co. Ltd. In May 2001, the Company acquired certain assets in Little Rock, Arkansas and Denver, Colorado from Avaya Inc., and in August 2001, acquired certain assets in Saumur, France. In August 2001, the Company acquired certain assets in Columbus, Ohio and Oklahoma City, Oklahoma from Lucent Technologies Inc. The total purchase price for these acquisitions of \$834.1 was financed with cash and was allocated to the net assets acquired, including intangible assets of \$195.7, based on their relative fair values at the date of acquisition.

(b) BUSINESS COMBINATIONS:

Omni:

In October 2001, the Company acquired Omni Industries Limited (Omni), an EMS provider headquartered in Singapore. This acquisition significantly enhanced the Company's presence in Asia. The purchase price of \$865.8 was financed with the issuance of 9.2 million subordinate voting shares and the issuance of options to purchase 0.3 million subordinate voting shares of the Company, and \$479.5 in cash. The goodwill recorded for Omni is not tax deductible.

Other business combinations:

In January 2001, the Company acquired Excel Electronics, Inc. through a merger with Celestica (US) Inc., a subsidiary of the Company. In June 2001, the Company acquired Sagem CR s.r.o., in the Czech Republic, from Sagem SA, of France. In August 2001, the Company acquired Primetech Electronics Inc. (Primetech), an EMS provider in Canada. The purchase price of Primetech was financed primarily with the issuance of 3.4 million subordinate voting shares and the issuance of options to purchase 0.3 million subordinate voting shares of the Company.

The value of the shares issued in the Primetech and Omni acquisitions was determined based on the average market price of the shares for a reasonable period before, and after the date the terms of the acquisitions were agreed to and announced.

In 2002, the Company completed the valuations of certain assets relating to its 2001 business combinations, resulting in changes to the fair-value allocations of the purchase prices. Details of the final net assets acquired in these business combinations, at fair value, are as follows:

OTHER BUSINESS OMNI COMBINATIONS -----	
	Current
assets.....	\$
	260.7 \$ 63.2 Capital
assets.....	91.8
	46.3 Other long-term
assets.....	4.1 0.1
Goodwill.....	777.5 136.2 Intellectual
property.....	34.5 10.0
	Liabilities
assumed.....	(302.8)
	(28.3) ----- Net assets
acquired.....	\$ 865.8
	\$227.5 ===== Financed by:
Cash.....	\$ 479.5 \$ 46.8 Issuance of shares and
options.....	386.3 180.7 -----
	----- \$ 865.8 \$227.5 =====

2002 ACQUISITIONS:

(c) ASSET ACQUISITIONS:

In March 2002, the Company acquired certain assets located in Miyagi and Yamanashi, Japan from NEC Corporation. In August 2002, the Company acquired certain assets from Corvis Corporation in the United States. The aggregate purchase price for these acquisitions of \$111.0 was financed with cash and allocated to the net assets acquired, including intangible assets of \$49.4,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

3. ACQUISITIONS: (CONTINUED)

based on their relative fair values at the date of acquisition. The weighted-average useful life of these intangible assets is approximately six years.

Integration costs related to acquisitions:

The Company incurred costs of \$21.1 in 2002 (2001 -- \$22.8; 2000 -- \$16.1) relating to the establishment of business processes, infrastructure and information systems for acquired operations. None of the integration costs incurred related to existing operations.

The Company's 2002 restructuring actions have impacted some of the sites acquired in prior years. These actions have included workforce reductions and facility consolidations and closures. See note 13(b) -- Other charges.

4. ACCOUNTS RECEIVABLE:

Accounts receivable are net of an allowance for doubtful accounts of \$62.4 at December 31, 2002 (2001 -- \$74.6).

5. INVENTORIES:

	2001	2002	-----	-----	Raw
materials.....					
	\$ 903.6	\$ 479.8			Work in

progress.....	220.6	101.0	Finished		
goods.....					
248.5	194.8	-----	-----	\$1,372.7	\$ 775.6
		=====			=====

6. CAPITAL ASSETS:

2001	-----				ACCUMULATED
NET BOOK COST	-----				AMORTIZATION VALUE

Land.....					
	\$ 53.3	\$--	\$ 53.3		
Buildings.....					
	258.8	17.4	241.4	Buildings/leasehold	
improvements.....					
				66.0	24.8
				41.2	
				Office	
equipment.....					86.8
	40.2	46.6		Machinery and	
equipment.....					727.2
					291.2
				436.0	
Software.....					
	136.6	40.0	96.6	-----	-----
				\$1,328.7	\$413.6
				\$915.1	=====

2002	-----				ACCUMULATED
NET BOOK COST	-----				AMORTIZATION VALUE

Land.....					
	\$ 66.0	\$--	\$ 66.0		
Buildings.....					
	192.3	24.6	167.7	Buildings/leasehold	
improvements.....					
				64.4	33.8
				30.6	
				Office	
equipment.....					102.1
	55.3	46.8		Machinery and	
equipment.....					618.2
					319.2
				299.0	
Software.....					
	202.9	85.2	117.7	-----	-----
				\$1,245.9	\$518.1
				\$727.8	=====

The above amounts include \$17.1 (2001 -- \$13.3) of assets under capital lease and accumulated amortization of \$4.0 (2001 -- \$6.8) related thereto.

Depreciation and rental expense for the year ended December 31, 2002 was \$212.4 (2001 -- \$192.8; 2000 -- \$121.9) and \$117.3 (2001 -- \$79.8; 2000 -- \$46.7), respectively.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

7. GOODWILL FROM BUSINESS COMBINATIONS AND INTANGIBLE ASSETS:

GOODWILL FROM BUSINESS COMBINATIONS:

The following table details the changes in goodwill by reporting segment for the year ended December 31, 2002:

	DECEMBER 31, RECLASS POST CLOSING IMPAIRMENT				
	DECEMBER 31, 2001 (A) (B) (C) 2002 -----				

Americas.....					
	\$ 243.2	\$ 1.8	\$(2.1)	\$(127.2)	\$115.7
Europe.....					
	68.3	6.2	2.0	(76.5)	--
Asia.....					
	817.3	1.1	13.9	--	832.3
	---	---	---	---	---
				\$1,128.8	\$ 9.1
				\$13.8	\$(203.7)
				\$948.0	
	=====	=====	=====	=====	=====

--

(a) The Company reclassified \$9.1 from intellectual property to goodwill as of January 1, 2002, to conform with the new goodwill standards. See note 2(q)(ii).

(b) The Company completed the valuations of certain assets relating to its

2001 business combinations. This resulted in changes to the fair-value allocation of the purchase price, and thus goodwill.

(c) During the fourth quarter of 2002, the Company performed its annual goodwill impairment test in accordance with the new goodwill standards, Section 3062. See note 2(q)(ii). Prolonged declines in the information technology and communications end markets contributed to an impairment of goodwill in the fourth quarter as estimated fair values of the reporting units fell below their respective carrying values. The Company obtained independent valuations to support the fair values of its reporting units. The fair values of the reporting units were estimated using a combination of a market approach and discounted cash flows. Revenue and expense projections used in determining the fair value of the reporting units were based on management's estimates, including estimates of current and future industry conditions. Cash flows were discounted using a weighted average cost of capital. The Company recorded a goodwill impairment of \$203.7. See note 13(c) -- Other charges.

INTANGIBLE ASSETS:

2001 -----				
- ACCUMULATED NET BOOK COST AMORTIZATION VALUE				

	Intellectual			
property.....				
	\$388.6	\$143.9	\$244.7	Other intangible
assets.....				
209.3	26.8	182.5	-----	\$597.9
	\$170.7	\$427.2	=====	=====

2002 -----				
- ACCUMULATED NET BOOK COST AMORTIZATION VALUE				

	Intellectual			
property.....				
	\$194.5	\$118.9	\$ 75.6	Other intangible
assets.....				
177.8	41.5	136.3	-----	\$372.3
	\$160.4	\$211.9	=====	=====

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

7. GOODWILL FROM BUSINESS COMBINATIONS AND INTANGIBLE ASSETS: (CONTINUED)

The following table details the changes in intangible assets for the year ended December 31, 2002:

ACQUISITIONS/ DECEMBER 31, RECLASS POST CLOSING IMPAIRMENT DECEMBER 31, 2001 AMORTIZATION (A) (B) (C) 2002 ----- ----- ----- ----- ----- Intellectual property..... \$244.7 \$(72.0) \$(9.1) \$ 8.5 \$ (96.5) \$ 75.6 Other intangible assets..... 182.5 (23.9) -- 25.4 (47.7) 136.3 ----- - ----- ----- \$427.2 \$(95.9) \$(9.1) \$33.9 \$(144.2) \$211.9 =====

(a) The Company reclassified \$9.1 from intellectual property to goodwill as of January 1, 2002, to conform with the new goodwill standards. See note 2(q)(ii).

(b) Intangible assets increased during the year due to acquisitions, offset partially by post closing adjustments.

(c) In the fourth quarter of 2002, the Company recorded an impairment charge totaling \$144.2 to write-down intellectual property and other intangible assets, primarily in the Americas and European segments. The Company recorded \$75.2 as restructuring charges primarily for intellectual property impaired due to the closure or consolidation of the related manufacturing facilities. An additional charge of \$69.0 was recorded as "Other charges -- other impairment" to write-down certain intellectual property, and customer relationships and contracts that were impaired, in connection with the regular recoverability review of intangible assets. The impairment was measured as the excess of the carrying amount over the projected future net cash flows that these assets were expected to generate. See notes 13(b) and (d) -- Other charges.

Amortization expense is as follows:

YEAR ENDED DECEMBER 31	2000	2001	2002
Amortization of goodwill.....	\$39.1	\$ 39.2	\$--
Amortization of intellectual property.....	39.1	68.8	72.0
Amortization of other intangible assets.....	10.7	17.0	23.9
	\$88.9	\$125.0	\$95.9
	=====	=====	=====

Effective January 1, 2002, the Company discontinued amortization of all goodwill. See note 2(q)(ii) -- Changes in accounting policies.

The Company estimates its future amortization expense as follows, based on existing intangible asset balances:

2003.....	\$46.8
2004.....	43.0
2005.....	35.1
2006.....	27.0
2007.....	16.3
Thereafter.....	43.7

8. OTHER ASSETS:

2001	2002	Deferred pension (note 16)	Deferred income taxes	Commodity taxes recoverable	Other
		\$ 28.4	\$ 31.2	116.4	305.1
				10.7	10.9
				9.7	7.4
		\$165.2	\$354.6	=====	=====

Amortization of deferred financing costs for the year ended December 31, 2002, was \$2.7 (2001 -- \$1.7; 2000 -- \$1.7).

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

9. LONG-TERM DEBT:

2001	2002	Global, unsecured, revolving credit facility due 2003 (a)	Unsecured, revolving credit facility due 2004 (b)	Unsecured, revolving credit facility due 2005 (c)	Senior Subordinated Notes due 2006 (d)	Other (e)
\$--	\$--					
					130.0	
		17.4	6.9	147.4	6.9	Less current portion
						10.0
		\$137.4	\$ 4.2	=====	=====	-----

(a) Concurrently with the initial public offering on July 7, 1998, the

Company entered into a global, unsecured, revolving credit facility providing up to \$250.0 of borrowings. The credit facility permitted the Company and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). Borrowings under the facility bear interest at LIBOR plus a margin and are repayable in July 2003. There were no borrowings on this facility during 2001 or 2002. Commitment fees in 2002 were \$0.6. The Company elected to cancel this facility in December 2002.

(b) In December 2002, the Company extended its second unsecured, revolving credit facility from April 2004 to December 2004. Concurrent with this extension, the Company increased the facility from \$250.0 to \$350.0. The facility includes a \$25.0 swing-line facility that provides for short-term borrowings up to a maximum of seven days. The credit facility permits the Company and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). Borrowings under the facility bear interest at LIBOR plus a margin except that borrowings under the swing-line facility bear interest at a base rate. There were no borrowings on this facility during 2001 or 2002. Commitment fees in 2002 were \$2.6.

(c) In July 2001, the Company entered into an unsecured, revolving credit facility providing up to \$500.0 of borrowings including a \$75.0 swing-line facility that provides for short-term borrowings up to a maximum of seven days. The credit facility permits the Company and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). The revolving facility is repayable in July 2005. Borrowings under the facility bear interest at LIBOR plus a margin except that borrowings under the swing-line facility bear interest at a base rate. There were no borrowings on this facility in 2001 or 2002. Commitment fees in 2002 were \$1.5.

(d) In August 2002, the Company redeemed the entire \$130.0 of outstanding 10.5% Senior Subordinated Notes at a premium of 5.25%. See note 13(e).

(e) Other long-term debt includes secured loan facilities of one of the Company's subsidiaries of which \$13.0 was outstanding at December 31, 2001, and capital lease obligations. All secured loans were repaid during 2002. The weighted average interest rate on these facilities in 2001 was 4.4%. The loans were denominated in Singapore Dollars and repayable through quarterly payments. There were no commitment fees for 2001 or 2002. The balance as at December 31, 2002, relates to capital lease obligations.

As at December 31, 2002, principal repayments due within each of the next five years on all long-term debt are as follows:

2003.....	\$2.7
2004.....	2.5
2005.....	1.5
2006.....	0.1
2007.....	0.1

The unsecured, revolving credit facilities have restrictive covenants relating to debt incurrence and sale of assets and also contain financial covenants, that require the Company to maintain certain financial ratios. A change of control is an event of default.

10. CONVERTIBLE DEBT:

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

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

10. CONVERTIBLE DEBT: (CONTINUED)

The LYONs are convertible at any time at the option of the holder, unless previously redeemed or repurchased, into 5.6748 subordinate voting shares for each one thousand dollars principal amount at maturity. Holders may require the Company to repurchase all or a portion of their LYONs on August 2, 2005, August 1, 2010, and August 1, 2015, and the Company may redeem the LYONs at any time on or after August 1, 2005 (and, under certain

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

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

During 2002, the Company paid \$100.3 to repurchase LYONS with a principal amount at maturity of \$222.9. The Company recognized a gain on the repurchase of these LYONS. The gain of \$6.7, net of tax of \$3.9, is recorded in retained earnings and apportioned between the principal equity and option components, based on their relative fair values compared to their carrying values. Consistent with the treatment of the periodic accretion charges, the gain on the principal equity component has been included in the calculation of basic and diluted earnings (loss) per share. See note 12.

11. CAPITAL STOCK:

(a) AUTHORIZED:

An unlimited number of subordinate voting shares, which entitle the holder to one vote per share, and an unlimited number of multiple voting shares, which entitle the holder to twenty-five votes per share. Except as otherwise required by law, the subordinate voting shares and multiple voting shares vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors. The holders of the subordinate voting shares and multiple voting shares are entitled to share ratably, as a single class, in any dividends declared subject to any preferential rights of any outstanding preferred shares in respect of the payment of dividends. Each multiple voting share is convertible at any time at the option of the holder thereof into one subordinate voting share. The Company is also authorized to issue an unlimited number of preferred shares, issuable in series.

(b) ISSUED AND OUTSTANDING:

	TOTAL SUBORDINATE AND MULTIPLE SUBORDINATE MULTIPLE VOTING SHARES	SHARES TO NUMBER OF SHARES (IN MILLIONS)	VOTING SHARES	VOTING SHARES OUTSTANDING	BE ISSUED	-----

	----- Balance December 31,					
	2000	164.3	39.1	203.4	0.4	Equity offering
(i)	12.0	--	12.0	--		Other share issuances
(ii)	1.1	--	1.1	--		Issued as consideration for acquisitions (iii)
	13.2	0.1				
	----- Balance December 31,					
	2001	190.6	39.1	229.7	0.5	Repurchase of shares
(iv)	(2.0)	--	(2.0)	--		Other share issuances
(v)	0.9	--	0.9	--		
	----- Balance December 31,					
	2002	189.5	39.1	228.6	0.5	=====
						=====

11. CAPITAL STOCK: (CONTINUED)

	SUBORDINATE MULTIPLE SHARES TO TOTAL AMOUNT VOTING SHARES VOTING SHARES BE ISSUED AMOUNT			
	-----	-----	-----	-----

	---- Balance December 31,			
2000.....				
\$2,254.9	\$138.8	\$ 1.7	\$2,395.4	
Equity offering, net of issue costs (i).....	707.4	-		
- -- 707.4 Other share issuances				
(ii).....				
29.2 -- -- 29.2 Issued as consideration for acquisitions				
(iii).....	562.8	-- 4.2	567.0	

	Balance December 31,			
2001.....				
3,554.3	138.8	5.9	3,699.0	
Repurchase of shares				
(iv).....				
(36.9) -- -- (36.9) Other share issuances				
(v).....				
8.5 -- -- 8.5				

	Balance			
	December 31,			
2002.....				
\$3,525.9	\$138.8	\$ 5.9	\$3,670.6	
=====	=====	=====	=====	

2001 CAPITAL TRANSACTIONS:

- (i) In May 2001, the Company issued 12.0 million subordinate voting shares for gross cash proceeds of \$714.0 and incurred \$6.6 in share issuance costs, net of tax of \$3.4.
- (ii) During 2001, the Company issued 1.1 million subordinate voting shares as a result of the exercise of employee stock options for \$23.7 and recorded a tax benefit of \$5.5.
- (iii) In 2001, the Company issued 12.7 million subordinate voting shares, as consideration for acquisitions, for an ascribed value of \$558.5 and reserved 0.6 million shares at an ascribed value of \$8.5. During 2001, the Company issued 0.5 million of reserved shares at an ascribed value of \$4.3. As at December 31, 2001, 0.5 million subordinate voting shares remain reserved for issuance at an ascribed value of \$5.9.

2002 CAPITAL TRANSACTIONS:

- (iv) In July 2002, the Company filed a Normal Course Issuer Bid to repurchase over the next 12 months, at its discretion, up to 5% of the total outstanding shares, or 9.6 million subordinate voting shares, for cancellation. During 2002, the Company repurchased 2.0 million subordinate voting shares at a weighted average price of \$16.23 per share.
- (v) During 2002, the Company issued 0.9 million subordinate voting shares, primarily as a result of the exercise of employee stock options, for \$7.4 and recorded a tax benefit of \$1.1.

(c) STOCK OPTION PLANS:

(i) Long-Term Incentive Plan (LTIP):

The Company established the LTIP prior to its initial public offering. Under this plan, the Company may grant stock options, performance shares, performance share units and stock appreciation rights to directors, permanent employees and consultants ("eligible participants") of the Company, its subsidiaries and other companies or partnerships in which the Company has a significant investment. Under the LTIP, up to 29.0 million subordinate voting shares may be issued from treasury. Options are granted at prices equal to the market value of the day prior to the date of the grant and are exercisable during a period not to exceed ten years from such date.

(ii) Employee Share Purchase and Option Plans (ESPO):

The Company has ESPO plans that were available to certain of its employees and executives. As a result of the establishment of the LTIP, no further options may be issued under the ESPO plans. Pursuant to the

ESPO plans, employees and executives of the Company were offered the opportunity to purchase, at prices equal to market value, subordinate voting shares and, in connection with such purchase, receive options to acquire an additional number of subordinate voting shares based on the number of subordinate voting shares acquired by them under the ESPO plans. The exercise price for the options is equal to the price per share paid for the corresponding subordinate voting shares acquired under the ESPO plans.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

11. CAPITAL STOCK: (CONTINUED)

Stock option transactions were as follows:

WEIGHTED AVERAGE NUMBER OF OPTIONS (IN MILLIONS) SHARES		EXERCISE PRICE -----	
----- Outstanding at December 31,			
1999.....	14.6	\$14.84	
Granted.....	4.2	\$55.40	
Exercised.....	(1.4)	\$ 6.85	
Cancelled.....	(0.2)	\$ 7.33	----- Outstanding at December 31,
2000.....	17.2	\$25.16	
Granted/assumed.....	8.5	\$42.54	
Exercised.....	(1.6)	\$14.89	
Cancelled.....	(0.2)	\$23.36	----- Outstanding at December 31,
2001.....	23.9	\$31.67	
Granted.....	3.9	\$19.93	
Exercised.....	(0.9)	\$ 7.42	
Cancelled.....	(0.8)	\$41.49	----- Outstanding at December 31,
2002.....	26.1	\$30.51	==== Shares reserved for issuance upon exercise of stock options or awards (in millions).....
	33.9	====	

The following options were outstanding as at December 31, 2002:

RANGE OF OUTSTANDING	WEIGHTED AVERAGE	EXERCISABLE WEIGHTED	AVERAGE REMAINING	PLAN EXERCISE PRICES	OPTIONS EXERCISE	PRICE OPTIONS	EXERCISE PRICE LIFE
-----	-----	-----	-----	-----	-----	-----	-----
-	----- (in	millions) (in	millions) (years)				
ESPO.....	\$5.00 - \$ 7.50	4.6	\$				
	5.34 4.6	\$ 5.34	5				
LTIP.....	\$8.75 - \$13.69	1.6					
	\$12.09 1.2	\$12.02	6				
	\$13.10 - \$25.75	3.6					
	\$18.58 -- --	10					
	\$24.18 - \$24.18	0.8					
	\$24.18 0.6	\$24.18	7				
	\$24.91 - \$54.15	1.4					
	\$41.16 0.4	\$41.16	9				
	\$32.22 - \$44.38	0.3					
	\$37.91 -- --	10					
	\$39.03 - \$39.03	2.8					
	\$39.03 2.1	\$39.03	7				
	\$41.89 - \$41.89	6.1					
	\$41.89 1.5	\$41.89	9				
	\$55.40 - \$56.19	3.9					

\$55.96 2.0 \$55.96 8
 Other.....
 \$0.93 - \$13.31 0.8 \$
 5.50 0.8 \$ 5.50 4
 Other.....
 \$29.73 - \$72.84 0.2
 \$46.28 0.2 \$46.28 4
 ---- ---- 26.1 13.4
 =====

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

12. EARNINGS (LOSS) PER SHARE AND WEIGHTED AVERAGE SHARES OUTSTANDING:

The following table sets forth the calculation of basic and diluted earnings (loss) per share:

YEAR ENDED DECEMBER 31	2000	2001	2002

----- 2000 2001 2002 -----			
----- Numerator: Net earnings			
(loss).....	\$206.7		
\$ (39.8) \$ (445.2) Convertible debt accretion, net of tax.....	(5.4)	(15.0)	(17.5)
Gain on repurchase of convertible debt, net of tax(1).....	--	--	--
8.3 ----- Earnings (loss) available to common shareholders.....	\$201.3	\$(54.8)	\$(454.4)
Denominator: Weighted average shares -- basic (in millions).....			
199.8 213.9 229.8 Effect of dilutive securities (in millions): Employee stock options(2).....	7.8	--	--
Convertible debt.....			
4.2 -- -- Weighted average shares - diluted (in millions)(3).....	211.8	213.9	229.8
Earnings (loss) per share:			
Basic.....	\$ 1.01	\$(0.26)	\$ (1.98)
Diluted.....	\$ 0.98	\$(0.26)	\$ (1.98)

(1) For 2002, the gain on the principal equity component of the convertible debt repurchase of \$8.3 is included in the calculation of basic and diluted loss per share. See note 10.

(2) For 2000, excludes the effect of 3.3 million "out of the money" options as they are anti-dilutive.

(3) For 2001 and 2002, excludes the effect of all options and convertible debt as they are anti-dilutive due to the loss.

13. OTHER CHARGES:

YEAR ENDED DECEMBER 31	2000	2001	2002

----- 2000 2001 2002 -----			
----- 2001			
restructuring			
(a).....	\$--	\$237.0	\$ 1.9
2002 restructuring			
(b).....	--	--	383.5
2002 goodwill impairment			
(c).....			203.7
Other impairment			
(d).....	--	36.1	81.7
Deferred financing costs and debt redemption fees (e).....			
	--	--	9.6
Gain on sale of surplus			
land.....			
(2.6) -----	\$--	\$273.1	
=====			
	\$677.8		

(a) 2001 RESTRUCTURING:

The Company recorded a pre-tax restructuring charge of \$237.0 in 2001, in response to slowing end markets. The Company's restructuring plan focused on facility consolidations and a workforce reduction. The following table details the components of the 2001 restructuring charge and the adjustments in 2002, as the Company executed its plan:

YEAR ENDED DECEMBER 31	-----	-----	-----
		2000	2001
2002	-----		

costs.....			
\$-- \$ 90.7	Lease and other		
	contractual		
obligations.....			
35.3 11.4	Facility exit costs and		
other.....			
- 12.4 (2.7)	Asset impairment (non-		
cash).....			
-- 98.6 (2.7)			
\$237.0 \$ 1.9	=====	=====	=====

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

13. OTHER CHARGES: (CONTINUED)

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

	LEASE EMPLOYEE AND OTHER FACILITY TERMINATION			
	CONTRACTUAL	EXIT COSTS	COSTS	OBLIGATIONS AND OTHER
TOTAL	-----	-----	-----	-----
2002.....		\$ 39.5	\$ 33.7	\$ 9.5
		\$ 82.7	Cash	
payments.....				
	(35.4)	(13.0)	(6.8)	(55.2)
Adjustments.....				
(4.1)	11.4	(2.7)	4.6	
2002.....		\$-- \$ 32.1	\$-- \$ 32.1	
		=====	=====	=====

Employee terminations were made across all geographic regions of the Company with the majority pertaining to manufacturing and plant employees. A total of 11,925 employees have been terminated relating to the 2001 restructuring plan. The adjustment to lease and other contractual obligations relates primarily to changes in estimates and revised timing of expected sublease recoveries.

The non-cash charges for asset impairment reflected the write-down of certain long-lived assets across all geographic regions that have become impaired as a result of the rationalization of facilities. The asset impairments relate to goodwill and intangible assets, machinery and equipment, buildings and improvements. The assets were written down to their recoverable amounts using estimated cash flows.

The Company has completed the major components of the 2001 restructuring plan, except for certain long-term lease and other contractual obligations.

(b) 2002 RESTRUCTURING:

In response to the prolonged difficult end-market conditions, the Company announced a new restructuring plan for the consolidation of facilities and a workforce reduction. The Company recorded a pre-tax restructuring charge of \$383.5. The following table details the components of the 2002 restructuring charge:

YEAR ENDED DECEMBER 31	-----	-----	-----
		2000	2001
2002	-----		

costs.....			
\$-- \$-- \$128.8	Lease and other		
	contractual		
obligations.....			
51.7	Facility exit costs and		
other.....			
- 8.5	Asset impairment (non-		
cash).....			
-- 194.5			
\$-- \$383.5	=====	=====	=====

The following table details the activity through the accrued

restructuring liability:

LEASE EMPLOYEE AND OTHER FACILITY TERMINATION CONTRACTUAL EXIT COSTS COSTS OBLIGATIONS AND OTHER TOTAL ----- -----	Balance at January 1, 2002.....	\$--	\$--	\$--	\$--
Provision.....	128.8	51.7	8.5	189.0	Cash
payments.....	(41.7)	(1.7)	(0.7)	(44.1)	-----
	Balance at December 31,				
2002.....	\$ 87.1	\$50.0	\$ 7.8		
	\$144.9	=====	=====	=====	=====

Employee terminations were made primarily in the Americas with the majority pertaining to manufacturing and plant employees. A total of 5,900 employees have been identified to be terminated, of which 2,410 employees were terminated during 2002. The remaining termination costs are expected to be paid out during 2003.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

13. OTHER CHARGES: (CONTINUED)

The non-cash charges for 2002 for asset impairment reflect the write-down of certain long-lived assets primarily in the Americas that have become impaired as a result of the rationalization of facilities. The asset impairments relate to intangible assets, machinery and equipment, buildings and improvements. The assets were written down to their recoverable amounts using estimated cash flows.

The Company expects to complete the major components of the 2002 restructuring plan by the end of 2003, except for certain long-term lease and other contractual obligations.

(c) 2002 GOODWILL IMPAIRMENT:

In 2002, the Company recorded a non-cash charge against goodwill of \$203.7, in connection with its annual impairment assessment as described in notes 2(h) and 7.

(d) OTHER IMPAIRMENT:

In 2002, the Company recorded a non-cash charge of \$81.7, in connection with its annual impairment assessment of long-lived assets, comprised primarily of a write-down of intangible assets.

In 2001, the Company recorded a non-cash charge of \$36.1, in connection with its annual impairment assessment of long-lived assets comprised primarily of a write-down of goodwill and intangible assets.

(e) DEFERRED FINANCING COSTS AND DEBT REDEMPTION FEES:

In 2002, the Company paid a premium associated with the redemption of the Senior Subordinated Notes and expensed related deferred financing costs. See note 9(d).

14. INCOME TAXES:

YEAR ENDED DECEMBER 31 ----- -----	2000	2001	2002	-----
-----	Earnings (loss) before income tax: Canadian			
operations.....	\$179.4	\$ 34.7	\$(190.1)	Foreign
operations.....	96.5	(76.6)	(346.3)	\$275.9
	\$(41.9)	\$(536.4)	=====	===== Current income tax expense (recovery): Canadian
operations.....	\$ 51.2	\$ 17.2	\$ (4.6)	Foreign
operations.....	28.9	8.6	21.2	----- \$ 80.1 \$ 25.8
	\$ 16.6	=====	=====	===== Deferred income tax expense (recovery): Canadian
operations.....	\$ 33.0	\$ (5.4)	\$ (15.2)	Foreign
operations.....	(43.9)	(22.5)	(92.6)	-----
	\$(10.9)	\$(27.9)	\$(107.8)	=====

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

14. INCOME TAXES: (CONTINUED)

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

YEAR ENDED DECEMBER 31	2000	2001	2002
-----	-----	-----	-----
----- 2000 2001 2002 -----			
----- Combined			
Canadian federal and provincial income tax			
rate....	44.0%	42.1%	38.6%
---- Income taxes (recovery) based on			
earnings (loss) before income taxes at			
statutory rates.....	\$121.4	\$(17.7)	\$(207.1)
Increase (decrease)			
resulting from: Manufacturing and processing			
deduction.....	(17.7)	(5.0)	
5.8 Foreign income taxed at lower			
rates.....	(43.9)	(2.9)	
(19.2) Amortization and write-down of non-			
deductible goodwill and intangible			
assets.....	8.9	15.4	44.2
Other, including large			
corporations tax.....	0.5	8.1	
8.5 Change in valuation			
allowance.....	--	--	--
76.6 ----- Income tax			
expense			
(recovery).....	\$		
69.2	\$ (2.1)	\$ (91.2)	=====

Deferred income taxes are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their tax bases. Deferred income tax assets and liabilities are comprised of the following as at December 31, 2001 and 2002:

2001	2002	-----	-----	Deferred income tax
assets:				
Income tax effect of operating losses carried				
forward.....	\$ 51.9	\$162.9	Accounting provisions not	
currently deductible.....	34.4	43.9	Capital,	
intangible and other assets.....	17.0		143.9 Share issue and convertible debt issue	
costs.....	17.2	9.5	Restructuring	
accruals.....	29.1	53.2	Other.....	
4.5	5.2	-----	154.1	418.6
allowance.....	--	--	Valuation	
(76.6) -----			Total deferred income tax	
assets.....	154.1	342.0	-----	---
--- Deferred income tax liabilities: Capital, intangible				
and other assets.....	(37.7)	(54.2)	Deferred pension	
asset.....	(9.1)	(10.0)	Other.....	
(4.5)	(3.5)	-----	Total deferred income tax	
liabilities.....	(51.3)	(67.7)	-----	-
----- Deferred income tax asset,				
net.....	\$102.8	\$274.3	=====	
			=====	

The net deferred income tax asset arises from available income tax losses and future income tax deductions. The Company's ability to use these income tax losses and future income tax deductions is dependent upon the operations of the Company in the tax jurisdictions in which such losses or deductions arose. The Company records a valuation allowance against deferred income tax assets when management believes it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Based on the reversal of deferred income tax liabilities, projected future taxable income, the character of the income tax asset and tax planning strategies, the Company has determined that a valuation allowance of \$76.6 is required in respect of its deferred income tax assets as at December 31, 2002. No valuation allowance was required for the deferred income tax assets as at December 31, 2001. In order to fully utilize the net deferred income tax assets of \$274.3, the Company will need to generate future taxable income of approximately \$741.0. Based on the Company's current projection of taxable

income for the periods in which the deferred income tax assets are deductible, it is more likely than not that the Company will realize the benefit of the net deferred income tax assets as at December 31, 2002.

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

14. INCOME TAXES: (CONTINUED)

Celestica intends to indefinitely re-invest income from all of its foreign subsidiaries. The aggregate amount of undistributed earnings of Celestica's foreign subsidiaries for which no deferred income tax liability has been recorded is approximately \$283.4 as at December 31, 2002.

Celestica has been granted tax incentives, including tax holidays, for its Czech Republic, China, Malaysia, Thailand and Singapore subsidiaries. The tax benefit arising from these incentives is approximately \$24.9, or \$0.11 diluted per share for 2002, \$9.6, or \$0.04 diluted per share for 2001, and \$15.8, or \$0.07 diluted per share for 2000. These tax incentives expire between 2004 and 2012, and are subject to certain conditions with which the Company expects to comply.

As at December 31, 2002, the Company had operating losses of \$589.9; a portion of the income tax benefits of these losses has been recognized on the financial statements. A summary of the operating loss carryforwards by year of expiry is as follows:

YEAR OF EXPIRY	AMOUNT	-----	-----
2005.....			
	\$ 0.1		
2006.....			
	1.7		
2007.....			
	131.6		
2008.....			
	3.2		
2009.....			
	7.4	2010-	
2022.....			
	176.5		
Indefinite.....			
	269.4	-----	\$589.9 =====

15. RELATED PARTY TRANSACTIONS:

In 2002, the Company expensed management related fees of \$2.2 (2001 -- \$2.1; 2000 -- \$2.1) and capitalized acquisition related fees of \$Nil (2001 -- \$Nil; 2000 -- \$0.5) charged by its parent company. Management believes that the fees charged were reasonable in relation to the services provided.

16. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS:

The Company provides pension and non-pension post-employment benefit plans for its employees. Pension benefits include traditional pension plans, as well as supplemental pension plans. Certain employees participate in defined benefit plans; all other employees participate in defined contribution plans. Maximum pension retirement benefits for employees participating in defined benefit plans are based upon the employees' best three consecutive years' pensionable earnings. Non-pension post-employment benefits are available to retired and terminated employees. The benefits include termination benefits, medical, surgical, hospitalization coverage, supplemental health, dental and group life insurance.

The Company's pension funding policy is to contribute amounts sufficient to meet minimum local statutory funding requirements that are based on actuarial calculations. The Company may make additional discretionary contributions based on actuarial assessments. The most recent statutory pension actuarial valuations were completed as at March and April 2000. In 2002, actuarial reviews of all defined benefit plans were completed. Contributions made by the Company to support ongoing plan obligations have been included in the deferred asset or liability accounts on the consolidated balance sheet. Contributions to pension fund assets are invested primarily in fixed income and equity securities and assets are valued at market value.

The Company's non-pension post-employment benefits are currently unfunded. The most recent actuarial valuation for non-pension, post-employment benefits was completed in January 2002. The Company accrues the expected costs of providing non-pension, post-employment benefits during the periods

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

16. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS: (CONTINUED)

The following table provides a summary of the estimated financial position of the Company's pension and non-pension post-employment benefit plans:

PENSION PLANS		OTHER BENEFIT PLANS		YEAR ENDED	
DECEMBER 31		YEAR ENDED		DECEMBER 31	
-----		-----		-----	
		2001	2002	2001	2002
-----		-----	-----	-----	-----
----- Plan assets, beginning of					
year.....		\$188.6	\$174.5		
----- \$-- \$-- Employer					
contributions.....					
----- 10.1 13.5 3.8 6.1 Actual return on					
assets.....		(13.1)			
----- (21.9) -- -- Voluntary employee					
contributions.....		2.1	4.6		
----- -- 0.1 Effect of					
acquisitions.....					
----- -- 4.8 -- -- Benefits					
paid.....					
----- (5.2) (10.5) (3.8) (6.2) Foreign currency					
exchange rate changes.....					
----- (8.0) 9.9 -- -- Plan					
----- assets, end of					
year.....		\$174.5			
----- \$174.9 \$-- \$-- =====					

PENSION PLANS		OTHER BENEFIT PLANS		YEAR ENDED	
DECEMBER 31		YEAR ENDED		DECEMBER 31	
-----		-----		-----	
		2001	2002	2001	2002
-----		-----	-----	-----	-----
----- 2002 -----					
----- Accrued benefit obligations (ABO), beginning of					
year.....		\$170.3	\$179.1	\$ 47.7	\$ 56.4
----- Reclassification of supplemental					
plan.....		-- 4.9	-- (4.9)	Service	
cost.....				cost.....	
----- 8.6 7.2 7.6 9.7 Interest					
cost.....					
----- 11.3 12.5 2.0 2.5 Voluntary employee					
contributions.....		2.1	4.6	--	
----- 0.1 Actuarial (gains) /					
losses.....		(1.9)	14.0		
----- 3.2 8.2 Plan					
amendments.....					
----- 1.9 -- -- (0.3) Effect of					
acquisitions.....					
----- 22.8 1.1 0.9 Effect of					
curtailments.....					
----- 1.3 -- (1.1) Benefits					
paid.....					
----- (5.2) (10.5) (3.8) (6.2) Foreign currency exchange					
rate changes.....		(8.0)	14.6	(1.4)	
----- 0.1 ----- Accrued benefit					
obligations, end of year.....		\$179.1			
----- \$250.5 \$ 56.4 \$ 65.4 =====					
----- Deficit of plan assets over accrued benefit					
obligations.....		\$ (4.6)	\$(75.6)	\$(56.4)	\$(65.4)
----- Unrecognized actuarial					
losses.....		33.0	87.3	9.1	
----- 7.7 ----- Deferred (accrued)					
pension cost.....		\$ 28.4	\$		
----- 11.7 \$(47.3) \$(57.7) =====					

The following table reconciles the deferred (accrued) pension balances to that reported as of December 31, 2002:

OTHER PENSION BENEFIT PLANS	
PLANS TOTAL -----	

----- Accrued	
pension and post-employment	
benefits.....	
----- \$(19.5) \$(57.7) \$(77.2)	
Deferred pension assets (note	
8).....	

31.2 -- 31.2 ----- --
 ---- \$ 11.7 \$(57.7) \$(46.0)
 =====

CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

16. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS: (CONTINUED)

PENSION PLANS OTHER BENEFIT
 PLANS YEAR ENDED DECEMBER 31
 YEAR ENDED DECEMBER 31 -----

 ----- 2000
 2001 2002 2000 2001 2002 ----

-- ----- Net plan
 expense: Service
 cost..... \$ 7.5 \$
 8.6 \$ 7.2 \$ 1.5 \$ 7.6 \$ 9.7
 Interest cost.....
 10.6 11.3 12.5 1.5 2.0 2.5
 Expected return on assets...
 (13.9) (14.0) (13.7) -- -- --
 Net amortization of actuarial
 (gains)/losses.....
 (0.2) (0.1) 1.6 0.3 0.8 0.5 -

 ---- ----- 4.0 5.8 7.6 3.3
 10.4 12.7 Defined
 contribution pension plan
 expense..... 12.8
 18.9 21.9 -- -- --
 Curtailment
 loss..... -- -- 2.9
 -- -- 1.7 -----

 Total.....
 \$ 16.8 \$ 24.7 \$ 32.4 \$ 3.3 \$
 10.4 \$ 14.4 =====
 =====

PENSION PLANS OTHER BENEFIT
 PLANS YEAR ENDED DECEMBER
 31 YEAR ENDED DECEMBER 31 -

 ----- 2000 2001 2002 2000
 2001 2002 -----

----- Actuarial
 assumptions (percentages):
 Weighted average discount
 rate for projected benefit
 obligations.....
 6.5 6.2 5.5 7.5 7.3 6.9
 Weighted average rate of
 compensation
 increase..... 4.0 4.5 4.0
 4.5 4.5 5.0 Weighted
 average expected long-term
 rate of return on plan
 assets..... 7.4
 7.5 7.3 -- -- -- Healthcare
 cost trend rate.... -- -- --
 - 5.0 6.4 10.5

OTHER BENEFIT PLANS YEAR ENDED DECEMBER 31 ----

----- 2001 2002 -----
 ----- Sensitivity re: healthcare trend
 rate for non-pension, post-employment benefits:
 1% Increase Effect on
 ABO.....
 \$ 5.1 \$ 5.3 Effect on service cost and interest

cost.....	0.9	1.2	1%	Decrease
	Effect on			
ABO.....				
(4.0)	(4.2)	Effect on service cost and interest		
cost.....	(0.7)	(1.0)		

In 2002, the Company assumed net pension liabilities relating to an acquisition in Japan from NEC Corporation. Regulatory funding restrictions preclude the Company from fully funding the plan. The plan has an accumulated benefit obligation of \$31.3 in excess of its plan assets of \$6.8. At the time of closing the acquisition, the Company received amounts to cover the unfunded liabilities.

The Company has a pension plan with an accumulated benefit obligation of \$123.2 that is in excess of plan assets of \$83.7.

The Company has a supplemental retirement plan that has an accumulated benefit obligation of \$8.7 and no plan assets. In 2002, the plan was reclassified from other benefit plans to pension plans.

In 2002, the Company incurred net curtailment losses due to the rationalization of facilities. These losses are included as restructuring charges in note 13(b).

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

17. FINANCIAL INSTRUMENTS:

FAIR VALUES:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- (a) The carrying amounts of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments.
- (b) In 2001, the fair value of the Company's Senior Subordinated Notes was estimated based on the current trading value, where available, or with reference to similarly traded instruments with similar terms.
- (c) The fair values of foreign currency contract obligations are estimated based on the current trading value, as quoted by brokers active in these markets.

The carrying amounts and fair values of the Company's financial instruments, where there are differences at December 31, 2001, and 2002, are as follows:

DECEMBER 31, 2001			
DECEMBER 31, 2002	----		

---	Senior		
Subordinated Notes and			
other long-term			
debt.....	\$143.0		
	\$149.5	\$ 6.9	\$ 6.9
Foreign currency			
contracts -- asset			
(liability).....			
--	(7.4)	--	18.9

DERIVATIVES AND HEDGING ACTIVITIES:

The Company has entered into foreign currency contracts to hedge foreign currency risk relating to cash flow and cash position exposures. The Company's forward exchange contracts do not subject the Company to risk from exchange rate movements because gains and losses on such contracts offset losses and gains on exposures being hedged. The counterparties to the contracts are multinational commercial banks, and therefore, the credit risk of counterparty non-performance is low. As at December 31, 2002, the Company had forward foreign exchange contracts to trade \$282.7 in U.S. dollars in exchange for Canadian dollars over a period of 15 months at a weighted

average exchange rate of U.S. \$0.64. The Company also had forward contracts to trade \$10.6 in exchange for Canadian dollars over a period of 37 months at a weighted average exchange rate of U.S. \$0.63. In addition, the Company had exchange contracts to trade \$168.7 in exchange for euros over a period of 15 months at a weighted average exchange rate of U.S. \$0.93, \$36.4 in exchange for British pounds sterling over a period of 13 months at a weighted average exchange rate of U.S. \$1.45, \$37.1 in exchange for Mexican pesos over a period of 12 months at a weighted average exchange rate of U.S. \$0.10, \$27.6 in exchange for Singapore dollars over a period of 12 months at a weighted average exchange rate of U.S. \$0.57, 64.5 Brazilian reais in exchange for U.S. dollars over a period of 1 month at a weighted average exchange rate of U.S. \$0.30, \$40.7 in exchange for Japanese yen over a period of 1 month at a weighted average exchange rate of U.S. \$0.01, and \$11.9 in exchange for Czech koruna over a period of 12 months at a weighted average exchange rate of U.S. \$0.03. At December 31, 2002, these contracts had a fair-value asset of \$18.9 (2001 -- liability of \$7.4).

CONCENTRATION OF RISK:

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily inventory repurchase obligations of customers, accounts receivable and cash equivalents. The Company performs ongoing credit evaluations of its customers' financial conditions. In certain instances, the Company obtains letters of credit from its customers. The Company considers its concentrations of credit risk in determining its estimates of reserves for potential credit losses. The Company maintains cash and cash equivalents in high quality short-term investments or on deposit with major financial institutions.

18. COMMITMENTS, CONTINGENCIES AND GUARANTEES:

The Company has operating leases that require future payments as follows:

	OPERATING LEASES -----
2003.....	\$106.5
2004.....	59.5
2005.....	38.9
2006.....	23.0
2007.....	18.9
Thereafter.....	91.5

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

18. COMMITMENTS, CONTINGENCIES AND GUARANTEES: (CONTINUED)

Contingent liabilities in the form of letters of credit, letters of guarantee, and surety and performance bonds, are provided to various third parties. These guarantees cover various payments including customs and excise taxes, utility commitments and certain bank guarantees. At December 31, 2002, these liabilities, including guarantees of employee share purchase loans, amounted to \$61.2 (2001 -- \$24.1).

In addition to the above guarantees, the Company has also provided routine indemnifications, whose terms range in duration and often are not explicitly defined. These guarantees may include indemnifications against adverse effects due to changes in tax laws and patent infringements by third parties. The maximum amounts from these indemnifications cannot be reasonably estimated. In some cases, the Company has recourse against other parties to mitigate its risk of loss from these guarantees. Historically, the Company has not made significant payments relating to these indemnifications.

Under the terms of an existing real estate lease, which expires in 2004, Celestica has the right to acquire the real estate at a purchase price equal to the lease balance, which currently is approximately \$37.3. In the event that the lease is not renewed, subject to certain conditions, Celestica may choose to market and complete the sale of the real estate on behalf of the lessor. If the highest offer received is less than the lease balance, Celestica would pay the lessor the lease balance less the gross sale proceeds, subject to a maximum of \$31.5. In the event that no acceptable offers are received, Celestica would pay the lessor \$31.5 and return the property to the lessor. Alternatively, Celestica may choose to acquire the real estate at the expiration for a price equal to the then current lease balance. The future lease payments under this lease are included in the

total operating lease commitments.

In the normal course of operations the Company may be subject to litigation and claims from customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

19. SIGNIFICANT CUSTOMERS:

During 2002, three customers individually comprised 17%, 16% and 15% of total revenue across all geographic segments. At December 31, 2002, one customer represented 28% of total accounts receivable.

During 2001, three customers individually comprised 23%, 21% and 11% of total revenue across all geographic segments. At December 31, 2001, two customers represented 14% and 26% of total accounts receivable.

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

20. SEGMENTED INFORMATION:

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

The following is a breakdown by reporting segment:

YEAR ENDED DECEMBER 31	-----			
-----	2000	2001	2002	-----
	- REVENUE			
Americas.....	\$6,542.7	\$ 6,334.6	\$4,640.8	
Europe.....	2,823.3	3,001.3	1,786.5	
Asia.....	871.6	991.1	2,109.7	Elimination of inter-segment
revenue.....		(485.5)	(322.6)	(265.4) ---
		\$9,752.1	\$10,004.4	\$8,271.6
	=====	=====	=====	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

20. SEGMENTED INFORMATION: (CONTINUED)

YEAR ENDED DECEMBER 31	-----			
-----	EBIAT 2000	2001	2002	-----
Americas.....	\$200.1	\$ 192.9	\$ 157.7	
Europe.....	121.1	128.5	(11.5)	
Asia.....	40.7	49.7	111.1	-----
				361.9 371.1 257.3
	Interest,			
net.....	1.1	19.0	7.9	
assets.....	(88.9)	(125.0)	(95.9)	Integration
costs related to acquisitions.....	(22.8)	(21.1)		Other
charges.....	(273.1)	(677.8)		-----
				Earnings (loss)
before income taxes.....		\$275.9	\$	
	(41.9)	\$(536.4)		=====

YEAR ENDED DECEMBER 31	-----			
-----	2000	2001	2002	-----
	- CAPITAL EXPENDITURES			
Americas.....				

		\$154.0	\$107.9	\$ 90.0	
Europe.....					
		86.9	55.4	28.0	
Asia.....					
	41.9	36.0	33.4		\$282.8 \$199.3 \$151.4
					=====

AS AT DECEMBER 31 -----				2001	2002	---
				TOTAL ASSETS		
Americas.....						
		\$3,408.2	\$2,894.1			
Europe.....						
		1,626.3	1,047.6			
Asia.....						
	1,598.4	1,865.1		\$6,632.9	\$5,806.8	
				===== CAPITAL ASSETS		
Americas.....						
		\$ 468.0	\$ 281.1			
Europe.....						
		279.1	231.9			
Asia.....						
	168.0	214.8		\$ 915.1	\$ 727.8	=====
				=====		

The following table details the Company's external revenue allocated by manufacturing location among foreign countries exceeding 10%:

YEAR ENDED DECEMBER 31 -----				
----- 2000 2001 2002 -----				
				- REVENUE
Canada.....				
	28%	20%	15%	United
States.....				30%
		35%	37%	
Italy.....				
	10%	13%	13%	United
Kingdom.....				17%
		11%	--	

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

21. SUPPLEMENTAL CASH FLOW INFORMATION:

YEAR ENDED DECEMBER 31 -----			
----- 2000 2001 2002 -----			
			----- Paid during the year: -----
Interest.....			
	\$15.9	\$ 20.7	\$22.0
Taxes.....			
	\$55.0	\$ 89.0	\$25.5
			Non-cash financing activities:
			Convertible debt accretion, net of
tax.....	\$ 5.4	\$ 15.0	\$17.5
for acquisitions.....			Shares issued
			for acquisitions..... \$-- \$567.0
			\$--

22. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES:

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles (GAAP) as applied in Canada. The significant differences between Canadian and U.S. GAAP, and their effect on the consolidated financial statements of the Company are described below:

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS):

The following table reconciles net earnings (loss) as reported in the accompanying consolidated statements of earnings (loss) to net earnings (loss) that would have been reported had the consolidated financial statements been prepared in accordance with U.S. GAAP:

YEAR ENDED DECEMBER 31 -----			
----- 2000 2001 2002 -----			
			Net earnings (loss) in accordance with
			Canadian GAAP.....
	\$206.7	\$(39.8)	\$(445.2)
			Compensation expense
(a).....	(2.5)	(3.2)	

(3.8) Interest expense on convertible debt, net of tax (b)..... (6.8) (17.7) (27.8) Gain on repurchase of convertible debt, net of tax (b)..... -- -- 8.4 Other charges, net of tax (c)..... -- (2.7) (26.5) Gain on foreign exchange contract, net of tax (d)..... -- 12.1 -- ----- Net earnings (loss) in accordance with U.S. GAAP..... \$197.4 \$(51.3) \$(494.9) Other comprehensive income (loss): Cumulative effect of a change in accounting policy, net of tax (e)..... -- 5.6 -- Net gain (loss) on derivatives designated as hedges, net of tax (e)..... -- (11.7) 21.8 Minimum pension liability, net of tax (f)..... -- (14.9) (23.6) Foreign currency translation adjustment..... -- 1.2 20.2 ----- Comprehensive income (loss) in accordance with U.S. GAAP.... \$197.4 \$(71.1) \$(476.5) =====

The following table details the computation of U.S. GAAP basic and diluted earnings (loss) per share:

YEAR ENDED DECEMBER 31	2000	2001	2002
Earnings (loss) available to shareholders -- basic.....	\$197.4	\$(51.3)	\$(494.9)
Add back: Interest expense on convertible debt, net of tax (if dilutive).....	6.8	--	--
Earnings (loss) available to shareholders -- diluted.....	\$204.2	\$(51.3)	\$(494.9)
Weighted average shares -- basic (in millions).....	199.8	213.9	229.8
Weighted average shares -- diluted (in millions)(1).....	211.8	213.9	229.8
Basic earnings (loss) per share.....	\$ 0.99	\$(0.24)	\$(2.15)
Diluted earnings (loss) per share.....	\$ 0.96	\$(0.24)	\$(2.15)

(1) For 2001 and 2002, excludes the effect of options and convertible debt as they are anti-dilutive due to the loss.

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CELESTICA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

22. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES: (CONTINUED)

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

AS AT DECEMBER 31	2000	2001	2002
Shareholders' equity in accordance with Canadian GAAP.....	\$3,469.3	\$4,745.6	\$4,203.6
Compensation expense (a).....	(10.6)	(13.8)	(17.6)
Capital stock (a).....	8.6	11.8	15.6
Interest expense on convertible debt, net of tax (b).....	(6.8)	(24.5)	(52.3)
Convertible debt (b).....	(860.5)	(886.8)	(804.6)
Convertible debt accretion, net of tax (b).....	5.4	20.4	37.9
Gain on repurchase of convertible debt for Canadian GAAP (b).....	--	--	(6.7)
Gain on repurchase of convertible debt for U.S. GAAP (b)....	--	--	8.4
Other charges (c).....	--	--	(2.7)
Gain on foreign exchange contract, net of tax (d).....	--	12.1	12.1
Net gain (loss) on cash flow hedges (e).....	--	(6.1)	15.7
Minimum pension liability, net of tax (f).....	--	(14.9)	(38.5)
Shareholders' equity in accordance with U.S. GAAP.....	\$2,605.4		

(a) In 1998, the Company amended the vesting provisions of 6.2 million employee stock options issued in 1997 and 1998. Under the previous vesting provisions, such options vested based on the achievement of earnings targets. A portion of these options now vest over a specified time period and the balance vested on completion of the initial public offering in 1998. Under U.S. GAAP, this amendment required a new measurement date for purposes of accounting for compensation expense, resulting in a charge equal to the aggregate difference between the fair value of the underlying subordinate voting shares at the date of the amendment and the exercise price for such options. As a result, under U.S. GAAP the Company has recorded an aggregate \$15.6 non-cash stock compensation charge reflected in earnings and capital stock over the vesting period as follows: 1998 -- \$4.2; 1999 -- \$1.9; 2000 -- \$2.5; 2001 -- \$3.2; 2002 -- \$3.8. No similar charge is required to be recorded by the Company under Canadian GAAP.

(b) Under Canadian GAAP, the Company recorded the convertible debt as an equity instrument and recorded accretion charges to retained earnings. Under U.S. GAAP, the convertible debt was recorded as a long-term liability and, accordingly, the Company recorded the accretion charges and amortization of debt issue costs to interest expense of \$27.8, net of tax of \$13.9 (2001 -- \$17.7, net of tax of \$9.5; 2000 -- \$6.8, net of tax of \$3.8).

In 2002, the Company reported a gain on the repurchase of a portion of convertible debt. Under Canadian GAAP, the gain is recorded to retained earnings. Under U.S. GAAP, the Company records the gain through income of \$8.4, net of \$4.2 in taxes.

(c) In 2002, the Company recorded impairment charges to write-down certain assets, primarily intangible assets, which was measured using undiscounted cash flows. U.S. GAAP requires the use of discounted cash flows, resulting in an additional charge of \$26.5, net of tax of \$2.0 (2001 -- \$2.7).

(d) In 2001, the Company entered into a forward exchange contract to hedge the cash portion of the purchase price for the Omni acquisition. The transaction does not qualify for hedge accounting treatment under SFAS No. 133 which specifically precludes hedges of forecasted business combinations. As a result, the gain on the exchange contract of \$15.7, less tax of \$3.6, is recognized in income for U.S. GAAP. For Canadian GAAP, the gain on the contract was included in the cost of the acquisition, resulting in a goodwill value that is \$15.7 lower for Canadian GAAP than U.S. GAAP.

(e) The Financial Accounting Standards Board (FASB) has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 which amends SFAS No. 133. SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments, as well as other hedging activities. The standard requires that all derivatives be recorded on the balance sheet at fair value. The Company has implemented SFAS No. 133 effective for 2001 for purposes of the U.S. GAAP reconciliation. The Company enters into forward exchange contracts to hedge certain forecasted cash flows. The contracts are for periods consistent with the forecasted transactions. All relationships between hedging instruments and hedged items, as well as risk management objectives and strategies, are documented. Changes in the spot value of the foreign currency contracts that are designated, effective and qualify as cash flow hedges of forecasted transactions are reported in accumulated other comprehensive income and are reclassified into the same component of earnings and in the same period as the hedged transaction is recognized. Accordingly, on January 1, 2001, the Company recorded an asset in the amount of \$7.5 (less \$1.9 in taxes) and a corresponding credit to other comprehensive income as a cumulative effect, type adjustment to reflect the initial

22. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES: (CONTINUED)
mark-to-market on the foreign currency contracts pursuant to U.S. GAAP. At December 31, 2001, the Company recorded a liability of \$7.4 and a corresponding gross adjustment of \$14.9 (less \$3.2 in taxes) to other comprehensive income and earnings. At December 31, 2002, the Company has recorded an asset of \$18.9 (less \$3.2 in taxes) and a corresponding gain of \$26.3 (less \$4.5 in taxes) to other comprehensive income and earnings.

It is expected that \$18.8 of net gains reported in accumulated other comprehensive income will be reclassified into earnings during 2003. Under Canadian GAAP, the derivative instruments are not marked to market and the related, off-balance sheet gains and losses are recognized in earnings in the same period as the hedged transactions.

(f) Under U.S. GAAP, the Company is required to record an additional minimum pension liability for three of its plans to reflect the excess of the accumulated benefit obligations over the fair value of the plan assets. Other comprehensive income has been charged with \$23.6, net of tax of \$12.0 (2001 -- one plan for \$14.9, net of tax of \$6.4). No such adjustments are required under Canadian GAAP.

OTHER DISCLOSURES REQUIRED UNDER U.S. GAAP:

(g) Stock-based compensation:

Under U.S. GAAP, the Company measures compensation costs related to stock options granted to employees using the intrinsic value method as prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" as permitted by SFAS No. 123. However, SFAS No. 123 does require the disclosure of pro forma net earnings (loss) and earnings (loss) per share information as if the Company had accounted for its employee stock options under the fair-value method prescribed by SFAS No. 123. The estimated fair value of the options is amortized to income over the vesting period, on a straight-line basis, and was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

YEAR ENDED DECEMBER 31	2000	2001	2002	
Rate	5.4%	5.4%	5.1%	Risk-free
Yield	0.0%	0.0%	0.0%	Dividend
Volatility factor of the expected market price of the Company's shares	70.0%	70.0%	70.0%	Expected option life (in years)
Weighted-average grant date fair values of options issued	\$40.49	\$34.31	\$12.02	

The pro forma disclosure for U.S. GAAP is as follows:

YEAR ENDED DECEMBER 31	2000	2001	2002	
Net earnings (loss) in accordance with U.S. GAAP, as reported	\$197.4	\$(51.3)	\$(494.9)	Deduct: Stock-based compensation costs using fair-value method, net of tax
Pro forma net earnings (loss) in accordance with U.S. GAAP	\$(87.7)	\$(45.8)	\$(21.2)	Earnings (loss) per share: Basic -- as reported
Pro forma net earnings (loss) in accordance with U.S. GAAP	\$(0.24)	\$(2.15)	\$(0.99)	Basic -- pro forma
Pro forma net earnings (loss) in accordance with U.S. GAAP	\$(0.45)	\$(2.54)	\$(0.86)	Diluted -- as reported
Pro forma net earnings (loss) in accordance with U.S. GAAP	\$(0.24)	\$(2.15)	\$(0.96)	Diluted -- pro forma
Pro forma net earnings (loss) in accordance with U.S. GAAP	\$(0.45)	\$(2.54)	\$(0.86)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

22. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES: (CONTINUED)

(h) Accumulated other comprehensive loss:

YEAR ENDED DECEMBER 31	2000	2001	2002	
Opening balance of accumulated net gain on cash hedges	\$--	\$--	\$ (6.1)	Cumulative effect of a change in

accounting policy, net of tax

(e).....	--		
5.6 -- Net gain (loss) on derivatives designated as hedges (e).....	--	(11.7)	21.8
			Closing
balance.....	--		
(6.1) 15.7 Opening balance of foreign currency translation account.....		(4.1)	(4.1)
(2.9) Foreign currency translation gain.....	--		
		1.2	20.2
			Closing
balance.....	--		
(4.1) (2.9) 17.3 Opening balance of minimum pension liability.....	--	(14.9)	(14.9)
liability, net of tax (f).....	--	(14.9)	
		(23.6)	
			Closing
balance.....	--		
(14.9) (38.5)			Accumulated other
comprehensive loss.....		\$(4.1)	\$(23.9)
		\$ (5.5)	=====

(i) Under U.S. GAAP, the subtotal "cash from earnings" would be excluded from the consolidated statements of cash flows.

(j) Warranty liability:

The Company records a liability for future warranty costs based on management's best estimate of probable claims under its product warranties. The accrual is based on the terms of the warranty, which vary by customer and product, and historical experience. The Company regularly evaluates the appropriateness of the remaining accrual.

The following table details the changes in the warranty liability:

Balance at January 1, 2002.....	\$18.1
Accrual in excess of claims incurred.....	5.6

Balance at December 31, 2002.....	\$23.7
	=====

(k) New United States accounting pronouncements:

In July 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Intangible Assets" which the Company fully adopted effective January 1, 2002. These statements are substantially consistent with CICA Sections 1581 and 3062 (refer to note 2(q)) except that, under U.S. GAAP, any transitional impairment charge would have been recognized in earnings as a cumulative effect of a change in accounting principle. Under Canadian GAAP, the cumulative adjustment would have been recognized in opening retained earnings. There was no impact to the Company as no transitional impairment charges were recognized.

In August 2001, SFAS No. 143, "Accounting for Asset Retirement Obligations" was approved and requires that the fair value of an asset retirement obligation be recorded as a liability, at fair value, in the period in which the Company incurs the obligation. SFAS No. 143 is effective for the Company's fiscal year commencing January 1, 2003. The Company expects the adoption of this standard will have no material impact on its financial position, results of operations or cash flows.

In October 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which retains the fundamental provisions of SFAS No. 121 for recognizing and measuring impairment losses of long-lived assets other than goodwill. SFAS No. 144 also broadens the definition of discontinued operations to include all distinguishable components of an entity that will be eliminated from ongoing operations. The Company prospectively adopted SFAS No. 144 effective January 1, 2002.

In May 2002, FASB issued SFAS No. 145, "Rescission of FASB Nos. 4, 44 and 64, Amendment of FASB No. 13 and Technical Corrections." SFAS No. 145 requires that certain gains and losses from extinguishment of debt no longer qualify as extraordinary. The Company has early adopted SFAS No. 145 commencing January 1, 2002.

22. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES: (CONTINUED)

In July 2002, FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 recognizes the liability for an exit or disposal activity only when the costs are incurred and can be measured at fair value. Currently, a commitment to an exit or disposal plan is sufficient to record the majority of the costs. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. The Company expects the adoption of this standard will not have a material impact on its existing restructuring plans as these plans were initiated under an exit plan that meets the criteria of Emerging Issues Task Force No. 94-3.

In November 2002, FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45), which requires certain disclosures of obligations under guarantees. The disclosure requirements of FIN 45 are effective for the Company's year ended December 31, 2002. Effective for 2003, FIN 45 also requires the recognition of a liability by a guarantor at the inception of certain guarantees entered into or modified after December 31, 2002, based on the fair value of the guarantee. The Company has adopted the disclosure requirements in its 2002 consolidated financial statements. See notes 18 and 22(j). The Company has not determined the impact of the measurement requirements of FIN 45.

In January 2003, FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). The consolidation provisions of FIN 46 are effective for all newly created entities created after January 31, 2003, and are applicable to existing entities as of the Company's third quarter beginning July 1, 2003. It is possible that the Company's variable interests in the real estate assets subject to the lease arrangement disclosed in note 18 will be subject to the consolidation provisions of FIN 46. The Company has not determined the impact, however, any difference between the asset and liability on initial measurement would be accounted for as a cumulative effect of change in accounting policy in the 2003 statement of earnings. Refer to note 18.

23. SUBSEQUENT EVENTS:

In January 2003, the Company made the following announcements:

In response to the continued limited visibility in end markets, the Company plans to further reduce its manufacturing capacity. The reduction in capacity will result in a pre-tax restructuring charge of between \$50.0 and \$70.0, to be recorded during 2003.

The Company has, from time to time, purchased LYONS on the open market. The Company has been authorized by the board of directors to spend up to an additional \$100.0 to repurchase LYONS, at management's discretion. This is in addition to the amounts authorized in October 2002, of which \$48.0 remains available for future purchases.

24. COMPARATIVE INFORMATION:

The Company has reclassified certain prior year information to conform to the current year's presentation.

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Exhibit Index

Exhibit Number	Description
1.	Articles of Incorporation and Bylaws as currently in effect:
1.1	Certificate and Articles of Incorporation(1)
1.2	Certificate and Articles of Amendment effective October 22, 1996(1)
1.3	Certificate and Articles of Amendment effective January 24, 1997(1)
1.4	Certificate and Articles of Amendment effective October 8, 1997(1)
1.5	Certificate and Articles of Amendment effective April 29, 1998(2)
1.6	Articles of Amendment effective June 26, 1998(3)
1.7	Restated Articles of Incorporation effective June 26, 1998(3)
1.8	Restated Articles of Incorporation effective November 20, 2001

- 1.9 Bylaw No. 1(4)
- 1.10 Bylaw No. 2(1)
- 2. Instruments defining rights of holders of equity or debt securities:
 - 2.1 See Certificate and Articles of Incorporation and amendments thereto identified above.
 - 2.2 Form of Subordinate Voting Share Certificate(5)
 - 2.3 Indenture, dated as of August 1, 2000, between Celestica Inc. and The Chase Manhattan Bank, as Trustee (including a form of the Outstanding Notes)(6)
 - 2.4 Second Amended and Restated Credit Agreement, dated as of December 17, 2002, between Celestica Inc., the subsidiaries of Celestica Inc., specified therein as Designated Subsidiaries, The Bank of Nova Scotia, as Administrative Agent, The Bank of Nova Scotia, as Canadian Facility Agent, CIBC World Markets, as Joint Lead Arranger and Syndication Agent, RBC Capital Markets, as Joint Lead Arranger and Co-Documentation Agent, Bank of America Securities LLC, as Joint Lead Arranger and Co-Documentation Agent, and the financial institutions named in Schedule A as lenders
 - 2.5 Amended and Restated Four Year Revolving Term Credit Agreement, dated as of December 17, 2002, among Celestica Inc. and Celestica International Inc., as Borrowers, The Bank of Nova Scotia, as Administrative Agent, and the financial institutions named therein, as Lenders
- 3. Certain Contracts:
 - 3.1 Management Services Agreement, dated as of July 7, 1998, among Celestica Inc., Celestica North America Inc. and Onex Corporation(5)
 - 3.2 Asset Purchase Agreement, dated as of February 19, 2001, by and between Avaya Inc. and Celestica Corporation(4)*
 - 3.3 Amendment No. 1 to the Asset Purchase Agreement, dated as of May 4, 2001, by and between Avaya Inc. and Celestica Corporation(4)

Exhibit Number	Description
3.4	Arrangement Agreement, dated as of May 31, 2001, between Celestica Inc. and Primetech Electronics Inc.(7)*
3.5	Merger Agreement, dated as of June 15, 2001, between Omni Industries Limited and Celestica Inc.(7)*
3.6	Asset Purchase Agreement, dated as of July 24, 2001, between Lucent Technologies Inc. and Celestica Corporation(7)*
3.7	Asset Purchase Agreement, dated as of July 24, 2001, between Lucent Technologies Inc. and Celestica Corporation(7)*
3.8	Asset Purchase Agreement, dated January 8, 2002, between NEC Corporation, NEC Miyagi, Ltd., NEC Yamanashi, Ltd., 1325091 Ontario Inc., and Celestica Inc.**
3.9	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Eugene V. Polistuk(1)
3.10	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Anthony P. Puppi(1)
3.11	Employment Agreement, dated as of October 22, 1996, by and between Celestica, Inc. and Daniel P. Shea(1)
3.12	Employment Agreement, dated as of June 30, 1998, by and between Celestica Inc. and R. Thomas Tropea(8)
3.13	D2D Employee Share Purchase and Option Plan (1997)(2)
3.14	Celestica 1997 U.K. Approved Share Option Scheme(1)
3.15	1998 U.S. Executive Share Purchase and Option Plan(9)
8.1	Subsidiaries of Registrant
99.1	Certification required by Section 906 of the Sarbanes-Oxley Act of 2002***

* Request for confidential treatment granted. Confidential portions of this document have been redacted and filed separately with the Securities and Exchange Commission.

** Confidential treatment requested. Confidential portions of this document have been redacted and filed separately with the Securities and Exchange Commission.

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

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

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

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

(4) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 22, 2001.

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

- (6) Incorporated by reference to the Current Report on Form 6-K of Celestica Inc. for the month of August, 2000.
- (7) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 3, 2002.
- (8) Incorporated by reference to the Annual Report on Form 20-F of Celestica Inc. filed on May 18, 2000.
- (9) Incorporated by reference to the Registration Statement on Form S-8 of Celestica Inc. filed on October 8, 1998 (Registration No. 333-9500).

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Ontario Corporation Number
Numero de la societe en Ontario

1201522

[LOGO] Ministry of
Consumer and
Ontario Business Services
C E R T I F I C A T E

Ministere des Services
aux consommateurs
et aux entreprises
C E R T I F I C A T
Ceci certifie que les presents status
entrent en vigueur le

N O V E M B E R 2 0 N O V E M B R E , 2 0 0 1

/s/ ILLEGIBLE

Director / Directrice

Business Corporations Act / Loi sur les societes par actions

Form 5 RESTATED
ARTICLES OF
INCORPORATION
Business STATUTS
CONSTITUTIFS MIS
A JOUR

Corporations Act
1. The name of
the corporation
is: Denomination
sociale de la
societe : -----

Formule 5 C E L
E S T I C A I N
C . Loi sur les

----- societes
par -----

actions -----

----- 2. Date of
incorporation /
amalgamation:
Date de la
constitution ou
de la fusion :
27/SEP/1996 -----

(Day, Month, Year)/(jour, mois, annee) 3.

The address of the registered office is:

Adresse du siege social : 12 Concorde Place, 7th Floor -----

(Street and No. or R.R. No. and, if multi-office building, give Room No.) (Rue et numero ou numero de la R.R. et, s'il s'agit d'un edifice a bureaux, numero du bureau)

Toronto, Ontario M 3 C 3 R 8 ----

(Name of Municipality or Post

Office)/(Nom de la municipalite ou du bureau de poste) (Postal Code)/(Code postal) 4.

Number (or minimum and maximum number) of Nombre (ou nombres minimal et maximal)

directors is: d'administrateurs : A minimum of 3 directors and a maximum of 20 directors. 5.

The director(s) is/are:

Administrateur(s) : Resident

Address for Service, giving Street and No. (or R.R. No.), Canadian First name, initials and surname

Municipality and Postal Code State Prenom, initiales et nom de famille

Domicile elu, y compris la rue et le numero (ou le numero Yes or No de la R.R.), le nom de la municipalite et le code postal Resident

canadien Oui/Non -----

Robert L.
Crandall 5243
Park Lane No
Dallas, Texas,
U.S.A. 75220
Mark L. Hilson
12 Kingsway
Crescent Yes
Document
Toronto, Ontario
M8X 2R1 prepared
by Davies Ward
Anthony R.
Melman 11
Dewbourne Avenue
Yes Phillips &
Toronto, Ontario
M5P 1Z3 Vineberg
LLP Toronto,
Ontario, Eugene
V. Polistuk 11
Klaimen Court
Yes Canada
Aurora, Ontario
L4G 6M1
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registered trade
mark of StyleUs
Corporation,
Toronto, Canada.
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5. CONTINUED
Form 5
Business
Corporations
Act Richard
S. Love 28100
- Story Hill
Lane No Los
Altos Hills,
California,
U.S.A. 94022
Formule 5 Loi
sur les Roger
L. Martin 57
Highland
Avenue Yes
societes par
Toronto,
Ontario M4W
2A2 actions
Anthony P.
Puppi 433
Stephanie
Boulevard Yes
Woodbridge,
Ontario L4L
1A6 Gerald W.
Schwartz 37
Cluny Drive
Yes Toronto,
Ontario M4W
2P9 Don
Tapscott 65
Highland
Avenue Yes
Toronto,
Ontario M4W

2A2 William
Etherington
912-38 Avenue
Road Yes
Toronto,
Ontario M5R
2G2 Michio
Naruto 3-8,
Kamisaginomiya
2-Chome No
Tokyo, Japan
165-0031
Document
prepared by
Davies Ward
Phillips &
Vineberg LLP
Toronto,
Ontario,
Canada
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Canada. OBCA
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6.
Restrictions,
if any, on
business the
Limites,
s'il y a
lieu,
imposees aux
activites
Form 5
corporation
may carry on
or on powers
commerciales
ou aux
pouvoirs de
la societe :
Business the
corporation
may
exercise.
Corporations
Act None
Formule 5
Loi sur les
societes par
actions 7.
The classes
and any
maximum
number of
Categories
et nombre
maximal,
s'il y a
lieu,
d'actions
shares that
the
corporation
is que la
societe est
autorisee a
emettre :
authorized
to issue:

(i) an unlimited number of shares of a class designated as subordinate voting shares

("Subordinate Voting Shares");

(ii) an unlimited number of shares of a class designated as multiple voting shares

("Multiple Voting Shares");

and (iii) an unlimited number of Preferred Shares, issuable in series.

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8. Rights, privileges, restrictions and Droits, privileges, restrictions et conditions, s'il y a conditions (if any) attaching to each lieu, rattaches a chaque categorie d'actions et pouvoirs Form 5 class of shares and directors des administrateurs relatifs a chaque categorie d'actions Business

authority with respect to any class qui peut etre emise en serie :

Corporations of shares which may be issued in Act series: Formule 5 Loi sur les 7.1

RIGHTS

ATTACHING TO SUBORDINATE VOTING SHARES AND MULTIPLE VOTING SHARES societes par actions The Multiple Voting Shares and the Subordinate Voting Shares of the Corporation shall carry and have attached thereto the following rights, privileges, restrictions and conditions:

(a) DIVIDENDS. Subject to the prior rights of the holders of Preferred Shares, the holders of Subordinate Voting Shares and Multiple Voting Shares shall be entitled to receive dividends, and the Corporation shall pay dividends on the Subordinate Voting Shares and the Multiple Voting Shares, as and when declared by the board of directors of the Corporation (the "Board"), in such amount and in such form as the Board may from time to time determine.

Except as hereinafter provided with respect to dividends consisting of Subordinate Voting Shares and Multiple Voting Shares, all dividends that the Board may declare from time to time on the Subordinate Voting Shares and the Multiple Voting

Shares shall be declared and paid in an equal amount per share on all Subordinate Voting Shares and Multiple Voting shares then outstanding. Dividends consisting of Subordinate Voting Shares and Multiple Voting Shares shall be declared by the Board and shall be paid by the Corporation only as follows: (i) dividends consisting of Subordinate Voting Shares shall only be declared and paid to holders of Subordinate Voting Shares and dividends consisting of Multiple Voting Shares shall only be declared and paid to holders of Multiple Voting Shares; and (ii) the number of Multiple Voting Shares declared and paid as a dividend with respect to each outstanding Multiple Voting Share shall be equal to the number of Subordinate Voting Shares declared and paid as a dividend with respect to each outstanding Subordinate Voting Share. (b) VOTING RIGHTS. The holders of Subordinate Voting Shares and Multiple Voting Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to vote together at all such meetings, except meetings at which only the holders of one class or series of

shares are entitled to vote separately as a class or series, as the case may be. At any meeting at which the holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled to vote together, the Subordinate Voting Shares shall carry one vote per share and the Multiple Voting Shares shall carry 25 votes per share. The holders of Multiple Voting Shares shall be entitled to one vote per share held at any meeting of holders of Multiple Voting Shares at which they are entitled to vote separately as a class. The holders of Subordinate Voting Shares shall be entitled to one vote per share at any meeting of holders of Subordinate Voting Shares at which they are entitled to vote separately as a class. (c)

CONVERSION OF MULTIPLE VOTING SHARES (i) Each Multiple Voting Share shall be convertible at any time at the option of the holder thereof into one Subordinate Voting Share. (ii) Multiple Voting Shares will be converted automatically into Subordinate Voting Shares Document upon any transfer thereof, except (A) a transfer to Onex Corporation ("Onex") or any prepared by affiliate of Onex or (B) a transfer of 100% of the outstanding

Multiple Voting
Shares Davies
Ward to a
purchaser who
has offered to
purchase all of
the outstanding
Subordinate
Voting Phillips
& Shares for a
per share
consideration
identical to,
and otherwise
on the same
terms Vineberg
LLP as, that
offered for the
Multiple Voting
Shares,
provided that
the Toronto,
Ontario, Canada
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trade mark of
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Corporation,
Toronto,
Canada. OBCA
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8. CONTINUED
Form 5 Multiple
Voting Shares
held by such
purchaser
thereafter
shall be
subject to the
provisions of
Business
provisions of
this
subparagraph
(c) as if all
references to
Onex in this
subparagraph
Corporations
(c) were
references to
such purchaser.
Act Formule 5
(iii) If any
holder of
Multiple Voting
Shares ceases
to be an
affiliate of
Onex, the
Multiple Loi
sur les Voting
Shares held by
such holder
shall convert
automatically
into
Subordinate
Voting societies
par Shares on a
one-for-one
basis. actions
(iv) If Onex
and its

affiliates, collectively, cease to have the right, in all cases, to exercise the votes attached to, or to direct the voting of, any of the Multiple Voting Shares held by Onex and its affiliates, such Multiple Voting Shares shall convert automatically into

Subordinate Voting Shares on a one-for-one basis. (v) If at any time the number of outstanding Multiple Voting Shares shall represent less than 5% of the aggregate number of the outstanding Multiple Voting Shares and Subordinate Voting Shares, all of the outstanding Multiple Voting Shares shall

automatically be converted at such time into Subordinate Voting Shares on one-for-one basis. (vi) For the purposes of this subparagraph (c), (A) "Onex" includes any successor corporation resulting from an amalgamation, merger, arrangement, sale of all or substantially all of the assets, or other business combination or reorganization involving Onex, provided that such successor corporation beneficially owns directly or indirectly all Multiple Voting Shares beneficially owned directly or indirectly by Onex immediately prior to such transaction, and is controlled by

the same person or persons as controlled Onex prior to the consummation of such transaction;

(B) a corporation shall be deemed to be a subsidiary of another

corporation if, but only if,

(1) it is controlled by that other, or that other and one or more corporations each of which is controlled by that other, or two or more corporations each of which is controlled by that other, or (2) it is a subsidiary of a corporation that is that other's

subsidiary; (C) "affiliate"

means a subsidiary of Onex or a corporation controlled by the same person or company that controls Onex;

(D) "control" means

beneficial ownership of, or control or direction over, securities carrying more than 50% of the votes that may be cast to elect directors if those votes, if cast, could elect more than 50% of the directors; and

(E) a person is deemed to beneficially own any security which is beneficially owned by a corporation controlled by such person.

(d) MODIFICATION, SUB-DIVISION AND CONSOLIDATION.

Any modification to the provisions attaching to either the Subordinate Voting Shares or the Multiple Voting Shares shall require

the separate affirmative vote of two-thirds of the votes cast by the holders of Subordinate Voting Shares and Multiple Voting Shares, respectively, voting as a separate class. The Corporation may not subdivide or consolidate the Subordinate Voting Shares or the Multiple Voting Shares without at the same time proportionately subdividing or consolidating the shares of the other class. Document (e) RIGHTS ON DISSOLUTION. In the event of the liquidation, dissolution or winding-up of prepared by the Corporation, whether voluntary or involuntary, or any other distribution of the Davies Ward assets of the Corporation among its shareholders for the purpose of winding up its Phillips & affairs, subject to the prior rights of the holders of Preferred Shares, the holders Vineberg LLP of the Subordinate Voting Shares and Multiple Voting Shares then outstanding shall be Toronto, Ontario, entitled to receive the remaining property and assets of the Corporation rateably Canada according to the number of shares of both class of shares held by each holder.

8. CONTINUED

Form 5 7.2
PREFERRED
SHARES

Business
Corporations
The

Preferred
Shares shall
be attached
thereto, as
a class, the
following
rights, Act
privileges,
restrictions
and
conditions:

Formule 5
(a) ISSUABLE
IN SERIES.

The Board
may issue
the
Preferred
Shares at
any time or
from time to
Loi sur les
time in one
or more
series.

societes par
actions (b)
BOARD TO FIX

TERMS OF
EACH SERIES.

Before the
issuance of
shares of
any such
series, the
Board shall
(i) fix the
number of
shares in
such series,
(ii)

determine,
subject to
the
provisions
attaching to
the

Preferred
Shares as a
class, the
designation
of, and the
rights,
privileges,
restrictions
and
conditions
attaching
to, the
Preferred
Shares of
such series
(including,
without

limiting the
generality
of the
foregoing,
the rate or
amount of
dividends or
the method
of
calculating
dividends,
the dates of
payment
thereof, the
price and
terms and
conditions
of any
purchase for
cancellation,
retraction
or
redemption
rights,
voting
rights
(subject to
section 8
hereof), any
conversion
or exchange
rights and
any sinking
fund, or
other
provisions)
and (iii)
send to the
Director
under the
BUSINESS
CORPORATIONS
ACT
(Ontario),
as the same
may be
amended, re-
enacted or
replaced
from time to
time (the
"Act"),
articles of
amendment in
the
prescribed
form setting
out such
number,
designation,
rights,
privileges,
restrictions
and
conditions.

(c) RANKING.

The
Preferred
Shares of
each series
shall rank
as to
dividends
(to the
extent, if
any, that
cumulative
dividends
are provided
for in the
provisions
attaching
thereto as a
series) and
capital on a
parity with

the Preferred Shares of every other series. The Preferred Shares of each series shall rank as to dividends and capital senior to the Subordinate Voting Shares and the Multiple Voting Shares. (d) RIGHTS ON DISSOLUTION. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares of each series shall be entitled to receive from the assets of the Corporation in respect of each such share held a sum equal to the amount in the stated capital account for such series divided by the number of shares in such series then outstanding, together with any accrued (in the case of cumulative dividends) or declared (in the case of non-cumulative dividends) and unpaid dividends thereon, before any

amount shall be paid or any assets of the Corporation shall be distributed to the holders of Subordinate Voting Shares or Multiple Voting Shares. Upon the receipt of such sum by the holders of the Preferred Shares of each series, such holders shall not be entitled to share in the distribution of the remaining assets of the Corporation and their Preferred Shares shall be cancelled.

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9. The issue, transfer or ownership of L' emission, le transfert ou la propriete d' actions shares is/is not restricted and the est/n'est pas restreint. Les restrictions, s'il y a

Form 5
restrictions
(if any) are
as lieu,
sont les
suivantes :
Business
follows:
Corporations
Act The
Corporation
shall not
create any
class or
series of
shares, or
issue any
shares of
any class or
series
(other than
Subordinate
Voting
Shares)
having the
right to
vote
generally on
all matters
Formule 5
that may be
submitted to
a vote of
shareholders
(except
matters for
which
applicable
law requires
Loi sur les
the approval
of holders
of another
class or
series of
shares
voting
separately
as a class
or societies
par series)
without the
separate
affirmative
vote of two-
thirds of
the votes
cast by the
holders of
actions
Subordinate
Voting
Shares and
Multiple
Voting
Shares,
respectively,
voting as
separate
classes. 10.
Other
provisions,
if any:
Autres
dispositions,
s'il y a
lieu : The
board of
directors of
the
Corporation
may, without
authorization
of the
shareholders
of the

Corporation,
from time to
time, in
such amounts
and on such
terms as it
deems
expedient:
(a) borrow
money upon
the credit
of the
Corporation;
(b) issue,
reissue,
sell or
pledge debt
obligations
of the
Corporation;
(c) give a
guarantee on
behalf of
the
Corporation
to secure
performance
of an
obligation
of any
person; and
(d) charge,
mortgage,
hypothecate,
pledge or
otherwise
create a
security
interest in
all or any
of the
currently
owned or
subsequently
acquired
real and
personal,
movable and
immovable,
property of
the
Corporation,
including
book debts,
rights,
powers,
franchises
and
undertaking,
to secure
any
obligation
of the
Corporation.
The board of
directors
may from
time to time
by
resolution
delegate to
a committee
of directors
or to one or
more of the
directors or
officers of
the
Corporation
all or any
of the
powers
Document
hereby
conferred
upon the

board to
such extent
and in such
manner as
the board
shall

determine at
prepared by
the time of
each such
delegation.

Nothing in
this section
shall limit
or restrict
the

borrowing of
Davies Ward
money by the
Corporation
on bills of
exchange or
promissory
notes made,
drawn,
accepted or
endorsed
Phillips &
by or on
behalf of
the

Corporation.
Vineberg LLP
Toronto,
Ontario,
Canada

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trade mark
of StyleUs
Corporation,
Toronto,
Canada. OBCA
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Form 5
Business
Corporations
Act Formule 5
Loi sur les
societes par
actions 11.

These
restated
articles of
Les presents
statuts
constitutifs
mis a jour
enoncent
incorporation
correctly set
out the
correctement
les
dispositions
corresondantes
des statuts
corresponding
provisions of
the
constitutifs
telles
qu'elles sont

modifiees et
articles of
incorporation
as amended
remplacent
les statuts
constitutifs
et les and
supersede the
original
articles
modifications
qui y ont ete
apportees. of
incorporation
and all the
amendments
thereto.

These
articles are
signed in
duplicate.
Les presents
statuts sont
signes en
double
exemplaire.

CELESTICA
INC. -----

(Name of
Corporation)
(Denomination
sociale de la
societe)

Document
prepared by
Davies Ward
By/Par : /s/
Elizabeth L.
DelBianco
Phillips & --

Vineberg LLP
(Signature)
(Description
of Office)

Toronto,
Ontario,
(Signature)
(Fonction)
Canada

Elizabeth L.
DelBianco,
Secretary
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Corporation,
Toronto,
Canada. OBCA
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SECOND AMENDED AND RESTATED
REVOLVING TERM CREDIT AGREEMENT
CELESTICA INC. AND THE SUBSIDIARIES SPECIFIED AS
DESIGNATED SUBSIDIARIES HEREIN,
AS BORROWERS
- AND -
CIBC WORLD MARKETS,
AS JOINT LEAD ARRANGER AND SYNDICATION AGENT
- AND -
RBC CAPITAL MARKETS,
AS JOINT LEAD ARRANGER AND CO-DOCUMENTATION AGENT
- AND -
BANK OF AMERICA SECURITIES LLC,
AS JOINT LEAD ARRANGER AND CO-DOCUMENTATION AGENT
- AND -
THE BANK OF NOVA SCOTIA,
AS ADMINISTRATIVE AGENT
- AND -
THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE A,
AS LENDERS
UP TO U.S.\$ 500,000,000
REVOLVING TERM CREDIT FACILITY
MADE AS OF DECEMBER 17, 2002

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SECOND AMENDED AND RESTATED REVOLVING TERM CREDIT AGREEMENT

MADE as of the 17th day of December, 2002.

B E T W E E N:

CELESTICA INC.,

a corporation incorporated under the laws of the Province of Ontario,

OF THE FIRST PART,

- and -

THE SUBSIDIARIES OF CELESTICA INC. SPECIFIED HEREIN AS DESIGNATED SUBSIDIARIES,

OF THE SECOND PART,

- and -

CIBC WORLD MARKETS,
as Joint Lead Arranger and Syndication Agent,

OF THE THIRD PART,

- and -

RBC CAPITAL MARKETS,
as Joint Lead Arranger and Co-Documentation Agent,

OF THE FOURTH PART,

BANK OF AMERICA SECURITIES LLC,
as Joint Lead Arranger and Co-Documentation Agent,

OF THE FIFTH PART,

- and -

THE BANK OF NOVA SCOTIA,
a Canadian chartered bank, as Administrative Agent

OF THE SIXTH PART,

- and -

THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE
A, as Lenders,

OF THE SEVENTH PART.

WHEREAS Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, The Bank of Nova Scotia as the Administrative Agent, the Canadian Facility Agent, the U.S. Facility Agent and the U.K. Facility Agent and the financial institutions named therein as the Lenders are parties to an Amended and Restated Revolving Term Credit Agreement dated as of June 8, 2001 (the "EXISTING CREDIT AGREEMENT") which amended and restated a Credit Agreement among Celestica Inc., the Subsidiaries of Celestica Inc. designated therein as Designated Subsidiaries, The Bank of Nova Scotia as the Administrative Agent, the Canadian Facility Agent, the U.S. Facility Agent and the U.K. Facility Agent and the financial institutions named therein as the Lenders dated as of April 22, 1999;

AND WHEREAS parties hereto wish to amend and restate the Existing Credit Agreement on the terms set forth herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, the covenants herein contained and other valuable consideration, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 DEFINITIONS

In this Agreement:

"ACCEPTANCE NOTE" means a non-interest bearing promissory note of a Borrower substantially in the form of Schedule L delivered to a Lender in the circumstances set out in Section 4.7(a);

"ACQUIRED INDEBTEDNESS" means Indebtedness of any Person (i) which is outstanding at the time that such Person becomes a Restricted Subsidiary or is amalgamated with, or merged with or into, a Borrower or a Restricted Subsidiary; or (ii) which is outstanding at the time that assets of a Person are acquired by a Borrower or a Restricted Subsidiary and the obligation for repayment of which is assumed by such Borrower or Restricted Subsidiary in connection with the acquisition of such assets;

"ACQUIRING LENDERS" has the meaning specified in Section 2.8(b)(iii);

"ACQUISITION DATE" has the meaning specified in Section 2.8(b)(iii);

"ADDITIONAL COMPENSATION" has the meaning specified in Section 5.5;

"ADMINISTRATIVE AGENT" means Scotiabank when acting in its capacity as administrative agent hereunder;

"ADVANCE" means a Prime Rate Advance, a Bankers' Acceptance Advance, a LIBOR Advance, or a Base Rate Canada Advance made by the Lenders or a Lender, as applicable, or the issuance of a Letter of Credit and "ADVANCES" means all of them;

"AFFECTED LENDER" has the meaning specified in Section 5.7(b);

"AFFILIATE" means an affiliated body corporate and, for the purposes of this Agreement, (i) one body corporate is affiliated with another body corporate if one such body corporate is the Subsidiary of the other or both are Subsidiaries of the same body corporate or each of them is controlled by the same Person and (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other; for greater certainty for the purposes of this definition, "BODY CORPORATE" shall include a Canadian chartered bank;

"AGENTS" means the Administrative Agent, the Syndication Agent and the Co-Documentation Agents and "Agent" shall mean any one of them;

"AGREEMENT" means this agreement and all Schedules attached hereto as the same may be amended, restated, replaced or superseded from time to time;

"ALTERNATE LENDERS" has the meaning specified in Section 2.8(b)(iv);

"APPLICABLE LAW" means, with respect to any Person, property, transaction or event, all applicable laws, statutes, rules, regulations, codes, treaties, conventions, judgments, orders, awards or determinations of courts, arbitrators or mediators, and decrees in any applicable jurisdiction which are binding on such Person, property, transaction or event;

"APPLICABLE MARGIN" shall have the meaning specified in Schedule C;

"APPROVED CREDIT RATING AGENCY" means any one of Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) ("STANDARD & POOR'S"), Moody's Investors Service, Inc. ("MOODY'S") and any other similar agency agreed to by Celestica and the Administrative Agent;

"APPROVING LENDERS" has the meaning specified in Section 2.8(b);

"ARM'S LENGTH" has the meaning ascribed thereto under the INCOME TAX ACT (Canada) in effect as of the date hereof;

"ASSENTING LENDER" has the meaning specified in Section 5.7(b);

"AVAILABLE SWING LINE COMMITMENT" means the monetary amount which is the Commitment of the Swing Line Lender as may be increased or decreased from time to time pursuant to Section 2.22(1);

"BANKERS' ACCEPTANCE" means a draft or other bill of exchange in Canadian Dollars including, without limitation, a depository bill subject to the DEPOSITORY BILLS AND NOTES ACT (Canada), drawn by Celestica or a Canadian Designated Subsidiary and accepted by a Lender in accordance with Article 4;

"BANKERS' ACCEPTANCE ADVANCE" means the advance of funds to a Borrower by way of creation and issuance of Bankers' Acceptances or by way of the issuance of an Acceptance Note, in each case in accordance with the provisions of Article 4;

"BANKING DAY" means a day, other than a Saturday or a Sunday and, where used in the context of a notice, delivery, payment or other communication addressed to:

- (i) the Administrative Agent, which is also a day on which banks are not required or authorized to close in Toronto, Canada and
 - (A) in the case of Base Rate Canada Advances in United States Dollars, which is also a day on which banks are not required or authorized to close in New York, New York; or
 - (B) in the case of LIBOR Advances in United States Dollars, which is also a day on which banks are not required or authorized to close in New York, New York or London, England, or which is a day on which dealings are not carried on in the London interbank market;

"BASE RATE CANADA" means, on any day on which such rate is determined, the greater of (i) the variable rate of interest per annum, expressed on the basis of a year of 365 or 366 days, as the case may be, established or quoted from time to time by the Administrative Agent as the reference rate of interest then in effect for determining interest rates on United States Dollar denominated commercial loans made by it in Canada; and (ii) the Federal Funds Effective Rate plus 1/2 of 1% per annum;

"BASE RATE CANADA ADVANCE" means a loan made by the Lenders to a Borrower on which interest is payable based on the Base Rate Canada plus the Applicable Margin;

"BORROWERS' COUNSEL" means Davies Ward Philips & Vineberg LLP, Toronto, Ontario or such other firm of legal counsel as the Borrowers may from time to time designate;

"BORROWERS" means Celestica and each Designated Subsidiary from time to time and their respective permitted successors and assigns and "BORROWER" means any of them;

"BUSINESS" means the business of:

- (a) conducting a broad range of electronics manufacturing services, including the manufacturing, assembly and testing of printed circuit boards, printed circuit board assembly, backplanes, electro-mechanical sub-assembly, memory modules, photonics, opto-electronic assembly, full system assembly, product testing, quality assurance, failure analysis and other related manufacturing services;
- (b) a full range of supply chain management services such as materials procurement, inventory management, logistics, packaging, distribution, after-market support and refurbishment;
- (c) design services including concept and product design, product documentation and data management, prototype services, product qualification, design for manufacturability and new product introduction;
- (d) the design, production, distribution and sale of power products; and
- (e) any incidental businesses conducted by businesses acquired by a Borrower or a Restricted Subsidiary whose principal business involves one or more of the businesses described in paragraphs (a) through (d) of this definition;

"CANADIAN BA RATE" means, for a particular term, the discount rate per annum, calculated on the basis of a year of 365 days, equal to the arithmetic average of the rates per annum for Canadian Dollar Bankers' Acceptances having such term:

- (a) for the Schedule I Reference Lenders in respect of the Bankers' Acceptances to be accepted by the Schedule I Lenders, that appear on the display page designated as the CDOR page (or any replacement page) by Reuters Money Market Service (or its successor) as of 10:00 a.m. (Toronto, Canada time) on the first day of such term; and

- (b) for the Non-Schedule I Reference Lenders in respect of the Bankers' Acceptances or Acceptance Notes to be accepted by the Non-Schedule I Lenders, as are quoted by such Non-Schedule I Reference Lenders as of 10:00 a.m. (Toronto, Canada time) on the first day of such term, provided that the arithmetic average of such quoted rates shall in no event exceed the sum of the highest of the rates that appear on the display page designated as the CDOR page (or any replacement page) by Reuters Money Market Service (or its successor) for the Schedule I Reference Lenders as of 10:00 a.m. (Toronto, Canada time) on the first day of such term plus ten basis points, each as determined by the Administrative Agent.

"CANADIAN DOLLARS" and "CDN.\$" mean the lawful currency of Canada in immediately available funds;

"CANADIAN DESIGNATED SUBSIDIARY" means a Designated Subsidiary, (a) which was incorporated, continued, amalgamated or otherwise created in accordance with and continues to be governed by the laws of a Province of Canada or the federal laws of Canada and which is domiciled in Canada; and (b) which has satisfied and complied with the terms of Section 7.1(b);

"CAPITAL LEASE" means any leasing or similar arrangement which, in accordance with GAAP, would be classified a capital lease;

"CAPITAL LEASE OBLIGATIONS" means all monetary obligations of Celestica or a Subsidiary under a Capital Lease and for the purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP;

"CELESTICA" means Celestica Inc., a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario, and any successor or continuing corporation;

"CELESTICA CORP." means Celestica Corporation, a corporation duly incorporated, organized and subsisting under the laws of the State of Delaware, and any successor corporation;

"CELESTICA INTERNATIONAL" means Celestica International Inc., a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario, and any successor or continuing corporation;

"CERCLA" means the United States COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980;

"CERCLIS" means the United States Comprehensive Environmental Response Compensation Liability Information System List;

"CIBC" means Canadian Imperial Bank of Commerce, a Canadian chartered bank;

"CLAIMS" has the meaning specified in Section 12.4(a);

"CLOSING" means the consummation of the transactions contemplated herein, including, without limitation, the satisfaction of the conditions precedent set out in Section 6.1 and the Facility becoming available to the Borrowers subject to the terms of this Agreement;

"CLOSING DATE" means December 17, 2002;

"CODE" means the United States INTERNAL REVENUE CODE OF 1986;

"COMMITMENT" means the commitment of each Lender to loan a portion of the aggregate amount of the Facility, in the amount set opposite its name in Schedule B, as such Schedule B may be amended pursuant to (a) Section 2.23 or (b) under a Transfer Notice pursuant to Section 13.11;

"CONSENT DESIGNATED SUBSIDIARIES" means a Designated Subsidiary; (a) which was not incorporated, continued, amalgamated or otherwise created in accordance with the laws of a Province of Canada or the federal laws of Canada; and (b) which has satisfied and complied with the terms of Section 7.1(c);

"CONTINGENT LIABILITY" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable for the Indebtedness for borrowed monies of any other Person;

"CONTROL" means, with respect to control of a body corporate by a Person, the holding (other than by way of security only) by or for the benefit of that Person, or Affiliates of that Person of securities of such body corporate or the right to vote or direct the voting of securities of such body corporate to which, in the aggregate, are attached more than 50% of the votes that may be cast to elect directors of the body corporate, provided that the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;

"CONTROLLED GROUP" means all members of a controlled group of corporations and all members of a controlled group of trades or business (whether or not incorporated) under common control which, together with the Borrowers, are treated as a single employer under Section 414(b) or Section 414(c) of the Code;

"CONVERSION" means the conversion of one type of Advance into another type of Advance pursuant to Section 2.15;

"CONVERSION DATE" means December 15, 2003 or such later date to which the Conversion Date has been extended pursuant to the provisions of Section 2.8;

"CONVERSION NOTICE" means a notice substantially in the form set out in Schedule E;

"CORPORATE REORGANIZATION" has the meaning specified in Section 13.12;

"DEFAULT" means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, would constitute an Event of Default;

"DESIGNATED ACCOUNT" means an account of a Borrower of which the Administrative Agent is notified by such Borrower from time to time for the purposes of transactions under this Agreement;

"DESIGNATED SUBSIDIARY" means a directly or indirectly wholly-owned Restricted Subsidiary of Celestica designated by Celestica as a Canadian Designated Subsidiary or a Consent Designated Subsidiary in accordance with and which complies with the applicable terms of Section 7.1 of this Agreement;

"DESIGNATED SUBSIDIARY AGREEMENT" means an agreement substantially in the form set out in Schedule F;

"DISBURSEMENT" has the meaning specified in Section 3.4;

"DISBURSEMENT DATE" has the meaning specified in Section 3.4;

"DISSENTING LENDERS" has the meaning specified in Section 2.8(b);

"DRAWDOWN" means a drawdown of an Advance;

"DRAWDOWN DATE" means, in relation to any Advance, the date, which shall be a Banking Day, on which the Drawdown of such Advance is made by a Borrower pursuant to a Drawdown Notice;

"DRAWDOWN NOTICE" means a notice substantially in the form set out in Exhibit 1 to Schedule G;

"EBITDA" means, for any particular period, the aggregate of:

- (a) Net Income for such period;
- (b) all amounts deducted in the calculation of Net Income in respect of Taxes, whether paid or deferred (in accordance with GAAP);
- (c) all amounts deducted in the calculation of Net Income in respect of depreciation;
- (d) all amounts deducted in the calculation of Net Income in respect of amortization;
- (e) all amounts deducted in the calculation of Net Income in respect of Interest Expense;
- (f) all amounts deducted in the calculation of Net Income in connection with the implicit financing costs of synthetic leases and Permitted Securitization Transactions;
- (g) all amounts deducted in the calculation of Net Income in determining all non-recurring charges; and
- (h) non-cash charges and purchase accounting deductions,

provided that, in the event of the acquisition by Celestica or a Restricted Subsidiary of (i) a corporation which becomes a new Restricted Subsidiary or (ii) any other entity or a group of assets or an operation, provided that such operation comprises a going concern which becomes a division or part of the business of Celestica or a Restricted Subsidiary (an "OPERATION"), EBITDA will, subject to (x) and (y), include the EBITDA for the newly acquired Restricted Subsidiary or operation for its immediately preceding four fiscal quarters completed prior to such acquisition.

- (x) If such newly acquired Restricted Subsidiary or operation was, immediately prior to such acquisition, accounted for on a stand-alone basis, EBITDA for such newly acquired Restricted Subsidiary or operation shall only be included in the above calculation if EBITDA for such newly acquired Restricted Subsidiary or operation, as the case may be, can be determined by reference to historical financial statements satisfactory to the Administrative Agent; and
- (y) If such newly acquired Restricted Subsidiary or operation:
 - (A) was not, immediately prior to such acquisition, accounted for on a stand-alone basis; or
 - (B) was immediately prior to such acquisition, accounted for on a stand-alone basis but, in the determination of the Administrative Agent acting reasonably, the business of such newly acquired Restricted Subsidiary or operation will not be conducted by Celestica or its Restricted Subsidiary, as the case may be, in substantially the same form or the same manner as conducted by the vendor immediately prior to such acquisition,

then subject to the satisfaction of the Administrative Agent and the Majority Lenders with the method of determination thereof acting reasonably, EBITDA for such newly acquired Restricted Subsidiary or operation will be determined having regard to historical financial results together with, and having regard to, contractual arrangements and any other changes made or proposed to be made by Celestica or its Restricted Subsidiary, as the case may be, to the business of such newly acquired Restricted Subsidiary or operation;

"ENVIRONMENTAL LAWS" means applicable federal, provincial, state, municipal or other local law, statute, regulation or by-law, code, ordinance, decree, directive, standard, policy, guideline, rule, order, treaty, convention, judgment, award or determination for the protection of the environment or human health or relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Materials;

"EQUIVALENT AMOUNT" on any given date in one currency (the "FIRST CURRENCY") of any amount denominated in another currency (the "SECOND CURRENCY") means the amount of the first currency which could be purchased with such amount of the second currency at the rate of exchange quoted by the Administrative Agent at 10:00 a.m. (Toronto, Canada time) on such date for the purchase of the first currency with the second currency;

"ERISA" means the United States EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974;

"EURO" means the single currency of the Participating Member States introduced on January 1, 1999;

"EVENT OF DEFAULT" means any of the events described in Section 10.1;

"EXISTING CREDIT AGREEMENT" has the meaning specified in the first recital hereto;

"EXEMPTED JURISDICTION" has the meaning specified in Section 13.12;

"EXTENSION REQUEST" means a request made in writing by Celestica to the Administrative Agent substantially in the form set out in Schedule P;

"FACE AMOUNT" means, in respect of a Bankers' Acceptance, the amount payable to the holder thereof on the maturity thereof and means, in respect of a Letter of Credit, the maximum amount payable to a beneficiary thereunder;

"FACILITY" means the revolving term credit facility in an aggregate principal amount of U.S.\$ 350,000,000 to be made available to the Borrowers as set forth in Article 2 as same may be increased and/or extended subject to the terms set forth herein;

"FACILITY FEE" has the meaning specified in Section 2.14(a) and calculated in accordance with Schedule C;

"FEDERAL FUNDS EFFECTIVE RATE" means, for any particular day, the variable rate of interest per annum, calculated on the basis of a 360-day year as determined by the Administrative Agent for the actual number of days elapsed, equal to:

- (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York, or
- (ii) for any Banking Day on which such rate is not so published by the Federal Reserve Bank of New York, the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent in consultation with Celestica;

"FINAL MATURITY DATE" means the day which is one year from the last Conversion Date;

"FREELY TRADEABLE EUROPEAN CURRENCY" means Pounds Sterling and, so long as it trades on a LIBOR equivalent basis and is freely convertible to Canadian Dollars and to United States Dollars, the Euro;

"GAAP" means those Canadian generally accepted accounting principles as now or (except as provided in item (a) (iii) of the definition of Gross Funded Debt) hereafter adopted by the Canadian Institute of Chartered Accountants or any successor thereto;

"GLOBAL RATEABLE PORTION" means, with respect to any Lender, at any time, the ratio, expressed as a decimal fraction, of:

- (i) such Lender's Commitment at such time to
- (ii) the aggregate of the Commitments of all of the Lenders at such time;

"GROSS FUNDED DEBT" of Celestica, on a consolidated basis, means at any particular time and without duplication, the aggregate of:

- (a) the following amounts determined in accordance with GAAP:
 - (i) the outstanding monetary Obligations at such time;
 - (ii) the Capital Lease Obligations outstanding at such time;
 - (iii) any other Indebtedness for borrowed money (including, without limitation and without duplication, all Indebtedness in respect of bankers' acceptances and letters of credit) outstanding at such time but excluding (A) Permitted Subordinated Indebtedness, and (B) any Indebtedness which, in accordance with GAAP adopted as at the date of incurring such Indebtedness, qualified as equity, so long as the terms governing such Indebtedness are not amended after the date of incurring the Indebtedness in a manner that would have resulted in such Indebtedness not qualifying as equity in accordance with GAAP as adopted as at the date of incurring such Indebtedness;
 - (iv) the aggregate net marked-to-market liability under all Hedging Obligations;
 - (v) any Acquired Indebtedness outstanding at such time;
 - (vi) the outstanding amounts under any Permitted Securitization Transactions; and
 - (vii) the aggregate amounts outstanding under synthetic leases to which Celestica and its Restricted Subsidiaries are parties being the aggregate original cost of the assets subject to all such leases less all payments made on account of principal under all such leases on or prior to the date on which such amounts are determined;

plus

- (b) Contingent Liabilities of Celestica or any Restricted Subsidiary in existence at such time;

"GUARANTEES" means the guarantees of each of the Guarantors substantially in the form set forth in Schedule H;

"GUARANTOR" means each Person which, on the date of this Agreement, is or, after the date of this Agreement, becomes a Material Restricted Subsidiary and

"GUARANTORS" means two or more of them;

"HAZARDOUS MATERIAL" means any contaminant, pollutant, waste of any nature, hazardous or toxic substance or material or dangerous good as defined, judicially interpreted or identified in any Environmental Law or any substance that causes harm or degradation to the surrounding environment or injury to human health and, without restricting the generality of the foregoing, includes any pollutant, contaminant, waste, hazardous waste, deleterious substance or dangerous good present in such quantity or state that it contravenes any Environmental Laws or gives rise to any liability or obligation under any Environmental Law;

"HEDGING OBLIGATIONS" means, with respect to any Person, all liabilities of such Person under interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and all such other agreements or arrangements designed to protect such Person against fluctuations in interest rates;

"INDEBTEDNESS" of any Person means, without duplication:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether drawn or undrawn, and bankers' acceptances issued for the account of such Person;
- (c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capital Leases, including liabilities in respect of Capital Leases incurred by such Person in connection with sale/leaseback transactions;
- (d) net liabilities of such Person under all Hedging Obligations or net liabilities of such Person under currency, swap, forward or other foreign exchange hedging agreements;
- (e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (excluding prepaid interest thereon), secured by a lien on the property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not

such indebtedness shall have been assumed by such Person or is limited in recourse;

- (f) all Contingent Liabilities of such Person; and
- (g) any Acquired Indebtedness.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer;

"INDEMNIFIED PERSON" has the meaning specified in Section 5.8(b);

"INDEMNIFYING PARTY" has the meaning specified in Section 12.4(c);

"INDEMNITEE" has the meaning specified in Section 12.4(a);

"INTEREST EXPENSE" means, for any period, the aggregate consolidated interest expense of Celestica on a consolidated basis as determined in accordance with GAAP including the portions of any payment made in respect of Capital Leases allocable to interest expenses but excluding deferred financing costs and other non-cash interest expense;

"INTEREST PAYMENT DATE" shall have the meaning set out in Section 2.9;

"INTEREST PERIOD" means relative to any LIBOR Advance, Bankers' Acceptance or Advance by way of an Acceptance Note, the period commencing on (and including) the date on which such LIBOR Advance is made or continued as, or converted into, a LIBOR Advance or such Bankers' Acceptance or Acceptance Note is issued, and ending on (but excluding) the day which is, in the case of a Bankers' Acceptance or Acceptance Note, approximately 30, 60, 90 or 180 days thereafter, or which in the case of any LIBOR Advance, numerically corresponds to such date one, two, three or six months thereafter (or, if such month has no numerically corresponding date, on the last Banking Day of such month), in each case as the Borrower may select; provided, however, that:

- (a) if such Interest Period would otherwise end on a day which is not a Banking Day, such Interest Period shall end on the next following Banking Day (unless, if such Interest Period applies to LIBOR Advances, and such next following Banking Day is the first Banking Day of a calendar month, in which case such Interest Period shall end on the Banking Day next preceding such numerically corresponding day);
- (b) the Borrowers shall not be permitted to select, collectively or in the aggregate, Interest Periods to be in effect at any one time which have expiration dates occurring on more than ten different dates, unless otherwise previously consented to in writing by the Administrative Agent; and
- (c) no Interest Period may end later than the Final Maturity Date;

"ISSUANCE REQUEST" means a request and certificate duly executed by an authorized officer of Celestica in substantially the form of Schedule K attached hereto;

"ISSUING BANK" means a Lender which issues a Letter of Credit pursuant to Article 3;

"JOINT LEAD ARRANGERS" means CIBC World Markets, RBC Capital Markets and Bank of America Securities LLC;

"LC FEE" has the meaning specified in Schedule C;

"LENDERS" means the financial institutions set out in Schedule A and "Lender" shall mean any such financial institution;

"LENDERS' COUNSEL" means the firm of Osler, Hoskin & Harcourt LLP, Toronto, Ontario, or such other firm of legal counsel as the Administrative Agent may from time to time designate;

"LETTER OF CREDIT" means a standby letter of credit or a letter of guarantee issued by an Issuing Bank at the request of Celestica pursuant to Section 3.1;

"LETTER OF CREDIT AVAILABILITY" means U.S.\$ 50,000,000;

"LIBO RATE" means, relative to any LIBOR Advance:

- (a) the rate of interest per annum of the offered quotations for deposits in United States Dollars for a period equal or comparable to the Interest Period in an amount comparable to the Advance as such rate is reported on the display designated as "page 3750" or "page 3740", as applicable (or any replacement pages) by "Telerate - The Financial Information Network" published by Telerate Systems, Inc. (or such other company or service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in United States Dollars) at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day; or
- (b) if a rate cannot be determined under paragraph (a) above, the rate determined by the Administrative Agent to be the arithmetic average (rounded up if necessary, to the nearest 1/16 of 1%) of such rates as reported on the LIBO page by Reuters Money Market Service (or its successor) for a period equal to or comparable to the Interest Period and in an amount comparable to the Advance at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day provided that at least two such rates are reported on such page; or
- (c) if a rate cannot be determined under either of paragraphs (a) and (b) above, the rate determined by the Administrative Agent for a particular Interest Period to be the arithmetic average of the rates per annum at which deposits in United States Dollars in immediately available funds are offered by prime London banks to the LIBOR Offices in the London interbank market for a period equal to or

comparable to the Interest Period and an amount comparable to the Advance at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day.

For the purposes of this definition, "RATE FIXING DAY" means in respect of each Interest Period, the second Banking Day before the first day of such Interest Period.

"LIBOR ADVANCE" means a loan made by the Lenders to a Borrower on which interest is payable at the LIBO Rate plus the Applicable Margin;

"LIBOR OFFICE" means, relative to any Lender, the office of such Lender designated as such in Schedule A, if applicable, or designated in the Transfer Notice by which a financial institution becomes a Lender pursuant to Section 13.11, or such other office of a Lender (or any successor, assign or Affiliate of such Lender) as designated from time to time by notice from such Lender to Celestica and the Administrative Agent, whether or not outside Canada, which may be making or maintaining the LIBOR Advances of such Lender;

"LIENS" means any security interest, mortgage, pledge, hypothec, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise) or charge against or interest in property to secure payment of a debt or performance of an obligation (including the interest of a vendor or lessor under any conditional sale agreement, or of a lessor under any lease including a Capital Lease or other title retention agreement);

"LOAN DOCUMENTS" means this Agreement, the Guarantees provided for herein and all other agreements, documents or instruments to be executed and delivered to the Administrative Agent, the Lenders or any of them by the Borrowers, the Guarantors or any of them hereunder or thereunder or pursuant hereto or thereto;

"LOSSES" has the meaning specified in Section 12.4(a);

"MAIN FACILITY COMMITMENT" means, at any time, the amount, if any, by which the Commitment of the Swing Line Lender exceeds the Available Swing Line Commitment at that time;

"MAIN FACILITY RATEABLE PORTION" means, with respect to any Lender, at any time, subject to adjustment by the Administrative Agent in accordance with Section 11.16 of this Agreement and also subject to Sections 2.3 and 4.1 of this Agreement, the ratio, expressed as a decimal fraction, of;

- (i) such Lender's Commitment at such time (or, if such Lender is the Swing Line Lender, the Main Facility Commitment) to
- (ii) the aggregate of the Commitments of all of the Lenders (other than the Swing Line Lender) at such time and the Main Facility Commitment at such time;

"MAJORITY LENDERS" means the Lenders, the Commitments of which are in the aggregate more than 51% of the aggregate amount of Commitments;

"MANDATORY COST" means, in relation to a LIBOR Advance, an amount determined in accordance with Schedule N;

"MATERIAL ADVERSE CHANGE" means any change of circumstances or any event which would reasonably be likely to have a Material Adverse Effect;

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Celestica and of the Restricted Subsidiaries taken as a whole, or (b) the ability of any Borrower to perform any of its Obligations, or (c) the rights of the Administrative Agent and the Lenders against the Obligors on a consolidated basis pursuant to the Loan Documents;

"MATERIAL RESTRICTED SUBSIDIARY" means (i) each Designated Subsidiary and (ii) any other Restricted Subsidiary of Celestica whose assets total greater than U.S.\$ 150,000,000 on an unconsolidated basis on the date referenced in the most recently delivered set of financial statements delivered pursuant to Section 9.1(a)(ii); provided, however, that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries shall not exceed on the date referenced in such financial statements, in the aggregate, ten per cent (10%) of the unconsolidated assets of the Borrowers and the Restricted Subsidiaries on such date, and in the event that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries exceeds, on the date referenced in such financial statements, in the aggregate, ten percent (10%) of the unconsolidated assets of the Borrowers and Restricted Subsidiaries, Celestica shall set out in a Schedule to the Officer's Certificate to be delivered in accordance with Section 9.1(a)(iii) the Restricted Subsidiaries which it wishes to designate as Material Restricted Subsidiaries such that unconsolidated assets of all of the Restricted Subsidiaries which are not Material Restricted Subsidiaries shall not exceed ten percent (10%) of the unconsolidated assets of the Borrowers and Restricted Subsidiaries on such date;

"NET INCOME" means, for any particular period, net income of Celestica for such period determined on a consolidated basis in accordance with GAAP;

"NON-SCHEDULE I LENDERS" means Lenders which are not Canadian chartered banks that are listed on Schedule I to the BANK ACT (Canada);

"NON-SCHEDULE I REFERENCE LENDERS" means, where there are two or fewer Lenders which are not Canadian chartered banks that are listed on Schedule I to the BANK ACT (Canada), all such Lenders, and where there are more than two such Lenders, two of such Lenders chosen by the Administrative Agent and identified by written notice to Celestica and where there is one such Lender, that Lender;

"NOTICE OF AMOUNT" has the meaning specified in Section 5.5;

"NOTICE OF SWING LINE BORROWING" means a notice substantially in the form set out in Exhibit 2 to Schedule G;

"NOTIFICATION DATE" has the meaning specified in Section 12.5(c);

"NOTIONAL BA PROCEEDS" means, with respect to a Bankers' Acceptance Advance, the aggregate Face Amount of the Bankers' Acceptances or principal amount of the Acceptance Notes comprising such Bankers' Acceptance Advance, if applicable, less the aggregate of:

- (a) a discount from the aggregate face amount of such Bankers' Acceptances or principal amount of such Acceptance Notes, if applicable, calculated in accordance with normal market practices based on the Canadian BA Rate for the term of such Bankers' Acceptances or Acceptance Notes, if applicable; and
- (b) the amount of the acceptance fees determined in accordance with Section 4.2 in respect of such Bankers' Acceptance Advance;

"OBLIGATIONS" means all obligations (monetary and otherwise) of the Borrowers arising under or in connection with this Agreement and each other Loan Document;

"OBLIGORS" means, collectively, the Borrowers and the Guarantors and "OBLIGOR" means any one of them;

"OFFICER'S CERTIFICATE" means a certificate signed by any one of the Chairman of the Board, the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any Senior Vice-President, any Vice-President, the Treasurer, the Controller, the Assistant Treasurer, the Secretary or the Assistant Secretary of Celestica;

"OFFICIAL BODY" means any national, federal or provincial government or any government of any political subdivision thereof, or any agency, authority, board, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury, mediator or arbitrator, whether foreign or domestic, or any non-governmental regulatory authority to the extent that the rules, regulations and orders of such body have the force of law;

"ORGANIC DOCUMENT" means, relative to any body corporate, its articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its Shares;

"OTHER TAXES" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, any of the Loan Documents, or any other document in connection herewith;

"OUTSTANDING AMOUNT" has the meaning specified in Section 2.3;

"PARTICIPATING MEMBER STATE" means a member state of the European Communities that adopts or has adopted the Euro as its lawful currency under the legislation of the European Union for European Monetary Union;

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA;

"PENSION PLAN" means:

- (a) any plan, program, agreement or arrangement that is a pension plan for the purposes of any federal or provincial pension benefit law or under the INCOME TAX ACT (Canada) (whether or not registered under such law) which is maintained or contributed to, or to which there is or may be an obligation to contribute by any of the Borrowers in respect of its employees in Canada; and
- (b) a "PENSION PLAN", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrowers or any of the Subsidiaries or any corporation, trade or business that is, along with the Borrowers, a member of a Controlled Group, may have liability;

"PERMITTED ENCUMBRANCES" means any one or more of the following with respect to the assets of Celestica or any Restricted Subsidiary:

- (a) inchoate or statutory Liens for Taxes, assessments and other governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or the validity of which are currently being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a provision or reserve (to the extent required by GAAP) in an amount which is adequate therefor;
- (b) inchoate or statutory Liens of contractors, sub-contractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of construction, maintenance, repair or operation of assets of Celestica or the relevant Restricted Subsidiary, or otherwise arising in the ordinary course provided that such Liens are related to obligations not due or delinquent (taking into account any applicable grace or cure periods), are not registered as encumbrances against title to any of the assets of Celestica or the relevant Restricted Subsidiary and adequate holdbacks are being maintained as required by applicable legislation or such Liens are being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a provision or reserve (to the extent required by GAAP) in an amount which is adequate with respect thereto and provided further that such Liens do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary encumbered thereby or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;
- (c) easements, rights-of-way, servitudes, restrictions and similar rights in real property comprised in the assets of Celestica or the relevant Restricted Subsidiary or interests therein granted or reserved to other persons, provided that such rights do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;

- (d) title defects or irregularities which are of a minor nature and which do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;
- (e) Liens incidental to the conduct of the business or the ownership of the assets of Celestica or the relevant Restricted Subsidiary (other than those described in Clauses (f) and (g) of this definition) which were not incurred in connection with the borrowing of money or the obtaining of advances of credit (including, without limitation, unpaid purchase price), and which do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;
- (f) Liens securing appeal bonds or other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instrument serving a similar purpose;
- (g) attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that such Liens are in existence for less than 30 days after the entry thereof or the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;
- (h) Liens given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the assets of Celestica or the relevant Restricted Subsidiary, provided that such Liens do not have a Material Adverse Effect;
- (i) Purchase Money Obligations arising in the ordinary course of business, provided that such Lien is limited to the property so acquired and is created, issued or assumed substantially concurrently with the acquisition of such property;
- (j) the right reserved to or vested in any Official Body by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of any of Celestica or the relevant Restricted Subsidiary, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (k) the interests of lessors (including without limitation, security interests granted in favour of lessors) pursuant to all leases, including Capital Leases and synthetic leases, under which Celestica or the relevant Restricted Subsidiary is the lessee;

- (l) the extension, renewal or refinancing of any Permitted Encumbrance, provided that the amount so secured does not exceed the original amount secured immediately prior to such extension, renewal or refinancing;
- (m) Liens granted over the assets securitized in connection with any Permitted Securitization Transaction;
- (n) Liens granted by Celestica Corp. pursuant to and in accordance with the Synthetic Lease provided that neither Celestica nor any other Subsidiary other than Celestica, Celestica Corp. or Celestica International has any liability in respect of such indebtedness;
- (o) Liens granted by Celestica and/or any Restricted Subsidiary pursuant to future subsidized financing by development entities on terms and conditions satisfactory to the Administrative Agent and the Majority Lenders;
- (p) Liens granted to secure Acquired Indebtedness, to the extent that (i) such Liens exist at the time such person or the assets subject to such Lien are acquired by Celestica or a Restricted Subsidiary; (ii) such Liens were not created in contemplation of the transaction by which the subject Indebtedness became Acquired Indebtedness; and (iii) such Liens either (A) only extend to the assets acquired or the assets of the Person acquired, as applicable, in the transaction pursuant to which the Acquired Indebtedness became an obligation of a Borrower or a Restricted Subsidiary or (B) are discharged within 60 days of such acquisition;
- (q) Liens granted in respect of Shares of Unrestricted Subsidiaries;
- (r) Liens of the nature contemplated in (b), (c), (d) or (e) above, but exceeding the materiality thresholds specified therein, securing indebtedness in the aggregate not greater than U.S.\$ 50,000,000; and
- (s) Liens granted by Celestica International in favour of Celestica in connection with a Loan Agreement made as of November 4, 1996, as amended, between Celestica International (under its former name Celestica, Inc.) and 1201541 Ontario Inc. (a predecessor in interest to Celestica);

"PERMITTED ENCUMBRANCE CERTIFICATE" means a certificate in the form of Schedule Q;

"PERMITTED SECURITIZATION TRANSACTION" means any transaction providing for the sale, securitization or other asset-backed financing (collectively, "Securitization Transactions") of:

- (i) trade accounts receivable of or owing to Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) having an aggregate book value on the date the relevant Securitization Transaction is completed that does not exceed the sum of (A) 30% of the aggregate book value of the trade accounts receivable of or owing to Celestica and its Restricted Subsidiaries determined on a consolidated

basis, before giving effect to prior Securitization Transactions of trade accounts receivable that have not been collected, on or prior to the date on which the relevant Securitization Transaction is completed, and (B), as long as there are no Advances (other than Letters of Credit) outstanding under this Agreement and no advances (other than letters of credit) under any other credit agreement under which Celestica or any Restricted Subsidiary is a borrower (excluding, for greater certainty, overdraft facilities and Acquired Indebtedness), 50% of the amount by which (1) the aggregate book value of the inventory that is otherwise available for Securitization Transactions involving inventory under (ii) below, exceeds (2) the aggregate book value of all inventory that has been subject to prior Securitization Transactions effected by Celestica and its Restricted Subsidiaries; or

- (ii) inventory of Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) having an aggregate book value on the date the relevant Securitization Transaction is completed that does not exceed the sum of (A) 30% of the aggregate book value of the inventory of Celestica and its Restricted Subsidiaries determined on a consolidated basis, before giving effect to prior Securitization Transactions of inventory that has not been incorporated into product sold to a third party, on or prior to the date on which the relevant Securitization Transaction is completed, and (B), as long as there are no Advances (other than Letters of Credit) outstanding under this Agreement and no advances (other than letters of credit) under any other credit agreement under which Celestica or any Restricted Subsidiary is a borrower (excluding, for greater certainty, overdraft facilities and Acquired Indebtedness), 50% of the amount by which (1) the aggregate book value of the trade accounts receivable of or owing to Celestica and its Restricted Subsidiaries that are otherwise available for Securitization Transactions of trade accounts receivable under (i) above, exceeds (2) the aggregate book value of all trade accounts receivable that have been subject to prior Securitization Transactions effected by Celestica and its Restricted Subsidiaries;

provided that the terms and conditions of all such Securitization Transactions shall be on an Arms' Length basis and on commercially reasonable and usual terms;

"PERMITTED SUBORDINATED INDEBTEDNESS" means all unsecured Indebtedness of Celestica, which, in respect of principal, is subordinated in right of payment to the payment in full in cash of all monetary Obligations and, in respect of interest, is only so subordinated upon the occurrence and during the continuance of a Default, in each case, on terms satisfactory to the Administrative Agent and the Majority Lenders, the terms of which permit Celestica at Celestica's sole option in all circumstances to satisfy such indebtedness by the issue of Shares or other securities convertible in all circumstances at the sole option of Celestica into Shares of Celestica;

"PERSON" means an individual, company, partnership (whether or not having separate legal personality), corporation (including a business trust and a Canadian chartered bank), joint stock company, trust, unincorporated association, joint venture or other entity, or a government, state or political subdivision thereof or any agency of such government, state or political subdivision;

"POUNDS STERLING" and "(Pound)" means the lawful currency of the United Kingdom;

"PREDECESSOR CORPORATION" has the meaning described thereto in Section 13.12;

"PREDECESSOR GUARANTEE" has the meaning described thereto in Section 13.12;

"PRIME RATE" means the greater of (i) the variable rate of interest per annum, expressed on the basis of a year of 365 or 366 days, as the case may be, established or quoted from time to time by the Administrative Agent as the reference rate of interest then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada and (ii) the sum of (x) the rate per annum for Canadian Dollar bankers' acceptances having a term of 30 days that appears on the display page designated as the CDOR Page (or any replacement page) by Reuters Money Market Service (or its successor) as of 10:00 a.m. on the date of determination as reported by the Administrative Agent, and (y) 1/2 of 1% per annum;

"PRIME RATE ADVANCE" means a loan made by the Lenders to a Borrower in Canadian Dollars on which interest is payable based on the Prime Rate plus the Applicable Margin;

"PROPERTY" has the meaning ascribed thereto in Section 12.5;

"PURCHASE MONEY OBLIGATIONS" means any Lien created, issued or assumed by Celestica or any Subsidiary to secure indebtedness assumed as part of, or issued or incurred to pay or provide funds to pay, all or a part of the purchase price of any property (other than the shares, stock or other securities of any Subsidiary or of any corporation which becomes a Subsidiary upon such purchase, except for an Unrestricted Subsidiary);

"REIMBURSEMENT OBLIGATION" has the meaning specified in Section 3.4;

"RELEASE" has the meaning specified in Section 8.1(h)(i);

"RESTRICTED SUBSIDIARY" means each and every Subsidiary of Celestica which is not at the time an Unrestricted Subsidiary. For greater certainty, a Subsidiary of an Unrestricted Subsidiary shall not be a Restricted Subsidiary;

"ROLLOVER" means a rollover of a LIBOR Advance or a Bankers' Acceptance pursuant to and in accordance with Sections 2.12, 4.4 and 4.5;

"ROLLOVER NOTICE" means a notice substantially in the form of Schedule I;

"SCHEDULE I LENDERS" means Lenders which are Canadian chartered banks that are listed on Schedule I to the BANK ACT (Canada);

"SCHEDULE I REFERENCE LENDERS" means, where there are three or fewer Lenders which are Canadian chartered banks that are listed on Schedule I to the BANK ACT (Canada), all such Lenders, and where there are more than three such Lenders, three of such Lenders chosen by the Administrative Agent and identified by written notice to Celestica; provided that if the Administrative Agent is also a Lender, the Administrative Agent shall be one of the Lenders comprising the Schedule I Reference Lenders;

"SCOTIABANK" means The Bank of Nova Scotia, a Canadian chartered bank;

"SENIOR UNSECURED CREDIT AGREEMENT" means the Amended and Restated Senior Credit Agreement dated as of June 8, 2001 among Celestica and the Subsidiaries of Celestica designated therein, as borrowers, Scotiabank as Administrative Agent, Canadian Facility Agent, U.S. Facility Agent and U.K. Facility Agent and the Financial Institutions named therein as lenders as same may be amended, restated, supplemented, extended or replaced from time to time;

"SHARES", as applied to the shares of any corporation or other entity, means the shares or other ownership interests of every class whether now or hereafter authorized, regardless of whether such shares or other ownership interests shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of such corporation or other entity;

"SPECIAL PURPOSE SUBSIDIARY" means any Subsidiary of Celestica which (a) is formed for the purpose of effecting any Permitted Securitization Transaction and engaging in other activities reasonably related thereto, and, where applicable, (b) is structured as a "BANKRUPTCY-REMOTE SUBSIDIARY" in accordance with customary practices in the asset-backed securitization market;

"SUBSIDIARY" means, with respect to any Person, any corporation, company or other similar business entity (including, for greater certainty, a Canadian chartered bank) of which more than fifty per cent (50%) of the outstanding Shares or other equity interests (in the case of Persons other than corporations) having ordinary voting power to elect a majority of the board of directors or the equivalent thereof of such corporation, company or similar business entity (irrespective of whether at the time Shares of any other class or classes of the Shares of such corporation, company or similar business entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person;

"SUBSTITUTE LENDERS" has the meaning specified in Section 11.14;

"SUCCESSOR AGENT" has the meaning specified in Section 11.10;

"SUCCESSOR CORPORATION" has the meaning specified in Section 13.12(a);

"SWING LINE ADVANCE" means an Advance made pursuant to the provisions of Section 2.22(a);

"SWING LINE LENDER" means Canadian Imperial Bank of Commerce or such other Lender as may have agreed to act as a Swing Line Lender and to which Canadian Imperial Bank of Commerce and Celestica may have agreed to acting as a Swing Line Lender from time to time.

"SYNTHETIC LEASE" means the Master Lease and Open-end Mortgage dated as of February 12, 1998 made between Celestica Corp. (under its former name, Celestica Colorado, Inc.) and BMO Leasing (U.S.) Inc., as same may be amended, restated, supplemented, extended or replaced from

time to time, including, without limitation, the amendment dated December 31, 1998 pursuant to which Celestica Corp. (under its former name Celestica (USA), Inc.) assumed the liabilities of Celestica Colorado, Inc. under such Master Lease and Open-end Mortgage;

"TAKE-OVER BID" means an offer to acquire made by Celestica or any Restricted Subsidiary, alone or acting jointly or in concert with any other Person or Persons (collectively, the "OFFEROR") to any holder of Shares or securities convertible, exchangeable or exercisable into Shares (the "TARGET SHARES") of the offeree issuer, which has not been solicited by or made at the request of the board of directors of the offeree issuer or with respect to which the board of directors of the offeree issuer has not recommended acceptance, where the Target Shares subject to the offer to acquire, together with the Target Shares held by or on behalf of the offeror on the date of the offer, constitute, in aggregate, 20% (or such lesser percentage as would require compliance with the formal requirements governing take-over bids (such as the delivery of circulars or equivalent disclosure documents to shareholders under Applicable Law)) or more of the outstanding Target Shares at the date of the offer to acquire, but excluding any such offer which, under the Applicable Law of the jurisdiction in which such offer is made, would be exempt from such formal requirements;

"TAKE-OVER BID NOTICE" has the meaning specified in Section 2.3;

"TANGIBLE NET WORTH" of Celestica, on a consolidated basis, means, at any particular time, without duplication, the sum, determined in accordance with GAAP, of:

- (a) capital stock;
- (b) preferred stock;
- (c) paid-in capital;
- (d) retained earnings; and
- (e) cumulative translation adjustment (whether positive or negative);

minus the sum of any amounts shown on account of any:

- (f) patents, patent applications, service marks, industrial designs, copyright and trade marks;
- (g) goodwill and other intangibles; and
- (h) any equity in, loan to or other investment or interest in an Unrestricted Subsidiary whatsoever;

"TAXES" includes all present and future income, corporation, capital gains, capital and value-added and goods and services taxes and all stamp, franchise and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever together with interest thereon and penalties with respect thereto, if any, and charges, fees and other amounts made on or in respect thereof;

"TORONTO OFFICE" means the office of the Administrative Agent located at 44 King Street West, 14th Floor, Toronto, Ontario, Canada M5H 1H1 (facsimile: 416-866-5991) or such other address as either of the Administrative Agent may designate by notice to Celestica;

"TRANSFER NOTICE" means a notice substantially in the form of Schedule J;

"UNITED STATES DOLLARS" and "U.S.\$" means the lawful currency of the United States of America in immediately available funds; and

"UNRESTRICTED SUBSIDIARY" means a Subsidiary of Celestica designated by Celestica as such in accordance with Section 7.4 of this Agreement and any Subsidiary of an Unrestricted Subsidiary.

1.2 HEADINGS

The division of this Agreement into Articles and Sections and the insertion of an index and headings are for convenience of reference only and shall not affect the construction or interpretation hereof. The terms "THIS AGREEMENT", "HEREOF", "HEREUNDER" and similar expressions refer to this Agreement and not to any particular Article, Section, paragraph or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 USE OF DEFINED TERMS

Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each Drawdown Notice, Conversion Notice, Rollover Notice, Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

1.4 EXTENDED MEANINGS

Words importing the singular number only shall include the plural and VICE VERSA, and words importing any gender shall include all genders.

1.5 CROSS REFERENCES

Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and unless otherwise specified referenced in the Article, Section or definition to any Clause are references to such Clause of such Article, Section or definition.

1.6 REFERENCE TO AGENTS OR LENDERS

Any reference in this Agreement to an Agent or a Lender shall be construed so as to include its permitted successors, transferees or assigns hereunder in accordance with their respective interests.

1.7 ACCOUNTING TERMS

Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with GAAP and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles, consistently applied; provided that, if Celestica notifies the Administrative Agent that it wishes to amend any covenant in Section 9.3 to eliminate the effect of any change in GAAP or any change in the application of accounting policies on the operation of such covenant (or the Administrative Agent notifies Celestica that the Majority Lenders wish to amend Section 9.3 for such purpose), Celestica's compliance with such covenant shall be determined on the basis of GAAP or accounting policies in effect immediately before the relevant change in GAAP or change in accounting policies became effective, until either such notices are withdrawn or such covenant is amended in a manner satisfactory to Celestica, the Administrative Agent and the Majority Lenders.

1.8 CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED ACCOUNTS

Notwithstanding Section 1.7, wherever in this Agreement reference is made to a consolidated financial statement of Celestica or to a determination to be made on a consolidated basis, such reference shall be deemed to be to a consolidated financial statement or consolidated basis, determined in accordance with GAAP, which consolidates only the financial statements or accounts of Celestica and its Subsidiaries, excluding all Unrestricted Subsidiaries, with investments by Celestica or any Restricted Subsidiary in Unrestricted Subsidiaries accounted for using equity accounting. At any time that Celestica and all Restricted Subsidiaries have no Unrestricted Subsidiaries, all references to consolidated financial statements herein shall be deemed to be references to the fully consolidated financial statements of Celestica.

1.9 NON-BANKING DAYS

Except as otherwise specified herein, whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Banking Day, such payment shall be made or such action shall be taken on the next succeeding Banking Day and, in the case of the payment of any monetary amount, the extension of time shall be included for the purposes of computation of interest or fees thereon.

1.10 REFERENCES TO TIME OF DAY

Except as otherwise specified herein, a time of day shall be construed as a reference to Toronto, Canada time.

1.11 SEVERABILITY

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any Applicable Law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby.

1.12 CURRENCY

All monetary amounts in this Agreement refer to United States Dollars unless otherwise specified.

1.13 REFERENCES TO STATUTES

Except as otherwise provided herein, any reference in this Agreement to a statute shall be construed to be a reference to such statute as the same may have been, or may from time to time be, amended, reformed or otherwise modified or re-enacted from time to time.

1.14 REFERENCES TO AGREEMENTS

Except as otherwise provided herein, any reference herein to this Agreement, any other Loan Document or any other agreement or document shall be construed to be a reference to this Agreement, such Loan Document or such other agreement or document, as the case may be, as the same may have been, or may from time to time be, amended, restated, extended, supplemented or replaced.

1.15 CONSENTS AND APPROVALS

Whenever the consent in writing or approval in writing of a party hereto is required in a particular circumstance, unless otherwise expressly provided for therein, such consent or approval shall not be unreasonably withheld or delayed by such party.

1.16 SCHEDULES

The following are the Schedules attached hereto and incorporated by reference and deemed to be part hereof:

Schedule A	-	Lenders
Schedule B	-	Lenders' Commitments
Schedule C	-	Applicable Margin, Facility Fee, Utilization Fee and LC Fee
Schedule D	-	Quarterly Certificate on Covenants
Schedule E	-	Conversion Notice
Schedule F	-	Designated Subsidiary Agreement
Schedule G	-	Drawdown Notice and Notice of Swing Line Borrowing
Schedule H	-	Guarantees
Schedule I	-	Rollover Notice
Schedule J	-	Transfer Notice
Schedule K	-	Issuance Request
Schedule L	-	Acceptance Note
Schedule M	-	Consent Lender Notice
Schedule N	-	Mandatory Cost Calculation

Schedule O	-	Opinions of Counsel
Schedule P	-	Extension Request
Schedule Q	-	Permitted Encumbrance Certificate

ARTICLE 2
THE FACILITY

2.1 ESTABLISHMENT OF THE FACILITY

Upon the terms and subject to the conditions hereof, each of the Lenders hereby severally agrees to make its Global Rateable Portion of the Facility available to the Borrowers as specified in Sections 2.2, 2.3 and 2.22.

2.2 PURPOSE, NATURE AND TERM OF THE FACILITY

- (a) The Facility is being made available to the Borrowers by the Lenders for the business and operations of the Borrowers and their respective Restricted Subsidiaries, including, without limitation and for greater certainty, to finance acquisitions of companies which, after the acquisition thereof, will become Restricted Subsidiaries or assets which, after the acquisition thereof, will be owned by Celestica or a Restricted Subsidiary and for commercial paper support.
- (b) Advances under the Facility shall not be used by any Borrower to finance the acquisition of, investment in, loan to or to provide working capital to an Unrestricted Subsidiary. Letters of Credit shall not be available to support or secure any Indebtedness of an Unrestricted Subsidiary, including, without limitation, a loan or other advance to an Unrestricted Subsidiary.
- (c) Subject to the terms and conditions of this Agreement (including, without limitation, Section 2.8) the Facility shall be a revolving credit facility and the Borrowers may borrow, repay and reborrow under the Facility as they see fit at any time prior to the Conversion Date. The Facility shall terminate on the Final Maturity Date.

2.3 AVAILABILITY OF ADVANCES

- (a) The Facility shall be available for Drawdowns by the Borrowers, at the option of the Borrowers, as follows:
 - (i) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of Cdn.\$ 5,000,000 and integral multiples of Cdn.\$ 100,000 in excess thereof, in Canadian Dollars by way of Prime Rate Advances;
 - (ii) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of Cdn.\$ 5,000,000 and integral multiples of Cdn.\$ 100,000 in excess thereof, in Canadian Dollars by way of Bankers' Acceptance Advances;
 - (iii) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of U.S.\$ 5,000,000 and integral multiples of

U.S.\$ 100,000 in excess thereof, in United States Dollars by way of Base Rate Canada Advances;

- (iv) to Celestica or any Designated Subsidiary, Drawdowns from Lenders, each in a minimum amount of U.S.\$ 5,000,000 and integral multiples of U.S.\$ 100,000 in excess thereof, in United States Dollars by way of LIBOR Advances; and
 - (v) to Celestica, Letters of Credit from the Issuing Bank on behalf of the Lenders in, at the option of Celestica, Canadian Dollars, United States Dollars or any Freely Tradeable European Currency, in accordance with Article 3.
- (b) Each Drawdown of an Advance pursuant to Section 2.3(a)(i) to (iv) shall be made by irrevocable Drawdown Notice, which Drawdown Notice shall be given by each Borrower to the Administrative Agent, not later than (x) 10:00 a.m. Toronto, Canada time on the Banking Day prior to the relevant Drawdown Date in the case of Prime Rate Advances, Bankers' Acceptance Advances, and Base Rate Canada Advances, and (y) 10:00 a.m. London, England time and 10:00 a.m. New York, New York time on the third Banking Day prior to the relevant Drawdown Date in the case of a LIBOR Advance in United States Dollars.
- (c) The Borrowers shall have the right to convert one currency into another as they see fit, but subject to the terms of this Agreement, including, without limitation, those provisions set out in items (i) to (iv) of subsection (a) above if the Conversion relates to an Advance other than a Swing Line Advance, providing for the manner in which the Facility is available to each Borrower. A Borrower may not make a Drawdown under the Facility if, as a result of such Drawdown, the sum of (i) the Equivalent Amount, expressed in United States Dollars, of the aggregate principal amount of all Prime Rate Advances and Acceptance Notes outstanding under the Facility, plus (ii) the Equivalent Amount, expressed in United States Dollars, of the aggregate Face Amount of all Bankers' Acceptances outstanding under the Facility, plus (iii) the Equivalent Amount, expressed in United States Dollars, of the maximum amount which may be drawn under all Letters of Credit outstanding under the Facility, plus (iv) the aggregate principal amount of all Base Rate Canada Advances outstanding under the Facility, plus (v) the aggregate principal amount of all LIBOR Advances outstanding under the Facility (collectively, the "OUTSTANDING AMOUNT") would exceed the aggregate of all Commitments of the Lenders at such time (or such lesser amount as may be available following a cancellation in part of the Facility pursuant to Section 2.7).
- (d) If a Borrower wishes to make a Drawdown under the Facility for the purpose of financing a Take-over Bid, such Borrower shall deliver to the Administrative Agent a written notice (a "TAKE-OVER BID NOTICE") thereof at least ten (10) Banking Days prior to the day on which it gives to the Administrative Agent a Drawdown Notice requesting such Drawdown. Such Take-over Bid Notice shall include the details of such Take-over Bid. As soon as possible, but in any event

within five (5) Banking Days of the giving of the Take-over Bid Notice, each Lender shall, acting reasonably and in good faith, determine whether or not it wishes to fund its Main Facility Rateable Portion of such Drawdown. Notwithstanding any other provisions hereof, if any Lender determines that it does not wish to fund its Main Facility Rateable Portion of such Drawdown, such Lender shall not be required to fund its Main Facility Rateable Portion of such Drawdown and the Drawdown shall be reduced accordingly.

(e) This Section 2.3 shall not apply to Swing Line Advances.

2.4 LENDERS' OBLIGATIONS

- (a) The obligations of the Lenders hereunder are several and not joint.
- (b) Save as otherwise specifically provided herein, each Lender shall participate in each Advance (other than, for certainty, any Swing Line Advance) referred to in the applicable provisions of Section 2.3 in accordance with its Main Facility Rateable Portion.
- (c) The failure of any Lender to make available its share of any Advance required to be made by it under this Agreement shall not relieve any other Lender of its obligation to make available its share of any Advance required to be made under this Agreement.

2.5 REPAYMENT OF ADVANCES BY FORMER DESIGNATED SUBSIDIARIES

Provided that the Facility is not earlier accelerated in accordance with Article 10, a Subsidiary which is no longer a Designated Subsidiary by virtue of the delivery of a notice in writing to the Administrative Agent to that effect by Celestica in accordance with Section 7.1(d) of this Agreement shall repay to the Administrative Agent the principal amount of Advances made by the Lenders to such Subsidiary, together with all accrued and unpaid interest thereon, on the day which is five (5) Banking Days after the date of delivery of such notice by Celestica to the Administrative Agent in accordance with Section 7.1(d) of this Agreement.

2.6 REPAYMENT OF FACILITY

- (a) In the event that, at any time, the Outstanding Amount exceeds the maximum amount allowed pursuant to Section 2.3 due to changes in exchange rates, then Celestica shall forthwith repay to the Administrative Agent or cause another Borrower to forthwith repay to the Administrative Agent that portion of the Outstanding Amount which is in excess of the maximum amount allowed pursuant to Section 2.3; provided, however, that unless the Outstanding Amount exceeds One Hundred and Five Per Cent (105%) of the aggregate Commitments under the Facility, there shall be no such obligation to make a repayment hereunder until the next following Interest Payment Date, Drawdown Date, date of Rollover or date of Conversion (whichever is the first to occur following receipt of written notice of determination of such Outstanding Amount by the

Administrative Agent to Celestica) and provided further that if such repayment would result in the repayment of a Bankers' Acceptance Advance prior to its maturity date or the repayment of an Acceptance Note or a LIBOR Advance prior to the last day of its Interest Period, Celestica may, or may cause another Borrower to, at its option and in lieu of repayment of such Advances, deposit with the Administrative Agent cash collateral in an amount equal to the required repayment amount to be held by the Administrative Agent for distribution to the Lenders as repayment of a Bankers' Acceptance Advance on its maturity date (or the last day of its then current Interest Period in the case of an Acceptance Note) or repayment of an Acceptance Note or a LIBOR Advance on the last day of its then current Interest Period, as the case may be.

- (b) Provided that the Facility is not prepaid or accelerated in accordance with Article 10, each Borrower shall repay the principal amount of all Advances made to it outstanding under the Facility, together with accrued and unpaid interest thereon, on the Final Maturity Date to the Administrative Agent and, in the event that the expiry date of any Letter of Credit is after the Final Maturity Date, Celestica shall deposit with the Administrative Agent, on behalf of the Issuing Bank, an amount equal to the undrawn Face Amount of any such issued and outstanding Letter of Credit. Such amount shall be held by the Administrative Agent in an interest-bearing account and shall be applied to satisfy Celestica's obligations pursuant to Section 3.4 in the event that the Issuing Bank is called upon by a beneficiary to honour a Letter of Credit. Following the expiry of all such Letters of Credit, the Administrative Agent shall pay to Celestica the amounts so deposited, together with any interest accrued thereon less any amount paid by the Administrative Agent to the Issuing Bank.
- (c) All repayments of the Facility by the Borrowers shall be in a minimum amount equal to the minimum amount of a Drawdown of each type of Advance set out in Section 2.3 and amounts in excess thereof in integral multiples of U.S.\$ 100,000, or the Equivalent Amounts thereof in the currency in which each Advance is denominated except in the event of a Rollover of an Advance into a lesser amount than the Advance then outstanding or a repayment pursuant to paragraphs (a) and (b) of Section 2.6 which may be in any amount. Repayments of any Advance outstanding under the Facility shall be made in the currency in which such Advance is denominated.

2.7 PAYMENTS/CANCELLATION OR REDUCTION

Celestica may at any time, including, without limitation, during the period between the Conversion Date and the Final Maturity Date, upon giving at least three (3) Banking Days' prior notice to the Administrative Agent, repay, or cause another Borrower to repay and, in each case, cancel, any drawn portion of the Facility or cancel in full or, from time to time, in part, any undrawn portion of the Facility; provided, however, that:

- (a) if any such repayment relates to Bankers' Acceptances, Acceptance Notes or Letters of Credit, which have not matured, the Borrower to which such Advance

was made shall, at such time, deposit in a cash collateral account opened and maintained by the Administrative Agent such amount as may be required to yield an amount equal to the aggregate undiscounted Face Amount of such instruments on the maturity dates thereof;

- (b) in the event that any such repayment relates to a LIBOR Advance other than on the scheduled last day of the applicable Interest Period, the Borrower to which such Advance was made shall contemporaneously pay to the Administrative Agent all applicable breakage costs, being any loss or expense incurred by the Lenders by reason of the resulting liquidation or re-employment of deposits of funds;
- (c) any such reduction shall be in a minimum amount of U.S.\$ 5,000,000 and cancellations in excess thereof shall be in increments of U.S.\$ 100,000;
- (d) any cancellation shall reduce the Commitment of each Lender on a PRO RATA basis having regard to the Commitment of each Lender; and
- (e) any such cancellation shall permanently reduce the Facility and may not be reinstated.

2.8 FINAL MATURITY DATE; EXTENSION OF CONVERSION DATE

- (a) FINAL MATURITY DATE. Subject to Section 2.7, this Section 2.8, Section 10.2 and Section 10.5, the Facility shall be available until the Final Maturity Date. Notwithstanding the termination of availability of the Facility, until all of the Obligations (other than contingent indemnity obligations) of the Borrowers shall have been fully and indefeasibly paid and satisfied and all financing arrangements among the Borrowers and the Lenders with respect to the Obligations shall have been cancelled or terminated, all of the rights and remedies under this Agreement and the other Loan Documents shall survive.
- (b) EXTENSION OF CONVERSION DATE. Not more than 90 days nor less than 60 days before the then effective Conversion Date, Celestica may request, by delivery of an Extension Request (which shall include the consent of all Guarantors) to the Administrative Agent, that the Conversion Date be extended for an additional period of 364 days. Within 5 days after receipt of such Extension Request, the Administrative Agent shall notify each Lender of the Extension Request by Celestica and provide each Lender with a copy of such Extension Request. Within 25 days after Celestica has delivered such Extension Request, each Lender shall give the Administrative Agent notice in writing of its decision to agree to so extend or to deny the requested extension (and the failure to provide such notice shall be deemed to be a decision to deny the requested extension). Within 5 days following the aforesaid 25 day period, the Administrative Agent shall give written notice to Celestica and the Lenders advising as to those Lenders who have agreed to the requested extension (for purposes of this Section 2.8, the "APPROVING LENDERS") and those Lenders who have not agreed to or who have been deemed

to have not agreed to the requested extension (for purposes of this Section 2.8, the "DISSENTING LENDERS").

- (i) If all Lenders approve the requested extension, the Facility shall be extended for a further 364 days and the Conversion Date shall be the date that is 364 days from the date that had been the Conversion Date.
- (ii) If Lenders having Commitments equal to at least 66 2/3% but less than 100% of the Commitments approve the requested extension then an Approving Lender, at its option, may acquire all or any portion of the rights and obligations of the Dissenting Lenders under the Facility by giving written notice to the Administrative Agent of the portion of the rights and obligations of the Dissenting Lenders which such Approving Lender is prepared to acquire. Such notice shall be given within 10 days following receipt of the notice from the Administrative Agent advising as to the Approving Lenders and the Dissenting Lenders pursuant to Section 2.8(b). If more than one Approving Lender gives notice to the Administrative Agent that it wishes to acquire all or a portion of the rights and obligations of the Dissenting Lenders under the Facility, then each Approving Lender shall, subject to Section 2.8(b)(iii) be entitled to acquire its pro rata share of the rights and obligations of the Dissenting Lenders under the Facility. For the purpose of this Section 2.8(b)(ii), the Approving Lenders' pro rata shares shall be determined based on the Commitments (before acquisition under this Section 2.8(b)(ii)) of each of the Approving Lenders wishing to acquire a portion of the rights and obligations of the Dissenting Lenders under the Facility. The Administrative Agent shall give written notice to Celestica within five days following the expiry of the time for Approving Lenders to give notice of acquisition pursuant to this Section 2.8(b)(ii), of the Commitments of the Dissenting Lenders so acquired.
- (iii) If one or more of the Approving Lenders (for purposes of this Section 2.8(b)(iii), the "ACQUIRING LENDERS") has given notice to the Administrative Agent that it wishes to acquire all or a portion of the rights and obligations of the Dissenting Lenders under the Facility pursuant to Section 2.8(b)(ii), then, concurrently with the notice given to Celestica pursuant to Section 2.8(b)(ii), the Administrative Agent shall give notice to each of the Acquiring Lenders setting out the Commitments of and the amount of the outstanding Advances made by the Dissenting Lenders to be acquired by each of the Acquiring Lenders in accordance with Section 2.8(b)(ii) and of the date (for purposes of this Section 2.8(b)(iii), the "ACQUISITION DATE") on which the acquisition shall be effective. The Acquisition Date shall be the tenth day following the date of the notice given pursuant to this Section 2.8(b)(iii). At or before 11:00 a.m. (Toronto, Canada time) on the Acquisition Date, each Acquiring Lender shall deposit with or transfer to the Administrative Agent for the account

of the Dissenting Lenders an amount equal to the amount of the outstanding credit to be acquired by it pursuant to this Section 2.8(b)(iii). Upon receipt of such amounts, the Administrative Agent shall (i) disburse such amounts to each of the Dissenting Lenders in accordance with their respective entitlement thereto against delivery of forms of Transfer Notice executed by each of the Dissenting Lenders; and (ii) make appropriate entries in the books of account regarding the Facility. The provisions of Section 13.11(b), (c) and (d) shall apply mutatis mutandis to any acquisition pursuant to this Section 2.8(b)(iii). Each acquisition of the outstanding Advances of a Dissenting Lender by an Acquiring Lender shall be subject to the prior consent of Celestica, which consent shall not be unreasonably withheld or delayed, provided that it shall not be unreasonable for Celestica to withhold its consent if such acquisition gives rise to a claim for increased costs pursuant to Article 5 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable under this Agreement, in excess of what would have been the case without such acquisition, but it shall be unreasonable for Celestica to withhold its consent if such Acquiring Lender waives the rights to any benefits under Section 5.7 in respect of the Advances purchased by it pursuant to this clause (iii).

- (iv) If Lenders having Commitments equal to at least 66 2/3% but less than 100% of the Commitments approve the requested extension and if the Acquiring Lenders have not acquired all of the rights and obligations of the Dissenting Lenders pursuant to Section 2.8(b)(iii), then Celestica may, at its option, either (A) locate one or more other financial institutions (for purposes of this Section 2.8(b)(iv), "ALTERNATE LENDERS"), satisfactory to the Administrative Agent acting reasonably, to become Lenders and to acquire all or a pro rata share of the rights and obligations of the Dissenting Lenders under the Facility which have not been acquired by the Acquiring Lenders or (B) repay to the Administrative Agent on behalf of such Dissenting Lenders all of the outstanding Advances which have been advanced by such Dissenting Lenders and all accrued and unpaid interest and fees thereon without any repayment to any other Lenders. For the purpose of this Section 2.8(b)(iv), the Alternate Lenders' pro rata shares shall be determined based on the Commitments of each of the Alternate Lenders wishing to acquire a portion of the rights and obligations of the Dissenting Lenders under the Facility. If all of the rights and obligations of the Dissenting Lenders have not been acquired by Acquiring Lenders or Alternate Lenders or both or if all of the credit outstanding hereunder which has been extended by such Dissenting Lenders and all accrued and unpaid interest and fees thereon have not been repaid as aforesaid on or before the then current Conversion Date, there shall be no extension of the then current Conversion Date and Section 2.8(b)(v) shall apply. If (A) all of the rights and obligations of the Dissenting Lenders have been acquired by Acquiring Lenders and/or Alternate Lenders and/or (B) if all of the

Advances outstanding hereunder which have been advanced by such Dissenting Lenders and all accrued and unpaid interest and fees thereon have been repaid as aforesaid on or before the then current Conversion Date, the Facility shall be extended for a further 364 days and the Conversion Date shall be the date that is 364 days from the date that had been the Conversion Date.

- (v) If Lenders having Commitments of less than 66 2/3% of the Commitments under the Facility approve the requested extension, the amount of the Facility shall be permanently reduced on the Conversion Date to the aggregate of the Advances outstanding on the Conversion Date under the Facility, there shall be no further extension of the Conversion Date and the Final Maturity Date shall be the date which is one year from the then effective Conversion Date, provided that the Facility shall, as at the then effective Conversion Date, cease to be revolving in nature.

A Dissenting Lender shall remain committed to make Advances under the Facility until the earlier of the date on which the Obligations owing to it are assigned or repaid as aforesaid and the Final Maturity Date as determined in accordance with Section 2.8(b)(v).

2.9 INTEREST ON PRIME RATE ADVANCES

Interest on each Prime Rate Advance shall accrue at a rate per annum equal to the Prime Rate in effect from time to time during the period of time that the Prime Rate Advance is outstanding plus the Applicable Margin. Such interest shall be payable to the Administrative Agent at its Toronto Office in Canadian Dollars on a quarterly basis in arrears on the last Banking Day of each of March, June, September and December (each herein referred to as an "INTEREST PAYMENT DATE") in each year for the period from and including the Drawdown Date for such Advance (or, if applicable, the date on which such Advance was converted into a Prime Rate Advance) or the preceding Interest Payment Date for such Prime Rate Advance, as the case may be, to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Prime Rate Advance from time to time outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days (in the case of an Interest Payment Date occurring in a leap year). Changes in the Prime Rate shall cause an automatic and immediate adjustment of the interest rate payable on Prime Rate Advances without the necessity of any notice to the Borrowers.

2.10 INTEREST ON BASE RATE CANADA ADVANCES

Interest on each Base Rate Canada Advance shall accrue at a rate per annum equal to the Base Rate Canada in effect from time to time during the period of time that the Base Rate Canada Advance is outstanding plus the Applicable Margin. Such interest shall be payable to the Administrative Agent at its Toronto Office in United States Dollars quarterly in arrears on each Interest Payment Date in each year for the period from and including the Drawdown Date for such Advance (or, if applicable, the date on which such Advance was converted into a Base Rate Canada Advance) or the preceding Interest Payment Date for such Base Rate Canada Advance, as the case may be, to and including the day preceding such Interest Payment Date and shall be

calculated on the principal amount of the Base Rate Canada Advance from time to time outstanding during such period and on the basis of the actual number of days elapsed and the number of days deemed to be included in a year by the definition of the rate used to set Base Rate Canada. Changes in the Base Rate Canada shall cause an automatic and immediate adjustment of the interest rate payable on Base Rate Canada Advances without the necessity of any notice to the Borrowers.

2.11 [INTENTIONALLY DELETED]

2.12 LIBOR ADVANCES

- (a) LIBOR Advances shall be available for Drawdown, Conversion or Rollover in United States Dollars in minimum principal amounts of U.S.\$ 5,000,000 and integral multiples of U.S.\$ 100,000 in excess thereof. Each Drawdown Notice shall specify the applicable Interest Period for the LIBOR Advance. The duration of each such Interest Period shall be for a period of approximately one, two, three or six months, as the Borrower requesting such Drawdown, Conversion or Rollover may select in the applicable Drawdown Notice, Conversion Notice or Rollover Notice. No LIBOR Advance may have an Interest Period ending after the Final Maturity Date. If any Interest Period would end on a day which is not a Banking Day, such Interest Period shall be extended to the next succeeding Banking Day unless such next succeeding Banking Day falls in the next calendar month, in which case such Interest Period shall be shortened to end on the immediately preceding Banking Day.
- (b) If a Lender determines that deposits of the necessary amount in the requested currency for the applicable Interest Period are not available in the London interbank market or if for any other reason the Administrative Agent, acting reasonably, is unable to determine the applicable LIBO Rate, then the relevant LIBOR Advance will not be made, and the Administrative Agent will discuss with such Borrower the particular circumstances and implications of such event. In the event that such determination is made by the Administrative Agent in the case of a proposed Rollover of an existing LIBOR Advance or a proposed Conversion of another type of Advance into a LIBOR Advance, the proposed LIBOR Advance will automatically be deemed to be a Base Rate Canada Advance.
- (c) Interest on any LIBOR Advance shall be calculated at a rate per annum equal to the LIBO Rate plus the Applicable Margin, plus any applicable Mandatory Cost then in effect, shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed (including the first day of each Interest Period but excluding the last day thereof) and divided by 360 or by 365 where market practice so requires. Interest on any LIBOR Advance shall be payable to the Administrative Agent in United States Dollars in arrears on the last day of the Interest Period relating thereto; provided, however, that if the Interest Period is for a term of more than three months, interest shall be payable on the last Banking

Day of the first three-month period and on the last Banking Day of each three-month period thereafter, as well as on the last day of the Interest Period.

- (d) [INTENTIONALLY DELETED]
- (e) If a LIBOR Advance to a Borrower is neither repaid on the last day of an Interest Period nor converted into another type of Advance on such date pursuant to Section 2.15, and if the Administrative Agent has not received a Rollover Notice or a Conversion Notice specifying the term of the next Interest Period for such LIBOR Advance at or before 10:00 a.m. (local time in Toronto, Canada) on the third Banking Day prior to the last day of the then current Interest Period, then the outstanding LIBOR Advance shall be deemed to be converted, by way of Conversion on the last day of the then current Interest Period, into a Base Rate Canada Advance.
- (f) [INTENTIONALLY DELETED]
- (g) Except as otherwise provided herein, LIBOR Advances shall not be repaid, prepaid or converted into another type of Advance except on the last day of any Interest Period relating thereto.

2.13 METHOD AND PLACE OF PAYMENT

- (a) Each payment to be made by a Borrower under this Agreement shall be made without deduction, set-off or counterclaim.
- (b) Except as provided in Section 4.2 with respect to Acceptance Fees and Section 3.8 with respect to fees for Letters of Credit, all payments of principal, interest and fees hereunder shall be made for value at or before 12:00 noon (local time in Toronto, Canada) on the day such amount is due by deposit or transfer thereof to the account of the Administrative Agent maintained at its Toronto Office. Payments received after such time shall be deemed to have been made on the next following Banking Day.
- (c) Subject to Section 11.16, each Lender shall be entitled to its Main Facility Rateable Portion of each repayment or prepayment of principal of a Prime Rate Advance (other than a Swing Line Advance), Acceptance Note, Base Rate Canada Advance (other than a Swing Line Advance) or payment of the Face Amount of Bankers' Acceptances made to Celestica or a Canadian Designated Subsidiary.
- (d) Notwithstanding Section 2.12(c), in the event that a Borrower is required to pay Additional Compensation to a Lender, such Borrower may prepay all or any portion of the Advances made by such Lender to such Borrower, without any obligation to prepay any portion of the Advances made by other Lenders to whom the Borrower is not required to pay Additional Compensation; provided, however,

that any prepayment of a Bankers' Acceptance Advance or LIBOR Advance shall be subject to the provisions of Section 12.2.

2.14 FEES

- (a) During the period commencing on the date hereof and ending on the Final Maturity Date (the "RELEVANT PERIOD"), Celestica on behalf of itself and the other Borrowers shall pay to the Administrative Agent for the account of the Lenders a fee (the "FACILITY FEE") calculated at the rate per annum set forth in Schedule C on the aggregate Commitments (after giving effect to any cancellation and reduction pursuant to Sections 2.7 and 2.8) hereunder during the relevant period from day to day which fee shall be payable quarterly in arrears.
- (b) During the relevant period, Celestica on behalf of itself and the other Borrowers shall pay to the Administrative Agent for the account of the Lenders a fee (the "UTILIZATION FEE") calculated at the rate per annum set forth in Schedule C on the aggregate principal amount of all outstanding Advances hereunder for each day during the relevant period on which the aggregate principal amount of all outstanding Advances exceed 33.333% of the aggregate Commitments (after giving effect to any increase, cancellation or reduction pursuant to Sections 2.3, 2.7, 2.8 and 2.23) hereunder, which fee shall be payable quarterly in arrears.

2.15 CONVERSION OPTIONS

Subject to the provisions of this Agreement (including, without limitation, Section 4.5), provided that no Event of Default has occurred and is continuing, a Borrower may convert any type of Advance outstanding under the Facility as follows:

- (a) provided that the relevant Borrower thereunder is Celestica or a Canadian Designated Subsidiary, a Prime Rate Advance or a portion thereof into a Bankers' Acceptance Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion;
- (b) provided that the relevant Borrower thereunder is Celestica or a Canadian Designated Subsidiary, the Face Amount of a Bankers' Acceptance or the principal amount of any Acceptance Notes, as applicable, or a portion thereof into a Prime Rate Advance on the maturity date of the Bankers' Acceptance or the last day of the then current Interest Period of such Acceptance Note by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion;
- (c) a Base Rate Canada Advance or a portion thereof into a LIBOR Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. three (3) Banking Days prior to the date of the proposed Conversion; and

- (d) a LIBOR Advance or a portion thereof into a Base Rate Canada Advance on the last day of the Interest Period of the relevant LIBOR Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion.

An Advance may not be converted into an Advance denominated in a currency other than the currency in which the original Advance was made; however, an Advance denominated in one currency may be repaid concurrently with the Drawdown of an Advance denominated in another currency.

2.16 EXECUTION OF NOTICES

All Drawdown Notices, Conversion Notices, Rollover Notices and notices of repayment or cancellation and, unless otherwise provided herein, all other notices, requests, demands or other communications to be given to the Administrative Agent by a Borrower hereunder shall be executed by any one officer or director of the Borrower making each such Drawdown Notice, Conversion Notice, Rollover Notice or notice of repayment or cancellation.

2.17 EVIDENCE OF INDEBTEDNESS

The Administrative Agent shall open and maintain in accordance with its usual practice books of account evidencing all Advances and all other amounts owing by the Borrowers to the Administrative Agent and the Lenders hereunder. The Administrative Agent shall also enter in the foregoing accounts details of every Letter of Credit issued on behalf of Celestica, details of every Drawdown Date in respect of each Advance and all amounts from time to time owing or paid by a Borrower to the Administrative Agent for its own account or for the account of the Lenders hereunder, the amounts of principal, interest and fees payable from time to time hereunder and the unused portion of each Lenders' Commitment available to be drawn down by the Borrowers or in respect of which Advances may be made in connection with reimbursement of the Issuing Bank pursuant to calls on a Letter of Credit. The information entered in the foregoing accounts shall constitute, in the absence of manifest error, PRIMA FACIE evidence of the obligations of the Borrowers to the Administrative Agent and the Lenders hereunder, the date the Lenders made each Advance available to the Borrowers, the date the Issuing Bank issued or was called to honour a Letter of Credit and the amounts the Borrowers have paid from time to time on account of the principal of and interest on the Advances.

2.18 INTEREST ON UNPAID COSTS AND EXPENSES

Unless the payment of interest is otherwise specifically provided for herein, where a Borrower fails to pay any amount required to be paid by a Borrower hereunder when due, having received notice that such amount is due, such Borrower shall pay interest to the Administrative Agent on such unpaid amount, including overdue interest from the time such amount is due until paid at an annual rate equal to the sum of (i) 2%, plus (ii) the Prime Rate, in the case of overdue amounts payable in Canadian Dollars, or the Base Rate Canada, in the case of overdue amounts payable in United States Dollars. Such interest shall be determined daily, compounded quarterly in arrears on each Interest Payment Date in each year and payable on demand.

2.19 CRIMINAL RATE OF INTEREST

Notwithstanding the foregoing provisions of this Article 2, the Borrowers shall in no event be obliged to make any payments of interest or other amounts payable to the Lenders hereunder in excess of an amount or rate which would be prohibited by law or would result in the receipt by the Lenders of interest at a criminal rate (as such terms are construed under the CRIMINAL CODE (Canada)).

2.20 COMPLIANCE WITH THE INTEREST ACT (CANADA)

For the purposes of this Agreement, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the INTEREST ACT (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis of such determination.

2.21 NOMINAL RATE OF INTEREST

The parties acknowledge and agree that all calculations of interest under the Loan Documents are to be made on the basis of the nominal interest rate described herein and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest. The parties acknowledge that there is a material difference between the stated nominal interest rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

2.22 SWING LINE FACILITY

- (a) SWING LINE ADVANCES. Subject to subsections (b) and (k), the Swing Line Lender hereby agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Advances in Canadian Dollars or United States Dollars to Celestica or any Canadian Designated Subsidiary from time to time from the date hereof to the Conversion Date but in any event not later than the Conversion Date.
- (b) LIMITATION ON SWING LINE ADVANCES. No Swing Line Advance shall be made by the Swing Line Lender if:
 - (i) the sum of (A) the amount of such Swing Line Advance and (B) the aggregate principal amount of all Swing Line Advances outstanding on such day exceeds the Available Swing Line Commitment; or
 - (ii) immediately after such Swing Line Advance is made, the aggregate outstanding principal amount of all Advances exceeds the aggregate Commitments.
- (c) AMOUNT OF EACH SWING LINE ADVANCE. Each Swing Line Advance in Canadian Dollars and each Swing Line Advance in United States Dollars shall be in an

aggregate principal amount of Cdn.\$ 1,000,000 or U.S.\$ 1,000,000, as the case may be, or any integral multiple thereof.

- (d) INTEREST RATES. Each Swing Line Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Swing Line Advance is made until it becomes due, at a rate per annum equal to, in the case of Swing Line Advances in Canadian Dollars, the Prime Rate plus the Applicable Margin, and, in the case of Swing Line Advances in United States Dollars, the Base Rate Canada plus the Applicable Margin.
- (e) PROCEDURE FOR REQUESTING SWING LINE ADVANCES. The relevant Borrower shall give to the Administrative Agent telephonic notice no later than 10:00 a.m. (local time) on the date of each Swing Line Advance specifying (i) the date of such Swing Line Advance, which shall be a Banking Day in Toronto, Canada; and (ii) the currency and amount of such Swing Line Advance. Such telephonic notice shall be followed by delivery by the relevant Borrower by no later than 3:00 p.m. local time on the same day of a Notice of Swing Line Borrowing. Promptly after receiving such Notice of Swing Line Borrowing, the Administrative Agent shall notify the relevant Swing Line Lender of the contents thereof and such Notice of Swing Line Borrowing shall not thereafter be revocable by such Borrower.
- (f) FUNDING OF SWING LINE ADVANCES. On the date of each Swing Line Advance, the Swing Line Lender shall make available such Swing Line Advance no later than 12:00 noon, Toronto, Canada time.
- (g) OPTIONAL PREPAYMENT OF SWING LINE ADVANCES. Any Borrower may prepay its Swing Line Advance in whole at any time or from time to time in part in a minimum principal amount of Cdn.\$ 1,000,000 or U.S.\$ 1,000,000, as the case may be, or any integral multiple thereof, by giving notice of such prepayment to the Administrative Agent not later than 10:00 a.m. Toronto, Canada time on the date of prepayment and paying the principal amount to be prepaid (together with interest accrued thereon to the date of prepayment) to the Administrative Agent for the account of the Swing Line Lender.
- (h) MATURITY OF SWING LINE ADVANCES. Any Swing Line Advance outstanding on the seventh day after such Swing Line Advance, if not repaid by such Borrower on such seventh day, shall convert to, in the case of a Swing Line Advance in Canadian Dollars, a Prime Rate Advance or, in a case of a Swing Line Advance in United States Dollars, a Base Rate Canada Advance, as the case may be. If, prior to the seventh day after such Swing Line Advance was made, the Administrative Agent declares the Advances to be immediately due and payable or the Commitments automatically terminate, each as set out in Section 10.2, such Swing Line Advance shall be due and payable on the date of such declaration by the Administrative Agent or automatic termination.
- (i) REFUNDING UNPAID SWING LINE ADVANCES. If any Swing Line Advance is converted, pursuant to subsection (h), to another form of Advance, the Swing

Line Lender shall forthwith notify the Administrative Agent and the Administrative Agent shall, by notice to the Lenders (including the Swing Line Lender in its capacity as Lender), require the Lenders to pay to the Administrative Agent, for the account of the Swing Line Lender, their Main Facility Rateable Portion of the aggregate amount of such other form of Advance. Such other form of Advance shall constitute, in the case of a Swing Line Advance in Canadian Dollars, a Prime Rate Advance and, in the case of a Swing Line Advance in United States Dollars, a Base Rate Canada Advance, provided that if the Lenders are prevented from making such Advances by provisions of applicable bankruptcy laws or otherwise, the amount so paid by each Lender shall constitute a purchase by it of a participation in the unpaid principal amount of such converted Swing Line Advances. Any such notice to the Lenders shall specify the date on which such payments are to be made by them. No later than 12:00 noon Toronto, Canada time on the date so specified each Lender shall pay the amount so notified to it in immediately available funds to the Administrative Agent for the account of the Swing Line Lender. Each Lender's obligations to make payments for the account of the Swing Line Lender under this subsection shall be absolute and unconditional and shall not be affected by any circumstance provided that no Lender shall be obligated to make any payment to the Administrative Agent under this Section with respect to a Swing Line Advance made by the Swing Line Lender at a time when such Swing Line Lender had received written notice from Celestica or the Administrative Agent that a Default had occurred and was continuing.

- (j) INCREASING OR DECREASING AVAILABLE SWING LINE COMMITMENT. At any time and from time to time, Celestica may, by written notice to the Administrative Agent, increase or decrease the Available Swing Line Commitment, provided that the Available Swing Line Commitment shall at no time exceed U.S.\$ 25,000,000 less the amount, if any, that the Commitment of the Swing Line Lender has been reduced pursuant to Section 2.7 or be less than zero.
- (k) TAKE-OVER BIDS. If a Borrower wishes to make a Drawdown of a Swing Line Advance for the purpose of financing a Take-over Bid, such Borrower shall deliver to the Swing Line Lender a Take-over Bid Notice at least ten (10) Banking Days prior to the day on which it gives to the Swing Line Lender a telephonic notice or Notice of Swing Line Borrowing requesting such Drawdown. Such Take-over Bid Notice shall include the details of such Take-over Bid. As soon as possible, but in any event within five (5) Banking Days of the giving of the Take-over Bid Notice, the Swing Line Lender shall, acting reasonably and in good faith, determine whether or not it wishes to fund such Swing Line Advance. Notwithstanding any other provisions hereof, if the Swing Line Lender determines that it does not wish to fund such Swing Line Advance, the Swing Line Lender shall not be required to fund such Swing Line Advance.

2.23 INCREASE IN AGGREGATE COMMITMENT AMOUNT TO U.S.\$ 500,000,000

- (a) Notwithstanding any other provision of this Agreement, each of the parties hereto agree that Celestica may, from time to time and at any time, give notice to the Administrative Agent that one or more financial institutions (each an "ADDITIONAL LENDER") have agreed to make commitments (each an "ADDITIONAL COMMITMENT") hereunder (provided, however, that Celestica shall not be entitled to give such notice at any time at which the aggregate Commitments is equal to U.S.\$ 500,000,000 (or such lesser amount as may be available following a cancellation in part of the Facility pursuant to Section 2.7)). Upon receipt of such written notice, each party hereto hereby irrevocably authorizes the Administrative Agent to:
- (i) insert the name of the Additional Lender that will become a Lender on Schedule A;
 - (ii) amend Schedule B to reflect the Additional Commitment of the Additional Lender;
 - (iii) affix signature pages of the Additional Lender to this Agreement; and
 - (iv) if Advances (other than Swing Line Advances) are outstanding at the time such notice is given, then the Additional Lender shall make available to the Administrative Agent an amount equal to its Main Facility Rateable Portion (calculated as if the Additional Commitment were a Commitment) of such Advances and the Administrative Agent shall make available to each Lender that Lender's Main Facility Rateable Portion (calculated without reference to the Additional Commitment) of such amount,

whereupon each of the Borrowers, the Administrative Agent, each Lender and the Additional Lender shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such Additional Lender been original parties hereto as Lenders.

- (b) Each of the parties hereto agrees that it will promptly execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers and consents and other assurances, and do all such other acts and things as may from time to time be desirable in order to better evidence or give effect to this Section 2.23.

ARTICLE 3
LETTERS OF CREDIT

3.1 ISSUANCE REQUEST

By delivering to the Administrative Agent and the Issuing Bank an Issuance Request at or before 12:00 noon, Toronto, Canada time, Celestica may request, from time to time prior to the Conversion Date and on not less than three nor more than ten Banking Days' notice, that the Issuing Bank issue an irrevocable standby letter of credit or letter of guarantee in such form as may be requested by Celestica and approved by the Issuing Bank (each a "LETTER OF CREDIT") in support of financial obligations of a Restricted Subsidiary incurred in such Restricted Subsidiary's ordinary course of business and which are described in such Issuance Request, provided that, if the form of the letter of credit requested by such Borrower is in a language other than English, Celestica shall provide to the Administrative Agent and the Issuing Bank not less than ten nor more than twenty Banking Days notice. Upon receipt of an Issuance Request, the Administrative Agent shall, within twenty (20) days of the receipt thereof, notify the Lenders thereof. Each Letter of Credit shall, by its terms:

- (a) be issued in a Face Amount which when aggregated with the Face Amounts of all other outstanding Letters of Credit does not exceed (or would not, upon its issuance, exceed) the then Letter of Credit Availability;
- (b) be stated to expire on a date (its "STATED EXPIRY DATE") not later than the earlier of two years from its date of issuance and the Final Maturity Date; and
- (c) on or prior to its Stated Expiry Date:
 - (i) terminate immediately upon notice to the Issuing Bank thereof from the beneficiary thereunder that all obligations covered thereby have been terminated, paid or otherwise satisfied in full, and
 - (ii) reduce, in part, immediately and to the extent that the beneficiary thereunder has notified the Issuing Bank thereof that the obligations covered thereby have been paid or otherwise satisfied in part.

Celestica may request Letters of Credit to be denominated in Canadian Dollars, in United States Dollars, in Pounds Sterling or in such Freely Tradeable European Currency (other than Pounds Sterling) as the Issuing Bank, in its sole and absolute discretion, may agree. The provisions of Section 6.1 (with the exception of 6.1(h)) shall apply to Letters of Credit issued contemporaneously on the first Drawdown Date and, thereafter, Section 6.2 (with the exception of Section 6.2(a)) shall apply at the time of issuance of any Letter of Credit as if such issuance were a Drawdown.

3.2 ISSUANCES

On the terms and subject to the conditions of this Agreement, the Issuing Bank shall issue Letters of Credit in accordance with the Issuance Requests made therefor. The Issuing Bank will make

available the original of each Letter of Credit which it issues in accordance with the Issuance Request therefor to the beneficiary thereof. The Issuing Bank shall notify the Administrative Agent of each issuance of or amendment to any Letter of Credit on the day upon which such issuance or amendment occurs and will promptly provide each of the Administrative Agent and the Lenders with a copy of such Letter of Credit or amendment thereof.

3.3 OTHER LENDERS' PARTICIPATION

Each Letter of Credit issued pursuant to Section 3.2 shall, effective upon its issuance and without further action, be issued on behalf of all Lenders (including the Issuing Bank) in their respective Main Facility Rateable Portions. Each Lender shall, to the extent of its Main Facility Rateable Portion, be deemed irrevocably to have participated in the issuance of the Letter of Credit and shall be deemed to have purchased from the Issuing Bank an interest in each Letter of Credit equal to its Main Facility Rateable Portion of the Face Amount of each Letter of Credit; provided, however, that in the event that any Letter of Credit is denominated in a currency other than United States Dollars, each of the Lenders, other than the Issuing Bank, shall be deemed to have purchased from the Issuing Bank an interest in each Letter of Credit equal to its Main Facility Rateable Portion of the Equivalent Amount, expressed in United States Dollars and determined on the date of issuance, of the Letter of Credit. Each Lender shall be responsible to reimburse promptly the Issuing Bank for Reimbursement Obligations which have not been reimbursed by Celestica in accordance with Section 3.4 or which have been reimbursed by Celestica but must be returned, restored or disgorged by the Issuing Bank for any reason and each Lender shall, to the extent of its Main Facility Rateable Portion, be entitled to receive from the Administrative Agent its Main Facility Rateable Portion of the LC Fee received by the Administrative Agent with respect to each Letter of Credit. In the event that Celestica shall fail to reimburse the Issuing Bank or if for any reason Advances shall not be made to fund any Reimbursement Obligation, all as provided in Section 3.4 and in an amount equal to the amount of any drawing on or by the Issuing Bank under a Letter of Credit, or in the event the Issuing Bank must, for any reason, return, restore or disgorge such reimbursement, the Issuing Bank shall promptly notify each Lender of the unreimbursed amount of such drawing and such Lender's respective Main Facility Rateable Portion of the Face Amount of such Letter of Credit. Each Lender shall make available to the Issuing Bank, whether or not any Default shall have occurred and be continuing, an amount equal to its respective Main Facility Rateable Portion of the Face Amount of such Letter of Credit in same day or immediately available funds at the office of the Issuing Bank specified in such notice not later than 10:00 a.m. local time on the Banking Day after the date notified by the Issuing Bank. In the event that any Lender fails to make available to the Issuing Bank the amount of such Lender's participation in such Letter of Credit as provided herein, the Issuing Bank shall be entitled to recover such amount on demand from such Lender together with interest at a daily rate consistent with market practice. Nothing in this Section shall be deemed to prejudice the right of any Lender to recover from the Issuing Bank any amounts made available by such Lender to the Issuing Bank pursuant to this Section in the event that it is determined by a court of competent jurisdiction that the payment with respect to such Letter of Credit by the Issuing Bank in respect of which payment was made by such Lender constituted gross negligence or wilful misconduct on the part of the Issuing Bank. The Issuing Bank shall distribute to each other Lender which has paid all amounts payable by it under this Section with respect to any Letter of Credit issued by the Issuing Bank such other Lender's

Main Facility Rateable Portion of all payments received by the Issuing Bank from Celestica in reimbursement of drawings honoured by the Issuing Bank under such Letter of Credit when such payments are received.

3.4 REIMBURSEMENT

The Issuing Bank will notify Celestica and the Administrative Agent promptly following the presentment for payment of any drawing under a Letter of Credit which notice shall include the date (a "DISBURSEMENT DATE") such payment shall be made. Subject to the terms and provisions of such Letter of Credit, the Issuing Bank shall make such payment to the beneficiary (or its designee) of such Letter of Credit (each, a "DISBURSEMENT"). Unless Celestica has made alternative arrangements with the Issuing Bank with respect to payment to the Administrative Agent of an amount sufficient to permit the Issuing Bank to discharge its obligations under the Letter of Credit together with that amount equal to any and all charges and expenses which the Issuing Bank may pay or incur in respect to such Letter of Credit, at or prior to 12:00 noon, Toronto, Canada time on the Disbursement Date, Celestica will reimburse the Issuing Bank for all amounts disbursed under the Letter of Credit together with that amount equal to any and all charges and expenses which the Issuing Bank may pay or incur in respect of such drawing under such Letter of Credit, failing which any such payment so payable shall be deemed to be (i) a Drawdown of a Prime Rate Advance if payment under such Letter of Credit was made in Canadian Dollars; (ii) a Drawdown of a Base Rate Canada Advance if payment under such Letter of Credit was made in United States Dollars; or (iii) a Drawdown of a Base Rate Canada Advance in the Equivalent Amount in United States Dollars on the date of such disbursement of the aggregate of the amount so disbursed and all such charges and expenses if payment under such Letter of Credit was made in a Freely Tradeable European Currency; provided that the provisions of Section 6.2 regarding conditions for subsequent Drawdowns and the provisions of Section 11.2 relieving Lenders of the obligation to make further Advances shall not apply to such Advances. In the event that any amount so payable by the Issuing Bank exceeds the amount available to be drawn down by Celestica under the Facility, then forthwith upon receipt of such notice, Celestica shall provide to the Issuing Bank an amount equal to such excess amount. Celestica's obligation (a "REIMBURSEMENT OBLIGATION") to reimburse the Issuing Bank with respect to each Disbursement, and each Lender's obligation to make participation payments in each drawing which has not been reimbursed by Celestica, shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim, or defence to payment which Celestica may have or have had against any Lender or any beneficiary of a Letter of Credit, including any defence based upon the occurrence of any Default, any draft, demand or certificate or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient, the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in the Issuing Bank's good faith opinion, such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Disbursement, or the legality, validity, form, regularity, or enforceability of such Letter of Credit; provided, however, that nothing herein shall adversely affect the right of Celestica to commence any proceeding against the Issuing Bank for any wrongful Disbursement made by the Issuing Bank under a Letter of Credit as a result of gross negligence or wilful misconduct on the part of the Issuing Bank.

3.5 DEEMED DISBURSEMENTS

Upon the declaration by the Administrative Agent that all Advances are immediately due and payable or are due and payable on demand pursuant to Section 10.2 or the occurrence of the Final Maturity Date, an amount equal to any portion of an outstanding and undrawn Letter of Credit shall, at the election of the Issuing Bank acting on instructions from the Majority Lenders, and without demand upon or notice to Celestica, be deemed to have been paid or disbursed by the Issuing Bank under such Letter of Credit (notwithstanding that such amount may not in fact have been so paid or disbursed), and, upon notification by the Issuing Bank to the Administrative Agent and Celestica of its obligations under this Section, Celestica shall be immediately obligated to reimburse the Issuing Bank for the amount deemed to have been so paid or disbursed by the Issuing Bank. Any amounts so received by the Issuing Bank from Celestica pursuant to this Section shall be held as collateral security for the repayment of Celestica's obligations in connection with the Letters of Credit issued by the Issuing Bank. At any time when such Letters of Credit shall terminate pursuant to Section 3.1(c)(i) or be reduced pursuant to Section 3.1(c)(ii) the obligations of Celestica under this Section shall be reduced accordingly (subject, however, to reinstatement in the event any payment in respect of such Letters of Credit is recovered in any manner from the Issuing Bank), and the Issuing Bank will return to Celestica the amount, if any, by which (i) the amount deposited by Celestica with the Issuing Bank; exceeds (ii) the amount applied by the Issuing Bank to any Reimbursement Obligation of Celestica less the amount of all Reimbursement Obligations of Celestica.

If, pursuant to Section 10.2, the Administrative Agent withdraws its declaration that all Advances are immediately due and payable or are due and payable on demand, or at such time when all Events of Default shall have been cured or waived, the Issuing Bank shall return to Celestica all amounts then on deposit with such Issuing Bank pursuant to this Section 3.5.

3.6 NATURE OF REIMBURSEMENT OBLIGATIONS

Celestica shall assume all risks of the acts, omissions, or misuse of any Letter of Credit it has requested by the beneficiary thereof. Neither the Issuing Bank nor any Lender (except to the extent of its own gross negligence or wilful misconduct) shall be responsible for:

- (a) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for or issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent, or forged;
- (b) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;
- (c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

- (d) errors, omissions, interruptions, or delays in transmission or delivery of any messages, by mail, telecopier, or otherwise; or
- (e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit or of the proceeds thereof.

None of the foregoing shall affect, impair, or prevent the vesting of any of the rights or powers granted to the Issuing Bank or any Lender hereunder. Any action taken or omitted to be taken by the Issuing Bank in good faith shall be binding upon Celestica and shall not subject the Issuing Bank to any resulting liability to Celestica.

3.7 INDEMNITY FOR COSTS

Celestica shall indemnify the Issuing Bank against any and all costs, damages, expenses, taxes (other than taxes on overall net income, assets or capital), claims and demands which the Issuing Bank may incur or sustain by reason of or arising in any way whatsoever in connection with the operating, establishing or paying of the amounts payable under the Letter of Credit or arising in connection with any amounts payable by the Issuing Bank thereunder.

3.8 FEES

- (a) At the time of issuance of a Letter of Credit, Celestica shall pay to the Administrative Agent, for the account of the Issuing Bank, an issuing fee in an amount equal to the product of (i) the maximum amount payable under the Letter of Credit, (ii) 0.1%, and (iii) a fraction, the numerator of which is the number of days in the term of the Letter of Credit and the denominator of which is 365 (or 366 in the case of a leap year).
- (b) At the time of issuance of a Letter of Credit and, if applicable, on the date one year from the date of issuance of each Letter of Credit which has a term longer than one year, Celestica shall pay to the Administrative Agent for the accounts of the Lenders, an annual fee in an amount equal to the product of (i) the maximum amount payable under the Letter of Credit, (ii) the LC Fee, and (iii) a fraction, the numerator of which is the number of days in the term of the Letter of Credit to elapse in that calendar year from the date of issuance and the denominator of which is 365 (or 366 in the case of a leap year).
- (c) Celestica shall pay to the Administrative Agent, for the account of the Issuing Bank, an amendment fee in United States Dollars in respect of each amendment to any Letter of Credit in such amount as is usual and customary for the Issuing Bank to charge its customers, and such fee shall be payable by Celestica to the Administrative Agent, for the account of the Issuing Bank, at the time of request for such amendment.
- (d) In the event that the currency in which a Letter of Credit is expressed to be drawn is a currency other than United States Dollars or Canadian Dollars, for the

purposes of assessing the fees payable under this Section 3.8, the maximum amount payable under the Letter of Credit shall be deemed to be the Equivalent Amount in United States Dollars of such other currency on the date on which such fee is to be assessed.

3.9 ISSUING BANK

The Issuing Bank shall be Scotiabank or such other Lender as Celestica may designate and such Lender may agree from time to time.

ARTICLE 4

BANKERS' ACCEPTANCES AND ACCEPTANCE NOTES

4.1 FUNDING OF BANKERS' ACCEPTANCES

If the Administrative Agent receives from Celestica or a Canadian Designated Subsidiary a Drawdown Notice or a Rollover Notice or a Conversion Notice requesting an Advance or a Rollover or a Conversion into a Bankers' Acceptance Advance, the Administrative Agent shall notify each of the Lenders, prior to 11:30 a.m. (Toronto, Canada time) on the first Banking Day prior to the date of such Advance, of such request and each Lender's Main Facility Rateable Portion of such Advance except that, if the Face Amount of a draft which would otherwise be accepted by a Lender would not be Cdn.\$ 100,000, or an integral multiple thereof, such Face Amount shall be increased or reduced by the Administrative Agent in its sole and unfettered discretion to the nearest integral multiple of Cdn.\$ 100,000. Each Lender shall, not later than 11:30 a.m. (Toronto, Canada time) on the date of each Advance by way of Bankers' Acceptance under the Facility (whether in respect of a Drawdown or pursuant to a Rollover or Conversion), accept drafts of such Borrower who has delivered such Drawdown Notice, Rollover Notice or Conversion Notice which are presented to it for acceptance and which have an aggregate face amount equal to such Lender's Main Facility Rateable Portion of the total Advance being made by way of Bankers' Acceptances on such date. With respect to each Drawdown of or Rollover of or Conversion into Bankers' Acceptances, each Lender shall not be required to accept any draft which has a face amount which is not an integral multiple of Cdn.\$ 100,000. Subject to this Section and Section 2.3, each Lender shall purchase its Main Facility Rateable Portion of any Bankers' Acceptances. Concurrently with the acceptance of drafts of such Borrower as aforesaid, each Lender shall make available to the Administrative Agent its Main Facility Rateable Portion of the Notional BA Proceeds with respect to such Advance. The Administrative Agent shall, upon fulfilment by such Borrower of the conditions set out in Section 6.1 or Section 6.2, as applicable, make such Notional BA Proceeds available to such Borrower on the date of such Advance by crediting the Designated Account of such Borrower.

4.2 ACCEPTANCE FEES

With respect to each draft of Celestica or a Canadian Designated Subsidiary accepted pursuant hereto, such Borrower shall pay to the Administrative Agent for the account of the Lenders, as the case may be, in advance, an acceptance fee calculated at the rate per annum, on the basis of a year of 365 days or 366 days in the case of a leap year, equal to the Applicable Margin pertaining to the Canadian BA Rate on the Face Amount of such Bankers' Acceptance or the principal amount of an Acceptance Note, as applicable for its term, being the actual number of days in the period commencing on the date of acceptance of such Borrower's draft or the date of such Acceptance Note and ending on but excluding the maturity date of the Bankers' Acceptance or Acceptance Note. Such acceptance fees shall be non-refundable and shall be fully earned when due or the last day of the Interest Period of the Acceptance Note, as applicable. Such acceptance fees shall be paid by the Borrower whose draft has been accepted by the Administrative Agent deducting the amount thereof on behalf of the Lenders from what would otherwise be Notional BA Proceeds funded pursuant to Section 4.1.

4.3 SAFEKEEPING OF DRAFTS

The Lenders agree that, in respect of the safekeeping of executed drafts of Celestica or any Canadian Designated Subsidiary which are delivered to them for acceptance hereunder, they shall exercise the same degree of care which the Lenders give to their own property, provided that the Lenders shall not be deemed to be insurers thereof.

4.4 TERM AND INTEREST PERIODS

The term of any Bankers' Acceptance shall be specified in the draft and in the Drawdown Notice, Conversion Notice or Rollover Notice related thereto and the Interest Period for any Acceptance Note shall be specified in the Drawdown Notice, Conversion Notice or Rollover Notice related thereto and the term of any Bankers' Acceptance and the Interest Period of an Acceptance Note shall be for periods of approximately 30, 60, 90 or 180 days, unless otherwise agreed to by the Administrative Agent. The term of each Bankers' Acceptance shall mature, and the Interest Period of an Acceptance Note shall end, on a Banking Day. Each Borrower who delivers a Drawdown Notice, Rollover Notice or Conversion Notice shall ensure that no Bankers' Acceptance issued pursuant thereto shall have a maturity date after the Final Maturity Date and that no Acceptance Note issued pursuant thereto shall have an Interest Period ending after the Final Maturity Date.

4.5 PAYMENT ON MATURITY

A Borrower which has received a Bankers' Acceptance Advance shall pay to the Administrative Agent, for the account of the Lenders, on the maturity date of such Bankers' Acceptance and the last day of the Interest Period of an Acceptance Note an amount equal to the Face Amount of such maturing Bankers' Acceptance or the principal amount of such Acceptance Note, as the case may be; provided that such Borrower may, at its option, so reimburse the Lenders, in whole or in part, by delivering to the Administrative Agent no later than 10:00 a.m. two (2) Banking Days prior to the maturity date of a maturing Bankers' Acceptance or the last day of the Interest Period of an Acceptance Note, as the case may be, a Rollover Notice specifying the term of the Bankers' Acceptances or the next Interest Period for such Acceptance Note, as the case may be, and presenting drafts or Acceptance Notes to the Lenders for acceptance and purchase having, in the case of reimbursement in whole by replacement Bankers' Acceptances or Acceptance Notes, an aggregate Face Amount equal to the Face Amount of the maturing Bankers' Acceptances or principal amount of the Acceptance Notes. In the event that a Borrower fails to deliver a Conversion Notice or Rollover Notice and fails to make payment to the Administrative Agent in respect of the maturing Bankers' Acceptance Advance, the Face Amount of the maturing Bankers' Acceptances and the principal amount of the Acceptance Notes forming part of such Bankers' Acceptance Advance shall be deemed to be converted to a Prime Rate Advance on the relevant maturity date.

4.6 WAIVER OF DAYS OF GRACE

Each of Celestica and any Canadian Designated Subsidiary Borrower renounces and shall not claim any days of grace for the payment of any Bankers' Acceptance or Acceptance Notes.

4.7 SPECIAL PROVISIONS RELATING TO ACCEPTANCE NOTES

- (a) Each Borrower and each Lender hereby acknowledges and agrees that from time to time certain Lenders which are Non-Schedule I Lenders may not be authorized to or may, as a matter of general corporate policy, elect not to accept or purchase Bankers' Acceptance drafts, and the Borrowers and each Lender agree that any such Lender may purchase Acceptance Notes of any of Celestica or any Canadian Designated Subsidiary in accordance with the provisions of Section 4.7(b) in lieu of creating Bankers' Acceptances for its account.
- (b) In the event that any Lender described in Section 4.7(a) above is unable to, or elects as a matter of general corporate policy not to, accept or purchase Bankers' Acceptances hereunder, such Lender shall not be required to accept or purchase Bankers' Acceptances hereunder, but rather, if Celestica or any Canadian Designated Subsidiary requests the acceptance of such Bankers' Acceptances, that Borrower shall deliver to such Lender an Acceptance Note or Acceptance Notes of such Borrower having the same maturity as the Bankers' Acceptances to be accepted and in an aggregate principal amount equal to the face amount of such Bankers' Acceptances. Each such Lender hereby agrees to purchase Acceptance Notes from such Borrower at a purchase price equal to the Notional BA Proceeds which would have been applicable if a Bankers' Acceptance draft had been accepted by it and such Acceptance Notes shall be governed by the provisions of this Article 4 as if they were Bankers' Acceptances.

4.8 NO MARKET

If the Administrative Agent determines in good faith and notifies Celestica in writing that, by reason of circumstances affecting the Canadian money market, there is no market for Bankers' Acceptances, then the right of Celestica or any Canadian Designated Subsidiary to request Bankers' Acceptance Advances shall be suspended until the Administrative Agent, acting reasonably, determines that the circumstances causing such suspension no longer exists and the Administrative Agent so notifies Celestica. In such circumstances, any Drawdown Notice for a Bankers' Acceptance Advance which is outstanding shall be cancelled and the Drawdown requested therein shall, at the option of Celestica or any Canadian Designated Subsidiary delivering such Drawdown Notice, either not be made or be made as a Prime Rate Advance.

ARTICLE 5
CHANGE OF CIRCUMSTANCES
AND INDEMNIFICATION

5.1 [INTENTIONALLY DELETED]

5.2 [INTENTIONALLY DELETED]

5.3 LENDER REPRESENTATION

Each Lender represents to each of Celestica and each Designated Subsidiary and the Administrative Agent that it is resident in Canada for the purposes of the INCOME TAX ACT (Canada) and that it is beneficially entitled to the principal, interest and fees payable to it under the Loan Documents. The foregoing representation shall be true and correct and shall be deemed to be given by each Lender on each day that a payment of interest, principal or fees is to be made to it pursuant to a Loan Document.

5.4 [INTENTIONALLY DELETED]

5.5 INCREASED COSTS

In the event of (i) any Applicable Law coming into force after the date hereof, (ii) any change in any Applicable Law, or in the interpretation or application thereof by any court or by any governmental, regulatory, other authority or central bank charged with the administration thereof, or (iii) compliance by any Lender with any direction, request or requirement (whether or not having the force of law but, if not having the force of law, one with which a responsible bank acting reasonably would comply) of any government, monetary authority, central bank or comparable agency (each such event being hereinafter referred to as a "CHANGE IN LAW") which now or hereafter:

- (a) subjects a Lender to any Tax or changes the basis of taxation, or increases any existing Tax (in each case, except for the coming into force of any Tax or change in the basis of taxation in respect of or the change in the rate of Tax charged on net income as a whole, on franchises or capital applicable to the relevant jurisdictions of the Lender), on payments of principal, interest or other amounts payable by the Borrowers to such Lender under any Loan Document or on or by reference to the amount of any Advances made or to be made by any Lender hereunder or on or by reference to the Commitment of any Lender, or
- (b) imposes, modifies or deems applicable any reserve, deposit, ratio or similar requirements or otherwise imposes any cost on any Lender in funding or maintaining all or any of the Advances or its Commitment (including, without limitation, any such requirement imposed by the Board of Governors of the United States Federal Reserve System or by the Bank of England or The Financial Services Authority), or

- (c) has the effect of increasing the amount of overall capital required to be maintained by a Lender, taking into account the existence of such Lender's participation in any Advance or any of its obligations under any Loan Document (including, without limitation, all or any part of its Commitment),

and the result of any of the foregoing is to increase the cost to a Lender, reduce the income receivable by it or reduce the effective return on the capital of such Lender in respect of any Advances and/or its Commitment to an extent which such Lender believes to be material (after consultation with Celestica), the Lender shall give notice thereof to the Administrative Agent and the Administrative Agent shall give notice thereof to the Borrowers (herein called a "NOTICE OF AMOUNT") stating the event by reason of which it believes it is entitled to Additional Compensation, such cost and/or such reduction in such return (or such proportion of such reduction as is, in the reasonable and BONA FIDE opinion of such Lender, attributable to its obligations hereunder), the amount of such Additional Compensation (as hereinafter defined) incurred by such Lender and supplying reasonable supporting evidence (including, in the event of change of Applicable Law, a photocopy of the Applicable Law evidencing such change together with a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis for calculation of such Additional Compensation and an opinion in writing of such Lender's counsel confirming such change); provided that the Lender shall not be required to disclose any information required to be kept confidential by Applicable Law (in which case the requirement of such confidentiality shall be supported by an opinion of such Lender's Counsel) within ten (10) Banking Days of the date of receipt of any Notice of Amount, the amount set out therein (in this Article 5 referred to as "ADDITIONAL COMPENSATION") shall be paid to the Lender by Celestica (if applicable, on behalf of the relevant Designated Subsidiary) to the Lender. In the event such Lender subsequently recovers all or part of the Additional Compensation paid by the Borrowers, it shall repay an equal amount to such Borrowers.

5.6 ILLEGALITY

If, with respect to any Lender, the implementation of any existing provision of Applicable Law or the adoption of any Applicable Law, or any change therein or in the interpretation or application thereof by any court or by any statutory board or commission now or hereafter makes it unlawful for such Lender to make, fund or maintain all or any portion of an outstanding Advance, to maintain all or any part of its Commitment hereunder or to give effect to its obligations in respect of all or any portion of an outstanding Advance, such Lender may, by written notice thereof to the Borrowers and the other Lenders through the Administrative Agent (supported, at the request and expense of the Borrowers, by an opinion of such Lender's counsel), declare the obligations of such Lender under this Agreement to be terminated whereupon the same shall forthwith terminate, and the Borrowers to whom such Lender has made Advances shall repay within the time required by such law (or as promptly as practicable if already unlawful or at the end of such longer period, if any, as such Lender in its BONA FIDE opinion may agree) the principal of the Advances made by such Lender. If any such change shall affect only that portion of such Lender's obligations under this Agreement that is, in the BONA FIDE opinion of such Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise

affecting any of the obligations of such Lender or the Borrowers hereunder, such Lender shall declare its obligations under only that portion so terminated.

5.7 MITIGATION

- (a) If, in respect of any Lender, circumstances arise which would result, upon the giving of notice, in:
 - (i) Additional Compensation being paid by a Borrower to a Lender under Section 5.5; or
 - (ii) a reduction of all or any of an Advance by such Lender or the Lender's Commitment pursuant to Section 5.6; or
 - (iii) the prepayment of the portion of the Advances outstanding to it pursuant to Section 5.6; or
 - (iv) the payment of any amount by an Obligor under Section 5.8;

then such Lender, promptly upon becoming aware of the same and the possible results thereof, shall notify the Administrative Agent thereof and the Administrative Agent shall notify the Borrowers thereof and, in consultation with the Borrowers shall take such steps, if any, as such Lender in its BONA FIDE opinion considers appropriate to mitigate the effects of such circumstances. Without limiting the generality of the foregoing, if it is commercially reasonable, such Lender shall make reasonable efforts to limit the incidence of any such Additional Compensation and seek recovery for the account of the Borrowers upon the Borrower's request and at the Borrower's expense; provided that such Lender in its reasonable determination suffers no appreciable economic, legal, regulatory or other disadvantage. In all events, the Lenders shall promptly co-operate with the Borrowers to the extent possible, to rearrange the affected availment to one that may not be affected by such change, but failure to effect a change in availment shall not relieve the relevant Borrower of its obligation to pay the Additional Compensation. Notwithstanding the foregoing provisions, a Lender shall only be entitled to rely upon the provisions of Section 5.5 if and for so long as it is not treating the Borrowers in any materially different or in any less favourable manner than is applicable to any other customers of any relevant Lender, where such other customers are bound by similar provisions to the foregoing provisions of Section 5.5.

- (b) If any Lender seeks Additional Compensation pursuant to Section 5.5 hereof (the "AFFECTED LENDER"), then the relevant Borrowers may indicate to the Administrative Agent in writing that they desire to
 - (i) replace the Affected Lender with one or more of the other Lenders, and/or
 - (ii) amend a Drawdown Notice or Notice of Swing Line Borrowing to reduce the amount sought to be borrowed to reflect the reduced amount hereunder, and the Administrative Agent shall then forthwith give notice to the other Lenders that any Lender or Lenders may, in the

aggregate, advance all or part of the Affected Lender's Main Facility Rateable Portion of such Advance and, in the aggregate, assume all or part of the Affected Lender's Commitment and obligations hereunder and acquire all or part of the rights of the Affected Lender and assume all or part of the obligations of the Affected Lender under each of the other Loan Documents (but in no event shall any other Lender or the Administrative Agent be obliged to do so). If a Lender shall so agree in writing (herein collectively called the "ASSENTING LENDERS" and individually called an "ASSENTING LENDER") with respect to such advance, acquisition and assumption, the Main Facility Rateable Portion of such Advance of each Assenting Lender (other than a Swing Line Advance) and the Commitment and the obligations of such Assenting Lender under this Agreement and the rights and obligations of such Assenting Lender under each of the other Loan Documents shall be increased accordingly on a date mutually acceptable to such Assenting Lender and the Borrowers. On such date, the Assenting Lender shall advance to the relevant Borrowers the relevant portion of the Affected Lender's Main Facility Rateable Portion of the outstanding Advances (other than Swing Line Advances) and the relevant Borrowers shall prepay to the Affected Lender the Advances of the Affected Lender then outstanding, together with all interest accrued thereon and all other amounts owing to the Affected Lender hereunder, and, upon such advance and prepayment, the Affected Lender shall cease to be a "Lender" for purposes of this Agreement and shall no longer have any obligations hereunder. Upon the assumption of the Affected Lender's Commitment as aforesaid by an Assenting Lender, Schedule B hereto shall be deemed to be amended to increase the Commitment of such Assenting Lender by the amount of such assumption and to reduce the Commitment of the Affected Lender by a like amount. If no Assenting Lender is found, then in such event, the relevant Borrower is entitled to repay the Affected Lender and reduce its obligations hereunder by such amount so repaid.

5.8 TAXES

- (a) All payments by any Obligor under this Agreement or the Guarantees shall be made free and clear of and without deduction or withholding for any and all Taxes, unless required by law. If an Obligor shall be required by law, rule, regulation or the interpretation thereof by the relevant governmental authority to deduct or withhold any such Taxes from or in respect of any sum payable under this Agreement,
 - (i) the sum payable shall be increased by such additional amount as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts paid under this Section 5.8), the relevant Lenders or the Administrative Agent, as applicable, receive a net amount equal to the full amount they would have received if no deduction or withholding had been made;
 - (ii) the Obligor shall make such required deductions or withholdings;

- (iii) the Obligor shall pay the full amount deducted or withheld to the relevant taxation or other authority in accordance with Applicable Law; and
- (iv) such Obligor shall deliver to the relevant Lender or Administrative Agent, as applicable, as soon as practicable after it has made such payment to the applicable authority (x) a copy of such receipt as is issued by such authority evidencing the deduction or withholding of all amounts required to be deducted or withheld from the sum payable hereunder or (y) if such a receipt is not available from such authority, notice of the payment of such amount deducted or withheld;

provided that the obligations of an Obligor to pay additional amounts pursuant to hereto shall not apply with respect to Taxes ("EXCLUDED TAXES") arising by virtue of a Lender or the Administrative Agent, as applicable, having a connection with the jurisdiction that imposes the Taxes other than merely by the execution of this Agreement, receipt of payments under this Agreement, the holding and disposition of Advances, the performance of its obligations or the enforcement of its rights under this Agreement.

- (b) Without prejudice to the foregoing provisions of this Section 5.8, if the Administrative Agent or any Lender (in this Section 5.8, an "INDEMNIFIED PERSON") is required at any time (whether before or after any Obligor has discharged all of its other obligations hereunder) to make any payment on account of any Tax which an Obligor is required to withhold in accordance with Section 5.8(a) hereof or for which an Obligor is otherwise required to indemnify a Lender or the Administrative Agent pursuant to Sections 5.8(a), (c) or (d) hereof, or if any liability in respect of any such payment is asserted, imposed, levied or assessed against such Indemnified Person, the Obligor in respect of which such sum was received or receivable shall, within 30 days of written demand of the Administrative Agent or Lender, promptly indemnify such Indemnified Person against such payment or liability, together with interest, penalties and expenses payable or incurred in connection therewith including, without limitation, any Tax imposed by any jurisdiction on or in relation to any amounts paid to or for the account of such Indemnified Person pursuant to this Section 5.8. An Indemnified Person intending to make a claim pursuant to this Section 5.8 shall notify the Obligor of the event in respect of which it believes it is entitled to make such claim and supply reasonable supporting evidence including a copy of the relevant portion of any written assessment, provided that any such Indemnified Person shall not be required to disclose any information required to be kept confidential by regulation or contract (in which case the basis of such confidentiality, at the request and expense of the Borrowers, shall be supported by an opinion of counsel of reputable standing).
- (c) If an Obligor fails to pay any Taxes required to be paid by it pursuant to this Section 5.8 when due to the appropriate taxing authority or fails to remit to the Administrative Agent, for the account of the respective Lenders, for the account

of the Administrative Agent or for the Administrative Agent's own account, as applicable, the required receipts or other documentary evidence required by Section 5.8(a)(ii), the Obligor shall indemnify the Lenders or the Administrative Agent, as applicable, for any incremental Taxes, interest or penalties that may become payable by any Lender or the Administrative Agent as a result of any such failure. For purposes of this Section 5.8, a distribution by the Administrative Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Obligor.

- (d) Each Obligor will indemnify the Lenders and the Administrative Agent for the full amount of Taxes imposed by any jurisdiction and paid by such Lender or the Administrative Agent, as applicable with respect to any amounts payable pursuant to this Section 5.8, and any liability arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or the Administrative Agent, as applicable makes written demand therefor which demand shall identify the nature and amount of Taxes for which indemnification is being sought and shall include a copy of the relevant portion of any written assessment from the relevant taxing authority demanding payment of such Taxes.
- (e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 5.8 shall survive the payment in full of principal, interest, fees and any other amounts payable hereunder and the termination of this Agreement and the Guarantees.

5.9 TAX REFUND

- (a) If, following the imposition of any Tax on any payment by any Obligor in consequence of which such Obligor pays an additional amount under Section 5.8(a), any Lender receives or is granted a refund of any Tax actually paid by it which in such Lender's sole opinion (acting in good faith) is attributable to such additional amount paid by such Obligor and is both identifiable and quantifiable by it without requiring such Lender or its professional advisers to expend a material amount of time or incur a material cost in so identifying or quantifying (any of the foregoing, to the extent so identifiable and quantifiable, being referred to as a "REFUND"), such Lender shall, to the extent that it can do so without prejudice to the retention of the relevant refund and subject to such Obligor's obligation to repay promptly on demand by the Lender the amount to such Lender if the relevant refund is subsequently disallowed or cancelled, reimburse such Obligor promptly after receipt of such refund by such Lender with such amount as such Lender shall in its sole opinion but in good faith have concluded to be the amount or value of the relevant refund.
- (b) Nothing contained in this Agreement shall interfere with the right of any Lender to arrange its Tax and other affairs in whatever manner it thinks fit. No Lender shall be required to disclose any confidential information relating to the organization of its affairs.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 CONDITIONS FOR CLOSING

The following conditions shall be satisfied by the Borrowers on or prior to Closing:

- (a) each Obligor shall have duly authorized, executed and delivered to the Administrative Agent each of the Loan Documents to which it is a party and each such Loan Document shall constitute a legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with its terms;
- (b) each Obligor shall have delivered to the Administrative Agent:
 - (i) a certified copy of its Organic Documents,
 - (ii) a certified copy of the resolutions authorizing it to enter into, execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder;
 - (iii) a certificate as to the incumbency of its officers signing the Loan Documents to which it is a party; and
 - (iv) a certificate of status, good standing or like certificate with respect to such Obligor issued by the appropriate government officials of the jurisdiction of its incorporation;
- (c) there shall have been no Material Adverse Change since September 30, 2002;
- (d) no Default or Event of Default shall have occurred and be continuing;
- (e) each Material Restricted Subsidiary shall have executed and delivered to the Administrative Agent (i) a confirmation of its Guarantee if previously provided in connection with the Existing Credit Agreement; or (ii) a Guarantee;
- (f) Celestica shall have executed and delivered to the Administrative Agent a confirmation of its Guarantee of the monetary Obligations of each Borrower (other than Celestica);
- (g) opinions of Borrowers' Counsel, and local counsel to each Guarantor, substantially in form of Schedule O, shall have been delivered to the Administrative Agent;
- (h) none of the undertaking, property or assets of the Borrowers or any of the Restricted Subsidiaries shall be subject to any Liens other than (i) Permitted Encumbrances or (ii) Liens with respect to which the Administrative Agent shall have received satisfactory evidence of the repayment of the underlying obligation and fully executed discharges and releases thereof and Celestica and each of the

Restricted Subsidiaries shall have delivered to the Administrative Agent a Permitted Encumbrance Certificate if any of the undertaking, property or assets of such Restricted Subsidiary is subject to any Liens;

- (i) the Borrowers shall have paid all fees and expenses relating to the Facility provided for in this Agreement as set out in Section 2.14; and
- (j) all amounts owing by the Borrowers to the Lenders and the Agents under the Senior Unsecured Credit Agreement shall have been fully repaid and such Senior Unsecured Credit Facility shall have been terminated and cancelled and shall cease to be of any further force and effect.

The conditions set forth in this Section 6.1 are inserted for the sole benefit of the Lenders and may be waived by the Administrative Agent on behalf of the Lenders in whole or in part, with or without terms or conditions. Prior to waiving any condition set forth in this Section 6.1, the Administrative Agent shall consult with the Joint Lead Arrangers and shall act reasonably given the views of each of the Joint Lead Arrangers with respect to such waiver.

6.2 CONDITIONS FOR FIRST DRAWDOWN

The following conditions shall be satisfied by the Borrowers on or prior to the first Drawdown Date after the date hereof:

- (a) the representations and warranties set forth in Section 8.1 shall be true and correct in all material respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom on the Drawdown Date;
- (b) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom on the Drawdown Date; and
- (c) any Borrower which intends to make a Drawdown shall have given the appropriate Drawdown Notice to the Administrative Agent in accordance with the provisions of Section 2.3.

6.3 CONDITIONS FOR SUBSEQUENT DRAWDOWNS

The following conditions shall be satisfied by the Borrower requesting an Advance at or prior to the time of each Drawdown of an Advance under the Facility (other than a deemed Drawdown pursuant to the provisions of Section 3.4 or 4.5) subsequent to the first Drawdown after the date hereof:

- (a) a Borrower shall have given to the Administrative Agent a Drawdown Notice in accordance with the provisions of Section 2.3;
- (b) the representations and warranties set forth in Section 8.1 shall be, MUTATIS MUTANDIS, true and correct in all material respects on and as of the Drawdown

Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom on the Drawdown Date;

- (c) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom on the Drawdown Date; and
- (d) if the Borrower requesting the Advance is a Restricted Subsidiary that has become a Designated Subsidiary, the Guarantee required by Section 9.1(m) to have been delivered by that Designated Subsidiary shall have been delivered to the Administrative Agent notwithstanding that the 45 day period referred to therein may not have expired.

ARTICLE 7
PROVISIONS RELATING TO SUBSIDIARIES

7.1 DESIGNATED SUBSIDIARIES

- (a) The Administrative Agent and the Lenders acknowledge and agree and Celestica hereby confirms that Celestica has designated Celestica International as a Canadian Designated Subsidiary and that there are not, on the date hereof, any other Designated Subsidiaries.
- (b) Celestica may, from time to time and at any time hereafter, designate any other wholly-owned qualifying Restricted Subsidiary as a Canadian Designated Subsidiary provided that:
 - (i) all Lenders shall have previously consented in writing to the designation of such Subsidiary as a Canadian Designated Subsidiary;
 - (ii) such Subsidiary was incorporated, continued, amalgamated or otherwise created in accordance with and continues to be governed by the laws of a province of Canada or the federal laws of Canada and which is domiciled in Canada;
 - (iii) such Restricted Subsidiary, prior to becoming a Designated Subsidiary, shall have executed and delivered to the Administrative Agent a Designated Subsidiary Agreement and, if it has not already done so, a Guarantee substantially in the form of Schedule H; and
 - (iv) the Restricted Subsidiary which is proposed to become a Designated Subsidiary shall have delivered to the Administrative Agent:
 - (A) a certified copy of the proposed Designated Subsidiary's Organic Documents;
 - (B) a certified copy of the resolutions authorizing it to enter into, execute and deliver the Designated Subsidiary Agreement and the Guarantee, if applicable, and to perform its obligations thereunder;
 - (C) a certificate as to the incumbency of its officers signing the Designated Subsidiary Agreement and the Guarantee, if applicable,
 - (D) a certificate of status, good standing or like certificate with respect to such Designated Subsidiary issued by appropriate government officials of the jurisdiction of its incorporation; and
 - (E) an opinion of counsel to the Designated Subsidiary in form of Schedule O with only those changes which are reasonably satisfactory to the Lenders' Counsel and counsel to the Designated Subsidiary;

- (c) Celestica may, from time to time and at any time hereafter, designate any other wholly-owned Restricted Subsidiary which does not fall within the definition of "CANADIAN DESIGNATED SUBSIDIARY" as a Consent Designated Subsidiary, provided that:
- (i) all Lenders shall have previously consented in writing to the designation of such Subsidiary as a Consent Designated Subsidiary;
 - (ii) Celestica shall have obtained the agreement in writing of a Lender located in the jurisdiction where such Consent Designated Subsidiary is resident, to utilize, subject to the terms of this Agreement, a portion of the Commitment of such Lender or its Affiliate to make Advances to the Consent Designated Subsidiary;
 - (iii) such Subsidiary, prior to becoming a Consent Designated Subsidiary, shall have executed and delivered to the Administrative Agent a Designated Subsidiary Agreement substantially in the form of Schedule H and a Guarantee substantially in the form of Schedule J, with such changes as the Administrative Agent and the Consent Designated Subsidiary may reasonably require on the advice of their respective counsel to reflect local legal requirements; and
 - (iv) the Restricted Subsidiary which is proposed to be designated as a Consent Designated Subsidiary shall have provided to the Administrative Agent such number of copies as the Administrative Agent may request of:
 - (A) a certified copy of the proposed Consent Designated Subsidiary's Organic Documents;
 - (B) the resolutions authorizing it to enter into, execute and deliver the Designated Subsidiary Agreement and the Guarantee, if applicable, and to perform its obligations thereunder;
 - (C) a certificate to the incumbency of its officers signing the Consent Designated Subsidiary Agreement and the Guarantee, if applicable;
 - (D) a certificate of status, good standing or like certificate with respect to such Consent Designated Subsidiary issued by appropriate government officials of the jurisdiction of its incorporation; and
 - (E) an opinion of counsel to the Consent Designated Subsidiary in the form of Schedule R with only those changes which are reasonably satisfactory to the Lenders' Counsel and counsel to the Consent Designated Subsidiary; and
- (d) Celestica may, from time to time and at any time hereafter, terminate the designation of a Designated Subsidiary as such by the delivery of written notice to

the Administrative Agent and the Relevant Facility Agent and from and after the day which is five (5) Banking Days after receipt of such notice, the subject Subsidiary shall no longer be a Designated Subsidiary and shall have no further right or ability to obtain further Advances under the Facility.

7.2 INTENTIONALLY DELETED

7.3 MATERIAL RESTRICTED SUBSIDIARIES TO PROVIDE GUARANTEES

- (a) Each Subsidiary of Celestica which is or becomes a Material Restricted Subsidiary shall comply with the requirements of Subsection 9.1(m).
- (b) In the event that a Material Restricted Subsidiary ceases to be a Material Restricted Subsidiary as a result of the diminution of the value of its assets such that the aggregate value thereof does not meet the applicable threshold set out in the definition of Material Restricted Subsidiary under this Agreement, Celestica may request and the Administrative Agent shall, in its reasonable discretion, release the Guarantee executed by such Material Restricted Subsidiary.

7.4 UNRESTRICTED SUBSIDIARIES

Celestica may, from time to time and at any time hereafter, designate any Subsidiary as an Unrestricted Subsidiary so long as:

- (a) (i) such Subsidiary shall not be a Subsidiary existing as at the date of this Agreement; (ii) such Subsidiary shall never have been a Designated Subsidiary; and (iii) such Subsidiary shall never have been a Restricted Subsidiary;
- (b) neither Celestica nor any of its Subsidiaries (other than Unrestricted Subsidiaries) shall be liable, contingently or otherwise, for any indebtedness or other liability or obligation of the Unrestricted Subsidiary, except for guarantees provided by the immediate parent of such Unrestricted Subsidiary in respect of indebtedness of such Unrestricted Subsidiary, where such guarantees are:
 - (i) made solely for the purpose of facilitating a pledge by the guarantor of Shares of such Unrestricted Subsidiary; and
 - (ii) the recourse under such guarantees are limited to such pledged Shares; and
- (c) neither Celestica nor any of its Restricted Subsidiaries shall have applied the proceeds of any Advance under the Facility to fund the equity of, or otherwise capitalize the Unrestricted Subsidiary.

Provided that an Event of Default has not occurred and is not continuing, Celestica may from time to time and at any time hereafter, designate an Unrestricted Subsidiary as a Restricted Subsidiary provided that:

- (i) immediately upon giving effect to such designation, Celestica shall remain in compliance with all covenants set out in Section 9.3 on a pro-forma (four quarter) basis; and
- (ii) the designation of such Unrestricted Subsidiary as a Restricted Subsidiary would not otherwise result in the occurrence of a Default or an Event of Default.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants as follows to the Administrative Agent and the Lenders and acknowledges and confirms that the Administrative Agent and the Lenders are relying upon such representations and warranties:

- (a) ORGANIZATION, ETC. Each Obligor is validly organized and existing and in good standing under the laws of the jurisdiction of its incorporation, creation or continuance, is duly qualified to do business and is qualified as a foreign corporation, company or other entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified would not reasonably be likely to have Material Adverse Effect, and has full power and authority and holds all requisite governmental licences, permits and other approvals to enter into and perform its obligations under the Loan Documents to which it is a party and except where failure to hold such licenses, permits or approvals would not reasonably be likely to have a Material Adverse Effect to own or hold under lease its property and to conduct its business substantially as currently conducted by it.
- (b) VALIDITY, ETC. Each Obligor has duly executed and delivered each Loan Document to which it is a party and each such Loan Document constitutes a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms.
- (c) DUE AUTHORIZATION, NON-CONTRAVENTION ETC. The execution, delivery and performance by each Obligor of each Loan Document to which it is a party are within its corporate powers, have been duly authorized by all necessary corporate action by it, and do not
 - (i) contravene its Organic Documents;
 - (ii) contravene any Applicable Law or contractual restriction; or
 - (iii) result in, or require the creation or imposition of, any Lien on any of its properties.
- (d) GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no consent from, notice to or filing with, any Official Body or other Person is required for the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party or in order to render any such Loan Document legal, valid, binding or enforceable against such Obligor.
- (e) FINANCIAL STATEMENTS. The consolidated unaudited financial statements of Celestica and its Subsidiaries as at September 30, 2002 fairly present the financial

condition of Celestica and its Subsidiaries as at such date and the results of their operations for the fiscal quarter and nine month period then ended, in accordance with GAAP consistently applied. Since September 30, 2002 (or, for the purposes of Sections 6.2 and 6.3, if the Conversion Date has been extended pursuant to Section 2.8, the date of the quarterly or annual financial statements delivered most recently prior to the date of the most recent of such extensions pursuant to Section 9.1(a)), there has been no Material Adverse Change;

- (f) LITIGATION, LABOUR CONTROVERSIES, ETC. There is no pending or, to the knowledge of Celestica and the Restricted Subsidiaries, threatened litigation, action, proceeding, or labour controversy affecting Celestica or any of the Restricted Subsidiaries, or any of their respective properties, businesses, assets or revenues, which would reasonably be likely to have a Material Adverse Effect or purports to affect the legality, validity or enforceability of any Loan Document.
- (g) LICENCES, ETC. AND COMPLIANCE WITH LAWS. All material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits required under Applicable Law (other than Environmental Laws) to enable each of the Borrowers and each Restricted Subsidiary to carry on their respective businesses as now conducted by them and to own or lease their respective properties have been duly obtained and are currently subsisting. Each of the Borrowers and each Restricted Subsidiary have complied in all material respects with the terms and provisions presently required to be complied with by them in all such material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits and with Applicable Law (other than Environmental Laws) and are not in violation of any of the respective provisions thereof if such non-compliance or violation would reasonably be likely to have a Material Adverse Effect.
- (h) COMPLIANCE WITH ENVIRONMENTAL LAWS. Each of the Borrowers and the Subsidiaries and all facilities and property now or formerly owned, operated or leased by them:
 - (i) are and have been in compliance with all Environmental Laws, including, without limitation, with respect to the release, spill, leak, pumping, pouring, emptying, injection, escape, leaching, dumping, spraying, burial, abandonment, incineration, seepage, placement, emission, deposit, issuance, discharge, transportation or disposal ("RELEASE") of any Hazardous Material in or over the water, atmosphere or soil other than for non-compliance with Environmental Laws which would not reasonably be likely to have a Material Adverse Effect;
 - (ii) have no contingent liabilities in connection with any Release or likely Release of Hazardous Materials and have not Released or caused or permitted the Release of Hazardous Materials, and have no knowledge of Releases by others, at, on or under any property now or previously owned, operated or leased by Celestica and its Material Restricted Subsidiaries

that, with respect to any of the foregoing, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;

- (iii) have not received notice of and are not aware of any pending or threatened claims, complaints, notices, orders, directions, instructions or requests for information with respect to any alleged violation of or potential liability under any Environmental Law which would reasonably be likely to have a Material Adverse Effect;
- (iv) have been issued and are in compliance with all permits, certificates, approvals, licences and other authorizations relating to environmental matters and necessary or desirable for the Business other than for any such non-issuances and non-compliances which would not reasonably be likely to have a Material Adverse Effect and each such permit, certificate, approval, licence or other authorization the absence of which would reasonably be likely to have a Material Adverse Effect is in good standing and there are no proceedings pending or, to the knowledge of the Borrowers, threatened to revoke, amend or limit in any material respect any such permit, certificate, approval, licence or other authorization;
- (v) have no underground storage tanks, active or, to the knowledge of the Borrowers, abandoned, including petroleum storage tanks, on or under any such property that, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;
- (vi) have not directly transported or directly arranged for the transportation of any Hazardous Substances in violation of Environmental Laws or to any location which would reasonably be likely to lead to claims against them for any remedial work, damage to the environment or natural resources or personal injury, including claims under CERCLA, which in any such case would reasonably be likely to have a Material Adverse Effect;
- (vii) have no polychlorinated biphenyls or friable asbestos present at any such property that, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;
- (viii) have no conditions which exist at, on or under any such property which, with or without the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Laws which would reasonably be likely to have a Material Adverse Effect; and
- (ix) is not listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites or Persons requiring investigation or clean up where the liability imposition and allocation regime provided for in the applicable state Environmental Law is similar to CERCLA, including, without limitation, the ability of governments and other parties to recover costs from other responsible or

potentially responsible persons, except for any such listing or proposed listing which would not reasonably be likely to have a Material Adverse Effect.

- (i) ENCUMBRANCES. There are no Liens on any of the assets or undertaking of the Borrowers or any Restricted Subsidiary other than Permitted Encumbrances.
- (j) NO DEFAULT OR EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.
- (k) ACCURACY OF INFORMATION. All factual information heretofore or contemporaneously furnished by or on behalf of Celestica in writing to the Administrative Agent for the purposes of or in connection with this Agreement is true and accurate in every material respect on the date as of which such information is dated or certified and as of the date of execution and delivery of this Agreement, and such information is not incomplete by omitting to state any material fact necessary to make such information not misleading.
- (l) NO ACTION FOR WINDING-UP OR BANKRUPTCY. There has been no involuntary action taken against any of the Borrowers or any Restricted Subsidiary for any such corporation's winding-up, dissolution, liquidation, bankruptcy, receivership, administration or similar or analogous events in respect of such corporation or all or any material part of its assets or revenues.
- (m) TAXES. Each Borrower and each of its Subsidiaries have duly filed on a timely basis all tax returns required to be filed by them except where such failure to file would not reasonably be likely to have a Material Adverse Effect and have paid all Taxes which are due and payable by them, and all assessments and re-assessments, and all other Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, other than those for which liability is being contested by them in good faith by appropriate proceedings and for which adequate provision has been made where required in accordance with GAAP or in respect of which such failure to pay would not reasonably be likely to have a Material Adverse Effect, and all required instalment payments have been made in respect of Taxes payable for the current period for which returns are not yet required to be filed except where such failure to pay would not reasonably be likely to have a Material Adverse Effect; there are no agreements, waivers or other arrangements providing for an extension of time with respect of the filing of any tax returns by them or the payment of any Taxes except where such agreements, waivers or other arrangements would not reasonably be likely to have a Material Adverse Effect; there are no actions or proceedings to be taken by any taxation authority of any jurisdiction to enforce the payment of any Taxes by them other than those which are being contested by them in good faith by appropriate proceedings and which proceedings have been stayed for the duration of such contestation.

- (n) PENSION PLANS. Except as would not be reasonably likely to have a Material Adverse Effect, (i) all Pension Plans are duly established, registered, qualified, administered and invested in compliance with the terms thereof, any applicable collective agreements and Applicable Law; (ii) no events have occurred and no action has been taken by any Person which would reasonably be likely to result in the termination or partial termination of any Pension Plan, whether by declaration of any Superintendent of Pensions or otherwise; (iii) none of the Borrowers have withdrawn any assets held in respect of any Pension Plan except as permitted under the terms thereof and Applicable Laws; (iv) no Pension Plan has a "SOLVENCY DEFICIENCY" or "GOING CONCERN UNFUNDED LIABILITY" as defined in the PENSION BENEFITS ACT (Ontario) and the regulations enacted thereunder, as amended; (v) all contributions, premiums and other payments required to be paid to or in respect of each Pension Plan have been paid in a timely fashion in accordance with the terms thereof and Applicable Law and no taxes, penalties or fees are owing or exigible in respect of any Pension Plan; and (vi) no actions, suits, claims, or proceedings are pending or, to the knowledge of the Borrower, threatened in respect of any Pension Plan or its assets, other than routine claims for benefits. For the purposes of this section, "APPLICABLE LAW" shall include any federal or provincial pension benefits legislation and the INCOME TAX ACT (Canada).
- (o) REGULATIONS U AND X. No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds from the Facility will be used for the purpose of purchasing or carrying directly or indirectly margin stock or for any other purpose that would constitute this transaction a "PURPOSE CREDIT" within the meaning of Regulations U and X of the Board of Governors of the Federal Reserves System, as any of them may be amended from time to time.
- (p) INVESTMENT COMPANY ACT. No Obligor is an "investment company" within the meaning of the United States INVESTMENT COMPANY ACT OF 1940 .
- (q) PUBLIC UTILITY HOLDING COMPANY ACT. No Obligor is an "affiliate" or a "subsidiary company" of a "public utility company" for a "holding company" or an "affiliate" or a "subsidiary company" of a "public utility company" as such terms are defined in the United States PUBLIC UTILITY HOLDING COMPANY ACT OF 1935.

8.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties set out in this Article 8 and in any Loan Document shall survive the execution and delivery of this Agreement and the making of any Advances to the Borrowers, notwithstanding any investigations or examinations which may be made by the Administrative Agent or any Lender or any counsel to any of them.

8.3 DEEMED REPETITION OF REPRESENTATIONS AND WARRANTIES

Each of the representations set out in Section 8.1 shall be true and correct in all material respects and shall be deemed to be given on the occurrence of (i) the Drawdown, Conversion or Rollover of an Advance, (ii) the acceptance of drafts presented for acceptance as Bankers' Acceptances or Acceptance Notes, and (iii) the issuance of a Letter of Credit, in each case by reference to the facts and circumstances existing on the date of such Drawdown or acceptance or issuance.

ARTICLE 9
COVENANTS

9.1 AFFIRMATIVE COVENANTS

Celestica covenants and agrees with each of the Lenders that, unless the Majority Lenders otherwise consent in writing, so long as any amount payable hereunder or under the Loan Documents is outstanding or any of the Lenders has any Commitment hereunder:

- (a) FINANCIAL REPORTING. Celestica shall deliver to the Administrative Agent, with sufficient copies for distribution to each of the Administrative Agent and each of the Lenders:
 - (i) within 60 days after the end of each of its fiscal quarters in each fiscal year, commencing with the fiscal quarter ending December 31, 2002, the unaudited financial statements of Celestica on a consolidated basis, each consisting of a balance sheet, statement of income and statement (in the form customarily prepared by Celestica for internal reporting purposes) of changes in financial position as at the end of such fiscal quarter and for the period commencing with the end of the previous fiscal quarter and ending with the end of such fiscal quarter, together with the figures for the year-to-date and setting forth, in each case, in comparative form to the figures for the corresponding fiscal quarter of the previous fiscal year;
 - (ii) within 120 days after the end of each fiscal year of Celestica, the audited consolidated financial statements of Celestica for such year setting forth the corresponding figures for the previous fiscal year in comparative form, together with the report thereon of an independent auditor of recognized national standing, each consisting of a balance sheet, statement of income and statement of changes in financial position;
 - (iii) within 60 days after the end of each fiscal quarter of Celestica in each fiscal year, commencing with the fiscal quarter ending December 31, 2002, an Officer's Certificate of Celestica substantially in the form of Schedule D stating that:
 - (A) Celestica is in compliance with the covenants set forth in this Article 9 and that no Default or Event of Default has occurred and is continuing (or specifying such non-compliance or Default or Event of Default and stating what action, if any, Celestica is taking or is causing to be taken in connection therewith) and providing a calculation of the ratios referred to in Sections 9.3(a), (b) and (c), and a statement as to the amount and calculation of Tangible Net Worth, EBITDA, Interest Expense and Gross Funded Debt, in each case as at the last day of the relevant period; and

- (B) Celestica has determined that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries do not, or will not, after giving effect to the Guarantees delivered by the Restricted Subsidiaries listed in a schedule thereto, exceed ten per cent (10%) of the unconsolidated assets of the Borrowers and the Restricted Subsidiaries on the date referenced in the most recently delivered set of financial statements delivered pursuant to Section 9.1(a)(ii);
- (iv) in the event that Celestica delivers filings other than the financial statements referred to in clauses (i) to (iii) above to any securities commission, stock exchange or similar regulatory authority, such filings concurrently with the delivery of such filings to the securities commission, stock exchange or similar regulatory authority; and
- (v) such other information respecting the condition or operations, financial or otherwise, of Celestica or any Subsidiary (other than an Unrestricted Subsidiary) as any Lender through the Administrative Agent may from time to time reasonably request.
- (b) CORPORATE STATUS. Subject to transactions undertaken in compliance with Section 13.12, Celestica shall remain a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario or the federal laws of Canada and each of the Restricted Subsidiaries shall remain validly organized and existing and in good standing under the laws of its jurisdiction of formation or continuance.
- (c) MAINTENANCE OF BUSINESS AND PROPERTIES. Each of Celestica and each Restricted Subsidiary shall, and shall cause each of its Subsidiaries (except for Unrestricted Subsidiaries) to, continue its business, maintain, preserve, protect and keep its properties in good repair, working order and condition, reasonable wear and tear excepted, and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless Celestica or such Restricted Subsidiary determines in good faith that the continued maintenance of any of its properties is no longer desirable.
- (d) NOTICE OF EVENT OF DEFAULT. Celestica shall deliver to the Administrative Agent, forthwith upon becoming aware of any Default or Event of Default, a certificate of an officer of Celestica specifying such Default or Event of Default together with a statement of an officer of Celestica setting forth details of such Default or Event of Default and the action which has been, or is proposed to be, taken with respect thereto.
- (e) OTHER NOTIFICATIONS. Celestica shall at any time upon request of the Administrative Agent, acting reasonably, provide to the Administrative Agent an up to date corporate chart showing Celestica and all of its Subsidiaries and shall promptly notify the Administrative Agent of:

- (i) any change in the name or organization of any of the Borrowers or any Material Restricted Subsidiary and of any change in the location of the registered office or executive office of any of them;
- (ii) the non-compliance with any Environmental Law or any environmental claim, complaint, notice or order issued to any of the Borrowers, or any of the Subsidiaries, or any other environmental condition or event where such non-compliance, condition or event would reasonably be likely to have a Material Adverse Effect. As soon as practicable thereafter, Celestica shall advise the Administrative Agent as to the actions which the Borrowers or any such Subsidiary intends to take in connection with any such claim, complaint, notice or order; and
- (iii) the institution of any steps by the Borrower or any other Person to terminate any Pension Plan which would reasonably be likely to have a Material Adverse Effect, failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 3.02(f) of ERISA, the taking of any action with respect to a Pension Plan which could reasonably be expected to result in the requirement that a Borrower furnish a bond or other security to the PBGC or such Pension Plan, the occurrence of any event with respect to any Pension Plan which would reasonably be likely to have a Material Adverse Effect and copies of all documentation relating thereto.
- (f) COMPLIANCE WITH LAWS, ETC. Each of Celestica and the Restricted Subsidiaries will, and will cause each of its Subsidiaries to, comply in all material respects with Applicable Laws, such compliance to include (without limitation) its qualification as a foreign corporation in all jurisdictions in which such qualification is legally required for the conduct of its business.
- (g) PAYMENT OF TAXES. The Borrowers shall, and the Borrowers shall cause each of the Subsidiaries to, pay or cause to be paid, when due, all Taxes including, property taxes, business taxes, social security premiums, assessments and governmental charges or levies imposed upon it or upon its income, sales, capital or profit or any property belonging to it unless any such Tax, social security premiums, assessment, charge or levy is contested by it in good faith with adequate provision or reserve, where required by GAAP, and to withhold and remit when due all payroll and withholding taxes.
- (h) INSURANCE. Each of Celestica and the Restricted Subsidiaries will, and will cause each of its Subsidiaries (except for Unrestricted Subsidiaries) to, maintain or cause to be maintained insurance with responsible insurance companies with respect to its properties and business against such casualties and contingencies, of such types, and in such amounts as is customary in the case for similar businesses operating in similar geographic locations. Notwithstanding the foregoing, Celestica and each of the Restricted Subsidiaries shall be permitted to self-insure only where self-insurance is usual and customary for the type of risk, and for

companies in substantially the same line of business and operating in the same geographic location as Celestica or the Restricted Subsidiary, as applicable, and where customary and usual reserves or provisions are taken in respect of such self-insurance by Celestica or the Restricted Subsidiary, as applicable. Upon request of the Administrative Agent, Celestica will furnish to the Administrative Agent for distribution to the Lenders at reasonable intervals a certificate of an Authorized Officer of Celestica setting forth the nature and extent of all insurance maintained by Celestica and the Restricted Subsidiaries in accordance with this Section which certificate shall specify the risks for which Celestica or any Restricted Subsidiary have self-insured and the amount of the provisions or reserves, if any, held or made in respect of such self-insurance.

- (i) **BOOKS AND RECORDS.** Celestica and each Restricted Subsidiary will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions. Celestica will permit the Administrative Agent and each Lender or any of their respective representatives, at reasonable times and customary intervals during normal business hours, to visit Celestica's offices and to discuss its financial matters with Celestica's financial officers. Upon the occurrence of and during the continuation of a Default, Celestica and each Restricted Subsidiary shall permit the Administrative Agent and each Lender or any of their respective representatives at any time to visit all of its offices, to discuss its financial matters with its officers and its independent chartered accountant (and each of Celestica and each Restricted Subsidiary hereby authorizes such independent chartered accountant to discuss their financial matters with the Administrative Agent and each Lender or its representatives whether or not any representative of Celestica or the Restricted Subsidiary is present) and to examine (and, at the expense of the Borrowers, photocopy extracts from) any of its books or corporate records. The Borrowers shall pay any fees of such independent chartered accountant incurred in connection with the Administrative Agent's or any Lender's exercise of its rights pursuant to this Section.
- (j) **DESIGNATED SUBSIDIARIES TO REMAIN SUBSIDIARIES.** Each Designated Subsidiary (or its Successor Corporation within the meaning of Section 13.12) shall remain a directly or indirectly wholly-owned Subsidiary of Celestica, except where the laws of the jurisdiction of incorporation of such Designated Subsidiary require qualifying shares of such Designated Subsidiary to be owned by another Person.
- (k) **PUNCTUAL PAYMENT.** Celestica will, and will cause each Obligor to duly and punctually pay or cause to be paid all amounts due under this Agreement and the other Loan Documents at the dates and places, in the currencies and in the manner provided in this Agreement and any other Loan Documents.
- (l) **RATINGS MAINTENANCE.** Celestica shall maintain a credit rating with the Approved Credit Rating Agencies and shall forthwith notify the Administrative Agent in the event that any rating by an Approved Credit Rating Agency is downgraded or in

the event that the rating of Celestica shall have been placed under review by an Approved Credit Rating Agency.

(m) MATERIAL RESTRICTED SUBSIDIARY GUARANTEES.

(i) Subject to clauses (ii) and (iii), Celestica shall:

- (A) within 45 days of the acquisition or incorporation of a Subsidiary which is a Restricted Subsidiary, whose assets total greater than U.S.\$ 150,000,000 on an unconsolidated basis on the date of such acquisition or incorporation; and
- (B) upon the designation of a Restricted Subsidiary as a Material Restricted Subsidiary on the Schedule to the Officer's Certificate delivered pursuant to Section 9.1(a)(iii) within 45 days of such delivery of the Officer's Certificate making such designation,

cause such Material Restricted Subsidiary to (I) authorize, execute and deliver a Guarantee to the Administrative Agent substantially in the form of Schedule H with such changes as the Administrative Agent and the Material Restricted Subsidiary may necessarily require on the advice of their respective counsel to reflect local legal requirements; (II) deliver to the Administrative Agent certified copies of its Organic Documents and a resolution authorizing the Guarantee, a certificate of its officers signing the Guarantee and a certificate of status, good standing or like certificate with respect to it issued by appropriate government officials of its jurisdiction of incorporation; and (III) cause to be delivered an opinion of counsel to the newly acquired or incorporated Material Restricted Subsidiary substantially in the form of Schedule O, with only those changes which are satisfactory to the Lender's Counsel.

(ii) In the event that any Material Restricted Subsidiary is not a wholly-owned Subsidiary of Celestica, on the later of (i) the date of execution of a Guarantee or (ii) the date of acquisition by any Person which is not Celestica or a Subsidiary of Celestica of any Share of such Material Restricted Subsidiary, Celestica shall deliver an acknowledgement addressed by such Person to the Administrative Agent acknowledging the Guarantee executed by such Material Restricted Subsidiary and the enforceability thereof against the Material Restricted Subsidiary to the full extent set out in the Guarantee (subject to the same qualifications as set out in the opinion of legal counsel to such Material Restricted Subsidiary with respect to such Guarantee) notwithstanding the ownership of Shares of the Material Restricted Subsidiary by such Person and any agreement between such Person and Celestica or any Subsidiary of Celestica.

(iii) The Borrowers and Guarantors shall, and the Borrowers shall cause each of its Subsidiaries to, take all such steps and do such things as may be

necessary, in the opinion of the Administrative Agent, to ensure the continuous enforceability of each Guarantee granted by each Borrower and each Material Restricted Subsidiary.

- (n) ACCURACY OF INFORMATION. All factual information hereafter furnished by or on behalf of Celestica in writing to the Administrative Agent for the purposes of or in connection with this Agreement shall be true and accurate in every material respect on the date as of which such information is dated or certified and shall not be incomplete by the omission to state any material fact necessary to make such information not misleading.

9.2 NEGATIVE COVENANTS

Celestica covenants and agrees with each of the Lenders that, unless the Majority Lenders otherwise consent in writing, so long as any amount payable hereunder is outstanding or the Lenders shall have any Commitment hereunder:

- (a) NO MERGER, AMALGAMATION, ETC. None of the Borrowers or any Restricted Subsidiary shall, directly or indirectly, merge, amalgamate or enter into any similar or other business combination pursuant to statutory authority or otherwise with any other Person except upon compliance with Section 13.12.
- (b) RESTRICTION ON DISPOSITION OF ASSETS. None of the Borrowers or any Restricted Subsidiary shall sell, assign, transfer, lease, convey or otherwise dispose of any property, assets or investments, (in each case a "SALE") other than:
- (i) sales made in compliance with Section 13.12; or
 - (ii) sales of obsolete equipment in the ordinary course of business; or
 - (iii) sales, assignments and transfers pursuant to a Permitted Securitization Transaction; or
 - (iv) sale/leaseback transactions of:
 - (A) any real property owned by a Borrower or Restricted Subsidiary; and
 - (B) any property or assets acquired by a Borrower or Restricted Subsidiary, as the case may be, which is completed within six months of the date on which such property or assets were acquired, provided that any Borrowing made to finance such acquisition shall be repaid within two Banking Days of the completion of such sale/leaseback transaction; or
 - (v) sales of Shares of any Unrestricted Subsidiary; or

- (vi) sales of assets and property, including inventory, in the ordinary course of business; or
 - (vii) sales of any fixed assets together with associated intellectual property not otherwise permitted in clauses (i) to (vi) above, subject to an aggregate limit of sales under this clause (vii) in any fiscal year by the Borrowers and Restricted Subsidiaries in an amount equal to 10% of the aggregate net book value of the fixed assets plus 10% of the aggregate net book value of intellectual property of Celestica on a consolidated basis (the "DISPOSITION ALLOWANCE") and provided that, in any fiscal year in which the Borrowers and Restricted Subsidiaries do not sell fixed assets and associated intellectual property under this clause (vii) having aggregate net book values totalling the disposition allowance, the Borrowers and Restricted Subsidiaries may carry forward into the following fiscal years the unused disposition allowance, and further provided that none of the Borrowers or Restricted Subsidiaries shall sell any intellectual property under this clause (vii) unless such sale is incidental to a sale of fixed assets; or
 - (viii) sales of assets, property or investments from a Borrower or Restricted Subsidiary to another Borrower or Restricted Subsidiary provided that no Borrower or Restricted Subsidiary shall so sell assets, property or investments during the occurrence and continuance of a Default or where such sale, alone or as part of a series of previously or concurrently occurring sales, would reasonably be likely to have a Material Adverse Effect.
- (c) RESTRICTION ON CERTAIN INTER-COMPANY TRANSACTIONS. Except as otherwise permitted by this Section 9.2, none of the Borrowers or any Restricted Subsidiary shall enter into any agreement or complete any transaction with any other Borrower or any Restricted Subsidiary during the occurrence and continuance of a Default or where such agreement or transaction, alone or as part of a series of previously or concurrently occurring agreements or transactions, would reasonably be likely to have a Material Adverse Effect.
- (d) NEGATIVE PLEDGE/PARI PASSU RANKING. None of the Borrowers or any of the Restricted Subsidiaries shall create, incur, assume or permit to exist any Lien, other than Permitted Encumbrances, on any of its property, undertaking or assets now owned or hereafter acquired. Each Obligor's monetary Obligations shall rank at least pari passu with all other unsecured Indebtedness of such Obligor and no Obligor shall, or shall agree with any other Person to, pay any other Indebtedness in priority to payment of all monetary Obligations as and when due.
- (e) RESTRICTION ON NON-ARM'S LENGTH TRANSACTIONS. The Borrowers shall not, and shall not permit any Restricted Subsidiary to, enter into any transaction or agreement with any Person which is not at Arm's Length with the Borrowers or

such Restricted Subsidiary (other than other Borrowers, Restricted Subsidiaries or Unrestricted Subsidiaries) unless,

- (i) such transaction or agreement is in the ordinary course of business and is on terms no less favourable to the Borrowers or such Restricted Subsidiary as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or such Restricted Subsidiary, and
 - (ii) such transaction or agreement complies with the terms of Section 9.2(c).
- (f) RESTRICTION ON CHANGE OF BUSINESS. None of the Borrowers or the Restricted Subsidiaries shall, either directly or indirectly, enter into any business other than the Business without the prior written consent of the Majority Lenders.
- (g) NO CHANGE IN ACCOUNTING TREATMENT OR REPORTING PRACTICES. Subject to the provisions of Section 1.7, none of the Borrowers nor any Restricted Subsidiary shall make any material change in its accounting or reporting or financial reporting practices, except as consistent with GAAP or Applicable Law, which changes shall be disclosed to the Lenders.
- (h) RESTRICTIONS ON TRANSACTIONS WITH UNRESTRICTED SUBSIDIARIES. No Borrower shall, or shall permit any Restricted Subsidiary to,
- (i) sell assets or lend monies to any Unrestricted Subsidiary unless such sale is permitted pursuant to Section 9.2(b)(vi) and such sale or loan is in the ordinary course of business and is on terms no less favourable to such Borrower or such Restricted Subsidiary as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or such Restricted Subsidiary; or
 - (ii) provide financial assistance by means of a guarantee to an Unrestricted Subsidiary unless the financial assistance is in the form of a guarantee granted by the immediate parent of such Unrestricted Subsidiary, where such guarantee is (A) made solely for the purpose of facilitating a pledge by the guarantor of Shares of such Unrestricted Subsidiary; and (B) the recourse thereunder is limited to the Shares of the Unrestricted Subsidiary; and (C) a pledge of the Shares of the Unrestricted Subsidiary.

9.3 FINANCIAL COVENANTS

- (a) MINIMUM TANGIBLE NET WORTH. Celestica shall maintain, at all times, a minimum Tangible Net Worth in an amount that shall not be less than an amount equal to the sum of U.S.\$ 1,750,000,000, plus 50% of cumulative annual positive Net Income commencing with the fiscal year ending December 31, 2000 and in each subsequent fiscal year.

- (b) MINIMUM EBITDA:INTEREST EXPENSE RATIO. Celestica shall maintain an EBITDA:Interest Expense ratio, calculated on a rolling four quarter basis of at least 3.5:1.0.
- (c) MAXIMUM GROSS FUNDED DEBT:EBITDA RATIO. Celestica shall maintain a Gross Funded Debt:EBITDA ratio calculated on a rolling four quarter basis of not more than 3.25:1.0. The numerator of such ratio will be reduced by 0.25 for each of the first three full calendar quarters following the final date on which the Facility ceases to be revolving in nature pursuant to Section 2.8(b)(v) hereof, so that such ratio will be 3.0:1.0 for the first such quarter, 2.75:1.0 for the second such quarter and 2.5:1.0 for the third such quarter and will remain at 2.5:1.0 for the last such quarter ending on the Final Maturity Date.
- (d) CALCULATION OF FINANCIAL RATIOS. For the purposes of Sections 9.3(a), (b) and (c), all of the calculations shall be made on a consolidated basis in accordance with the provisions of Sections 1.7 and 1.8.

ARTICLE 10
DEFAULT AND ACCELERATION

10.1 EVENTS OF DEFAULT

The occurrence of any one or more of the following events (each such event and the expiry of the cure period, if any, provided in connection therewith, being herein referred to as an "EVENT OF DEFAULT") shall constitute a default under this Agreement:

- (a) if a Borrower shall default in (i) the payment when due of any principal of any Advance; (ii) the payment when due of any interest on any Advance (and such default shall continue unremedied, in the case of interest, for a period of three (3) days); or (iii) the payment when due of any fee or any other Obligation (and any of such defaults described in item (iii) shall continue unremedied for a period of five (5) days);
- (b) any representation or warranty made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of an Obligor to the Administrative Agent for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be incorrect when made in any material respect;
- (c) any Obligor shall default in the service or performance of any agreement, covenant or condition contained herein or in any other Loan Document (other than as set forth above) and such failure shall remain unremedied for a period of thirty (30) days after notice in writing has been given by the Administrative Agent to Celestica;
- (d) if, on, prior to or in connection with any Indebtedness having a principal amount, individually or in the aggregate, in excess of U.S. \$50,000,000 becoming Acquired Indebtedness, (i) a default shall have occurred in the payment when due, whether by acceleration or otherwise, of any such Acquired Indebtedness, or (ii) a default shall occur or shall have occurred in the performance or observance of any obligation or condition with respect to such Indebtedness or as a result of such Indebtedness becoming Acquired Indebtedness, if the effect of such default is to accelerate the maturity of such Acquired Indebtedness or such default shall continue unremedied and unwaived for any applicable grace period of time sufficient to permit the holder or holders of such Acquired Indebtedness, or any trustee or agent for such holders, to have the right to cause such Acquired Indebtedness to become due and payable prior to its expressed maturity; provided that where such Acquired Indebtedness has a principal amount individually or in the aggregate, of up to and including U.S. \$100,000,000, a default described in clauses (i) or (ii) shall only be an Event of Default under this Agreement if unremedied for 60 days from the date such Indebtedness becomes Acquired Indebtedness;

- (e) a default shall occur in the payment when due, whether by acceleration or otherwise, of any Indebtedness (other than as set forth in (a) and (d) above) of any Borrower or any Restricted Subsidiary having a principal amount, individually or in the aggregate, in excess of U.S.\$ 50,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied and unwaived for any applicable grace period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to have the right to cause such Indebtedness to become due and payable prior to its expressed maturity;
- (f) any judgment or order for the payment of money in excess of U.S.\$ 25,000,000, which is not covered by insurance, shall be rendered against any Borrower or any Restricted Subsidiary and either:
 - (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or
 - (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect and such judgment shall not have been paid or otherwise satisfied;
- (g) any Borrower or any Restricted Subsidiary shall:
 - (i) become (or be deemed by any Applicable Law to be) insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay its debts as they generally become due;
 - (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian in connection with the insolvency of a Borrower or a Restricted Subsidiary or any property of any thereof except as permitted under Section 13.12, or make a general assignment for the benefit of creditors;
 - (iii) in the absence of an application referred to in Section 10.1(g)(ii), consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian for a Borrower or a Restricted Subsidiary or for a substantial part of the property of any of them except as permitted under Section 13.12, and such trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian shall not be discharged within 60 days, provided that the Borrowers hereby expressly authorize the Administrative Agent and each Lender to appear in any court conducting any relevant proceeding relating to any of them or any

Restricted Subsidiary during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

- (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement, administration or other case or proceeding under any bankruptcy, insolvency or similar law, or any dissolution, winding up, administration or liquidation proceeding, in respect of any Borrower or any Restricted Subsidiary (except as permitted under Section 13.12), and, if any such case or proceeding is not commenced by such Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by such Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that each Borrower and each Restricted Subsidiary is hereby deemed to expressly authorize the Administrative Agent and each Lender to appear in any court conducting any such case or proceeding relating to any of them or any Restricted Subsidiary during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or
- (v) take any corporate action authorizing, or in furtherance of, any of the matters referred to in clauses (ii), (iii) or (iv) above;
- (h) Onex Corporation shall cease to control Celestica unless the shares of Celestica become widely held such that no one Person or group of Persons acting jointly or in concert (within the meaning of Part XX of the SECURITIES ACT (Ontario)) controls Celestica, provided that any Person or group of Persons acting jointly or in concert which owns or controls securities of Celestica to which are attached more than 20% of the votes that may be cast to elect the directors of Celestica shall, in the absence of evidence satisfactory to the Administrative Agent, acting reasonably, be deemed to control Celestica;
- (i) any Loan Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor that is a party thereto; or any Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability of any Loan Document; or
- (j) any Borrower or any governmental authority declares, orders or proposes to order a full or partial wind up of any Pension Plan which, in either case, would reasonably be likely to have a Material Adverse Effect or if any of the following events shall occur with respect to a Pension Plan:
 - (i) the institution of any step by a Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrowers or any such member of its Controlled Group would reasonably be likely to be required to make a contribution to such Pension Plan or could reasonably expect to incur a liability or

obligation to such Pension Plan which, in either case, would reasonably be likely to have a Material Adverse Effect; or

- (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA.

10.2 ACCELERATION

Upon the occurrence of an Event of Default (other than as set forth in Section 10.1(g) or (h)) and at any time thereafter while an Event of Default is continuing, the Administrative Agent may, in consultation with the Lenders (and, if so instructed by the Majority Lenders, shall) by written notice to the Borrowers:

- (a) declare the Advances made to the Borrowers to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document) or declare such Advances to be due and payable on demand of the Administrative Agent; and/or
- (b) if not theretofore terminated, declare that all of the Commitments shall be cancelled, whereupon the same shall be cancelled and the Commitment of each Lender shall be reduced to zero.

If, pursuant to this Section 10.2, the Administrative Agent declares any Advances made to the Borrowers to be due and payable on demand, then, and at any time thereafter, the Administrative Agent may (and, if so instructed by the Majority Lenders, shall) by written notice to the Borrowers call for repayment of such Advances on such date or dates as it may specify in such notice (whereupon the same shall become due and payable on such date together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document and the provisions of Section 10.4 shall apply) or withdraw its declaration with effect from such date as it may specify in such notice.

Upon the occurrence of an Event of Default set forth in Section 10.1(g) or (h), the Commitments shall automatically terminate and the outstanding principal amount of all outstanding Advances (together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document and the provisions of Section 10.4 shall apply) shall automatically be and become immediately due and payable, without notice or demand.

10.3 REMEDIES WITH RESPECT TO BANKERS' ACCEPTANCE ADVANCES AND LETTERS OF CREDIT

If any Event of Default shall occur and be continuing such that the entire principal amount of the Advances then outstanding and all accrued and unpaid interest thereon and all other payments due hereunder or under any other Loan Document which are unpaid shall become immediately due and payable in accordance with the provisions of Section 10.2, then the Administrative Agent may (and, if so instructed by the Majority Lenders shall), by written notice to the Borrowers, require the Borrowers to pay to the Administrative Agent (i) on behalf of the Lenders, an amount equal to the Face Amount of outstanding Bankers' Acceptances and the

principal amount of all outstanding Acceptance Notes and (ii) on behalf of the Issuing Bank, an amount equal to the undrawn Face Amount of any Letters of Credit issued and outstanding under the Letter of Credit Facility.

10.4 REMEDIES CUMULATIVE AND WAIVERS

It is expressly understood and agreed that the rights and remedies of the Lenders, the Administrative Agent and each of them hereunder or under any other Loan Document or other instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lenders, the Administrative Agent or any of them of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lenders, the Administrative Agent or any of them may be lawfully entitled for such default or breach. Any waiver by the Lenders, the Administrative Agent or any of them of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein or in any other Loan Document and any indulgence granted, either expressly or by course of conduct, by the Lenders, the Administrative Agent or any of them shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lenders, the Administrative Agent or any of them under this Agreement or any other Loan Document as a result of any other default or breach hereunder or thereunder.

10.5 SUSPENSION OF LENDERS' OBLIGATIONS

Without prejudice to the rights which arise out of this Agreement or by law, the occurrence of an Event of Default shall, while such Event of Default shall be continuing, relieve the Lenders of all obligations to make any Advances hereunder (whether or not any Drawdown Notice in respect of any such Advance shall have been received by the Administrative Agent prior to the occurrence of an Event of Default) or to accept or comply with any Drawdown Notice, Conversion Notice or Rollover Notice or accept or purchase drafts or Bankers' Acceptances or Acceptance Notes in replacement of maturing Bankers' Acceptances or Acceptance Notes. Without prejudice to the rights which arise out of this Agreement or by law, the occurrence of an Event of Default shall, while such Event of Default is continuing, relieve the Issuing Lender of all obligations to issue Letters of Credit hereunder (whether or not any Issuance Request in respect of any such Letter of Credit shall have been received by the Administrative Agent and the Issuing Bank prior to the occurrence of an Event of Default) or to comply with any Issuance Request.

10.6 APPLICATION OF PAYMENTS AFTER AN EVENT OF DEFAULT

If any Event of Default shall occur and be continuing, all payments made by the Borrowers hereunder or payments made pursuant to any of the provisions of any of the Guarantees shall be applied in the following order:

- (a) to amounts due hereunder as costs and expenses of the Administrative Agent;
- (b) to amounts due hereunder as costs and expenses of the Lenders;

- (c) to amounts due hereunder as fees;
- (d) to any other amounts (other than amounts in respect of interest or principal) due hereunder;
- (e) to amounts due hereunder as interest; and
- (f) to amounts due hereunder as principal.

ARTICLE 11
THE ADMINISTRATIVE AGENT AND
ADMINISTRATION OF THE FACILITY

11.1 AUTHORIZATION OF ACTION

Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to be its agent in its name and on its behalf and to exercise such rights or powers granted to the Administrative Agent under this Agreement and the Loan Documents to the extent specifically provided herein and therein and on the terms hereof and thereof, together with such rights, powers and discretions as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or the Loan Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected as against the Lenders in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to liability in such capacity, which could result in the Administrative Agent incurring any costs and expenses or which is contrary to this Agreement or Applicable Law.

11.2 PROCEDURE FOR MAKING ADVANCES

- (a) The Administrative Agent shall make Advances available to the relevant Borrowers as required hereunder by debiting the account of the Administrative Agent to which the Lenders' Main Facility Rateable Portions of such Advances have been credited in accordance with Section 11.2(b) (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Administrative Agent and Celestica in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Drawdown Notice in respect of each Advance; provided that the obligation of the Administrative Agent hereunder shall be limited to taking such steps as are commercially reasonable to implement such instructions, which steps once taken shall constitute conclusive and binding evidence that such funds were advanced hereunder in accordance with the provisions relating thereto and the Administrative Agent shall not be liable for any damages, claims or costs which may be suffered by the Borrower and occasioned by the failure of such Advance to reach the designated destination, except to the extent such damages, claims or costs are the result of the gross negligence or wilful misconduct of the Administrative Agent.
- (b) Unless the Administrative Agent has been notified by a Lender on the Banking Day prior to the Drawdown Date requested by a Borrower that such Lender will not make available to the Administrative Agent its Main Facility Rateable Portion of such Advance, the Administrative Agent may assume that such Lender has made such portion of the Advance available to the Administrative Agent on the Drawdown Date in accordance with the provisions hereof and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on

such date a corresponding amount. If and to the extent such Lender shall not have so made its Main Facility Rateable Portion of the Advance available to the Administrative Agent, then such Lender shall pay to the Administrative Agent forthwith on demand such Lender's Main Facility Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Administrative Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Agent; provided, however, that notwithstanding such obligation, if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights such Borrower may have against such Lender, it shall reimburse such amount to the Administrative Agent forthwith after demand therefor by the Administrative Agent. The amount payable to the Administrative Agent pursuant hereto shall be as set forth in a certificate delivered by the Administrative Agent to such Lender and such Borrower (which certificate shall contain reasonable details of how the amount payable is calculated) and shall be conclusive and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Administrative Agent required herein, such Lender shall be considered to have made its Main Facility Rateable Portion of the Advance for purposes of this Agreement and the Administrative Agent shall make appropriate entries in the books of account maintained by the Administrative Agent.

- (c) The failure of any Lender to make its Main Facility Rateable Portion of any Advance shall not relieve any other Lender of its obligation, if any, hereunder to make its Main Facility Rateable Portion of such Advance on the Drawdown Date, but no Lender shall be responsible for the failure of any other Lender to make the Main Facility Rateable Portion of the Advance to be made by such other Lender on the date of any Advance.
- (d) Where a Drawdown under the Facility and a repayment of an Advance under the Facility are to occur on the same day, the Administrative Agent shall not make available to the relevant Borrower the amount of the Advance to be drawn down until the Administrative Agent is satisfied that it has received irrevocable and irreversible payment of the amount to be prepaid or repaid. Notwithstanding the foregoing, in the absence of gross negligence or wilful misconduct on the part of the Administrative Agent, the risk of non-receipt of the amount to be repaid is that of the Lenders and not of the Administrative Agent.
- (e) This Section 11.2 shall not apply to Swing Line Advances.

11.3 REMITTANCE OF PAYMENTS

Forthwith after receipt of any repayment of principal or payment of interest or fees pursuant to any provision of this Agreement, the Administrative Agent which has received such repayment or payment shall remit to each Lender its Main Facility Rateable Portion thereof; provided, however, that the Administrative Agent shall be entitled to set off against and deduct from any

amount payable to a Lender any outstanding amounts payable by such Lender to the Administrative Agent pursuant to Section 11.2(b). Forthwith after receipt of any payment of Facility Fees pursuant to Section 2.14, the Administrative Agent shall remit to each Lender its Main Facility Rateable Portion of such payment. If any Facility Agent, or the Administrative Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits such payment to the Lenders and the Borrowers fail to make such payment, each of the Lenders agrees to repay to the Administrative Agent forthwith on demand the amount received by it together with all reasonable costs and expenses incurred by the Administrative Agent in connection therewith to the extent not reimbursed by the Borrower and interest thereon at the rate and calculated in the manner applicable to the Advance in respect of which such payment was made for each day from the date such amount is remitted to the Lenders, the exact amount of the repayment required to be made by the Lenders pursuant hereto to be as set forth in a certificate delivered by the Administrative Agent to each Lender, which certificate shall be conclusive and binding for all purposes in the absence of manifest error. The Administrative Agent or the Administrative Agent, as applicable shall make appropriate entries in the register maintained by it to reflect the foregoing.

11.4 REDISTRIBUTION OF PAYMENT

- (a) If any Lender receives or recovers (whether by payment or combination of accounts or otherwise) an amount owed to it by a Borrower under this Agreement otherwise than through the Administrative Agent, then such Lender shall, within two Banking Days following such receipt or recovery, notify the Administrative Agent (who shall in turn notify the other Lenders) of such fact.
- (b) Subject to the other terms and conditions of this Agreement, if at any time the proportion which any Lender (a "RECOVERING LENDER") has received or recovered (whether by payment or combination of accounts or otherwise) in respect of its portion of any payment to be made under this Agreement by a Borrower for the account of such Recovering Lender and one or more other Lenders is greater (the amount of the excess being herein called the "EXCESS AMOUNT") than the proportion thereof received or recovered by the Lender or Lenders receiving or recovering the smallest proportion thereof, then:
 - (i) the Recovering Lender shall, within two Banking Days following such receipt or recovery, pay to the Administrative Agent an amount equal to the excess amount; and
 - (ii) the Agent shall treat the amount received by it from the Recovering Lender pursuant to paragraph (i) above as if such amount had been received by it from such Borrower pursuant to its obligations under this Agreement and shall pay the same to the Persons entitled thereto (including such Recovering Lender) PRO RATA to their respective entitlements thereto in which event, for all purposes in connection herewith, the Recovering Lender shall be deemed only to have received or recovered from such Borrower that portion of the excess amount which is

actually paid to the Recovering Lender by the Administrative Agent pursuant to this Section 11.4(b)(ii).

- (c) If a Lender that has paid an excess amount to the Administrative Agent in accordance with Section 11.4(b)(i) is required to refund the whole (or a portion) of such excess amount to the Borrower, then each of the other Lenders shall pay to the Administrative Agent for the account of that Lender the whole (or that proportion) of the amount received by it as a result of the distribution in respect of that excess amount made by the Administrative Agent pursuant to Section 11.4(b)(ii).

11.5 DUTIES AND OBLIGATIONS

- (a) None of the Agents nor any of their respective directors, officers, agents or employees (and, for purposes hereof, each of the Agents shall be deemed to be contracting for and on behalf of such Persons) shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Agent:
- (i) may assume that there has been no assignment or transfer by any means by any Lender of its rights hereunder, unless and until the Administrative Agent has received a duly completed and executed assignment in form satisfactory to it;
 - (ii) may consult with legal counsel (including the Lenders' Counsel), independent public accountants and other experts of reputable standing selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;
 - (iii) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of the Borrowers or any Guarantor made or deemed to be made hereunder;
 - (iv) may assume that no Event of Default has occurred and is continuing unless an appropriate officer charged with the administration of this Agreement has actual notice or knowledge to the contrary;
 - (v) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such Person; and

- (vi) shall incur no liability for its failure to distribute to any Lender the financial statements or other information provided to the Administrative Agent by the Borrowers or any Guarantor.

Further, each Agent (a) shall not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any of the Borrowers or any Guarantor or to inspect the property (including the books and records) of any of the Borrowers or any Guarantor and (b) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto.

- (b) No Agent makes any warranty or representation to any Lender nor shall any Agent be responsible to any Lender for the accuracy or completeness of the data made available to any of the Lenders in connection with the negotiation of this Agreement, or for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement.
- (c) Except as otherwise provided for herein, an Agent may, but is not obligated to, seek the approval of the Majority Lenders to any consents required to be given by an Agent hereunder.

11.6 PROMPT NOTICE TO THE LENDERS

Subject to the provisions of Section 11.5(a)(vi), the Administrative Agent agrees to provide to the Lenders, copies where appropriate, of all information, notices and reports required to be given to the Administrative Agent by the Borrowers and the Guarantors hereunder or pursuant to any other Loan Document, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of the Administrative Agent hereunder.

11.7 AGENT'S AUTHORITY

With respect to its Commitment and the Advances made by it as a Lender, an Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Agent. An Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Borrowers and the Subsidiaries or any corporation or other entity owned or controlled by any of them and any Person which may do business with any of them, all as if the Agent was not an Agent hereunder and without any duties to account therefor to the Lenders.

11.8 LENDER'S INDEPENDENT CREDIT DECISION

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrowers and its Subsidiaries. Accordingly, each Lender confirms with the Agents that it has not relied, and will not hereafter rely, on the Agents (i) to check or enquire on its behalf into the adequacy, accuracy

or completeness of any information provided by the Borrowers or any other Person under or in connection with this Agreement, the other Loan Documents or the transactions herein or therein contemplated (whether or not such information has been or is hereafter distributed to such Lender by an Agent), or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrowers or any Subsidiary. Each Lender acknowledges that a copy of this Agreement has been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of this Agreement.

11.9 INDEMNIFICATION

Each Lender hereby agrees to indemnify the Agents (to the extent not reimbursed by the Borrowers) in its Global Rateable Portion, from and against any and all liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against an Agent (in its capacity as agent for the Lenders) in any way relating to or arising out of this Agreement or any other Loan Documents or any action taken or admitted by an Agent under or in respect of this Agreement or any other Loan Documents; provided that no Lender shall be liable for any portion of such liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse such Agent promptly upon demand in the proportion specified herein in respect of any out-of-pocket expenses (including counsel fees) incurred by such Agent in connection with the preservation of any rights of the Agents or the Lenders under, or the enforcement of, or legal advice in respect of the rights or responsibilities under, this Agreement or any other Loan Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrowers.

11.10 SUCCESSOR AGENT

The Administrative Agent, the Syndication Agent or either Co-Documentation Agent may, as hereinafter provided, resign at any time by giving not less than 30 days' written notice thereof to the Lenders and the Borrowers. The Administrative Agent may, as hereinafter provided, be removed at any time on not less than 30 days' written notice thereof by the Majority Lenders provided that the Majority Lenders have designated a successor who is prepared to act hereunder and which is acceptable to Celestica, acting reasonably. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor agent (the "SUCCESSOR AGENT") which shall be a Lender and which shall be acceptable to the Borrowers, acting reasonably. Upon the acceptance of any appointment hereunder by a Successor Agent, such Successor Agent shall thereupon become Administrative Agent hereunder and shall succeed to and become vested with all the rights, powers, privileges and duties of Scotiabank and Scotiabank shall thereupon be discharged from its further duties and obligations as Administrative Agent under this Agreement. After any resignation or removal of Scotiabank under this Section 11.10, the provisions of this Article 11 shall continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder.

11.11 TAKING AND ENFORCEMENT OF REMEDIES

- (a) Each of the Lenders hereby acknowledges that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but collectively by the Administrative Agent upon the decision of the Lenders regardless of whether declaration or acceleration was made pursuant to Section 10.2; accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action with respect to the Facility, including, without limitation, any declaration or acceleration under Section 10.2, but that any such action shall be taken only by the Administrative Agent with the prior written consent of the Lenders or the Majority Lenders, as applicable, provided that, notwithstanding the foregoing:
- (i) in the absence of instructions from the Lenders or from the Majority Lenders, as applicable, and where in the sole opinion of the Administrative Agent the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders; and
 - (ii) the commencement of litigation before any court shall be made in the name of each Lender individually unless the laws of the jurisdiction of such court permit such litigation to be commenced in the name of the Administrative Agent on behalf of the Lenders (whether pursuant to a specific power of attorney in favour of the Administrative Agent or otherwise) and the Administrative Agent agrees to commence such litigation in its name;

each of the Lenders hereby further covenants and agrees that upon any such written consent being given by the Lenders or the Majority Lenders, as applicable, they shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent in the collective realization including, without limitation, the appointment of a receiver and manager to act for their collective benefit; and each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, including, without limitation, any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section 11.11; and each of the Lenders hereby covenants and agrees that it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrowers or any Guarantor hereunder or under any other document, instrument, writing or agreement ancillary hereto and shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Facility, unless all of the Lenders shall at the same time obtain the benefit of any such agreement.

- (b) Notwithstanding any other provision contained in this Agreement, no Lender shall be required to be joined as a party to any litigation commenced against the Borrowers or any Guarantor by the Administrative Agent or the Majority Lenders hereunder (unless otherwise required by any court of competent jurisdiction) if it elects not to be so joined in which event any such litigation shall not include claims in respect of the rights of such Lender against the Borrowers and the Guarantors hereunder until such time as such Lender does elect to be so joined; provided that if at the time of such subsequent election it is not possible or practicable for such Lender to be so joined, then such Lender may commence proceedings in its own name in respect of its rights against the Borrowers and the Guarantors hereunder.

11.12 RELIANCE UPON LENDERS

The Administrative Agent shall be entitled to rely upon any certificate, notice or other document provided to it by a Lender on behalf of all financial institutions and Affiliates which together constitute a Lender pursuant to this Agreement and the Administrative Agent shall be entitled to deal with the Lenders with respect to the matters under this Agreement which are such Administrative Agent's responsibilities without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document provided to it by such Lender notwithstanding any lack of authority of the Lender to provide the same or to bind the other financial institutions and Affiliates which together constitute a Lender.

11.13 RELIANCE UPON ADMINISTRATIVE AGENT

The Borrower and the Guarantors shall be entitled to rely upon any certificate, notice or other document provided to any of them by the Administrative Agent pursuant to this Agreement and the Borrowers and the Guarantors shall be entitled to deal with the Administrative Agent (and, except as otherwise specifically provided, not to deal with any Lender prior to an Event of Default) with respect to all matters under this Agreement without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document provided to any of them by the Administrative Agent, notwithstanding any lack of authority of the Administrative Agent to provide the same. Without limiting the generality of the foregoing, but subject as herein otherwise specifically provided, none of the Lenders shall have any right to enforce directly any of the provisions of this Agreement or to communicate with the Borrowers and the Guarantors except through the Administrative Agent in accordance with the terms of this Agreement or as otherwise specifically provided in this Agreement. The provisions of this Article 11 are for the benefit of the Agents and the Lenders and, except for the provisions of Sections 11.2, 11.13, 11.14 and 11.15, may not be relied upon by the Borrowers or the Guarantors.

11.14 REPLACEMENT OF CANCELLED COMMITMENTS

If, at any time prior to the Final Maturity Date, the Commitment of any Lender or Lenders is cancelled, or any Lender fails to perform its obligations hereunder, the Administrative Agent may, and at the request of the Borrowers, provided that no Default or Event of Default has occurred and is continuing, shall use its reasonable efforts to locate one or more other Persons ("SUBSTITUTE LENDERS") satisfactory to the Borrowers (who may be an existing Lender) to

become a Lender and to assume all or a portion of the Commitment so cancelled, provided that the Administrative Agent shall not be under any obligation to assume such cancelled Commitment itself if the Administrative Agent is unable to locate any Substitute Lenders. Upon locating one or more Substitute Lenders, the Administrative Agent (on behalf of each of the parties hereto other than the Borrowers, the Guarantors and the Lender or Lenders whose Commitment has been cancelled), the Borrowers, the Guarantors and the Substitute Lenders shall make any appropriate amendments to this Agreement which are required to incorporate such Substitute Lender or Lenders hereunder. If any Substitute Lender is not an existing Lender, then Celestica shall pay to the Administrative Agent an administration fee of U.S.\$ 3,500.

11.15 DISCLOSURE OF INFORMATION

- (a) The Borrowers agree that, if Celestica has given its prior written consent to a Person being an assignee or transferee hereunder, then the Administrative Agent or any Lender may provide any such assignee or transferee or proposed assignee or transferee pursuant to Section 13.11 with any information it has concerning the financial condition of the Borrowers and their Subsidiaries other than information delivered by the Borrowers to the Administrative Agent and/or the Lenders on a confidential basis which is not in the public domain; provided that, for greater certainty, nothing in this Section 11.15(a) shall prevent the Administrative Agent or any Lender from disclosing the terms of this Agreement on a confidential basis to any proposed assignee or transferee of any Lender; and provided further that consent of the Borrowers shall not be required if an Event of Default has occurred and is continuing.
- (b) Subject to Section 11.15(a), the Administrative Agent and each of the Lenders acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to it by the Borrowers pursuant hereto that is not at the time it is so provided or (other than through a breach of this Agreement) thereafter in the public domain and agrees to use reasonable efforts to prevent the disclosure of such information; provided, however, that:
 - (i) the Administrative Agent or any Lender may disclose all or any part of such information if, (A) in the sole reasonable opinion (stated in writing) of the Lenders' Counsel, such disclosure is compellable by Applicable Law in connection with any threatened judicial, administrative or governmental proceeding or is required in connection with any actual judicial, administrative or governmental proceeding or (B) such disclosure is compellable by Applicable Law, provided that in any such event the Administrative Agent or the relevant Lender will make reasonable efforts to provide Celestica with prompt written notice of any such compellable disclosure so that Celestica may seek a protective order or other appropriate remedy or relief to prevent such disclosure from being made. The failure to deliver such notice or, where applicable, the giving of such notice, shall not preclude disclosure by the Administrative Agent or the Lender where legally required in the opinion of Lenders' Counsel. In any event, the Administrative Agent or Lender will furnish only that portion of

such information which, in the reasonable opinion of the Lenders' Counsel, it is legally required to disclose and will exercise reasonable efforts to obtain reliable assurances that confidential treatment will be accorded such information;

- (ii) it shall incur no liability in respect of any disclosure of such information to any, or pursuant to the requirements of any, judicial authority, law enforcement agency, tax or regulatory authority which it is required to make in accordance with Applicable Law;
- (iii) it shall inform the Borrowers, as soon as is practicable, of any disclosure of such information made by it unless such disclosure is in the ordinary course of its business or such tax or regulatory authority or such judicial authority or law enforcement agency requires the Administrative Agent or such Lender not to inform the Borrowers of the disclosure of such information to it;
- (iv) the Administrative Agent and each Lender may disclose all or any part of such information to its auditors on a confidential basis (except where such auditor is the Auditor General of Canada, in which case such disclosure may be on a non-confidential basis) or to Lenders' Counsel or other counsel of reputable standing on a confidential basis for the purpose of seeking or obtaining accounting or legal advice;
- (v) the Administrative Agent and each Lender may disclose such information on a confidential basis to any Subsidiary or Affiliate of the Administrative Agent or Lender if such disclosure is required in connection with the administration of the Facility;
- (vi) if an Event of Default has occurred and is continuing, the Administrative Agent or any Lender may disclose such information to the Administrative Agent or other Lenders on a confidential basis in connection with any discussions regarding or related to the resolution of such Event of Default; and
- (vii) the Administrative Agent and each Lender may disclose all or any part of such information with the prior written consent of Celestica.

11.16 ADJUSTMENTS OF RATEABLE PORTIONS

- (a) In connection with any Drawdown (other than a Drawdown of a Swing Line Advance), Conversion or Rollover or any reimbursement or repayment of an Obligation, the Administrative Agent shall, in its sole and unfettered discretion, have the right (but not the obligation) to make adjustments of the amount of such Drawdown, Conversion or Rollover advanced or paid by such Lender or the amount of such reimbursement or repayment to be received by such Lender in order to maintain the balances of the Advances made by each Lender other than to

a Consent Designated Subsidiary in the same portion as the Main Facility Rateable Portion of each Lender.

- (b) Upon the occurrence of an acceleration under Section 10.1(g), 10.1(h) or 10.2, if, with respect to any Lender, the aggregate of all outstanding Advances made by such Lender is less than its Global Rateable Portion (after giving effect to any adjustment made pursuant to Subsection 11.16(a)) of the aggregate of all outstanding Advances, the Administrative Agent may, by written notice, require such Lender to pay to the Administrative Agent, for the credit of the other Lenders, in such currency or currencies as the Administrative Agent may in its discretion determine, such amount as may be required so as to bring the aggregate of all outstanding Advances made by such Lender equal to its Global Rateable Portion of the aggregate of all outstanding Advances. The Administrative Agent shall credit the funds received from such Lender to any other Lender or Lenders, as it may determine in its discretion, so as to render the aggregate of the outstanding Advances made by each Lender equal to the Global Rateable Portion of each Lender of all outstanding Advances.

ARTICLE 12
COSTS, EXPENSES AND INDEMNIFICATION

12.1 COSTS AND EXPENSES

Each Borrower shall pay promptly, upon request by the Administrative Agent accompanied by reasonable supporting documentation or other evidence, all reasonable costs and expenses in connection with the due diligence pertaining to or the preparation, printing, execution and delivery of this Agreement and the other documents to be delivered hereunder including, without limitation, the reasonable fees and out-of-pocket expenses of the Lenders' Counsel with respect thereto. Except for ordinary expenses of the Administrative Agent relating to the day-to-day administration of this Agreement, each Borrower further agrees to pay all reasonable out-of-pocket costs and expenses (including reasonable fees and expenses of counsel, accountants and other experts) in connection with the syndication of the Facility and the interpretation, preservation or enforcement of rights of the Administrative Agent and the Lenders under this Agreement and the Loan Documents including, without limitation, all reasonable costs and expenses sustained by them as a result of any failure by any of the Borrowers or Guarantors to perform or observe its obligations contained in any of this Agreement and the Loan Documents. The Borrowers further agree to pay all reasonable out-of-pocket expenses of the Issuing Bank with respect to the issuance and administration of Letters of Credit.

12.2 INDEMNIFICATION BY THE BORROWERS

In addition to any liability of each Borrower to any Lender or any Agent under any other provision hereof, each Borrower shall indemnify the Lenders and the Agents and hold each Lender and each Agent harmless against any reasonable costs or expenses incurred by a Lender or an Agent as a result of (i) any failure by such Borrower to fulfil any of its obligations hereunder or under any Loan Document in the manner provided herein including, without limitation, any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by any Lender to fund or maintain any Advance as a result of the failure of such Borrower to complete a Drawdown or to make any repayment or other payment on the date required hereunder or specified by it in any notice given hereunder; or (ii) the failure of such Borrower to pay any other amount including, without limitation, any interest or fee due hereunder on its due date; or (iii) the prepayment or repayment by such Borrower of any LIBOR Advance or Bankers' Acceptance Advance prior to its date of maturity or the last day of the then current Interest Period for such Advance.

12.3 FUNDS

Each amount advanced, made available, disbursed or paid hereunder shall be advanced, made available, disbursed or paid, as the case may be, in immediately available funds or, after notice from the Administrative Agent, in such other form of funds as may from time to time be customarily used in the jurisdiction in which the Advance is advanced, made available, disbursed or paid in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

12.4 GENERAL INDEMNITY

- (a) INDEMNITY. Subject to paragraphs (b), (c) and (d) below, the Borrowers agree to indemnify and save harmless the Agents, the Lenders, their respective Affiliates involved in the syndication or administration of the Facility, their respective officers, directors, employees and agents (collectively, the "INDEMNITEES" and individually, an "INDEMNITEE") from and against any and all liabilities, claims, damages and losses (including reasonable legal fees and disbursements of counsel but excluding loss of profits and special or consequential damages) (collectively, the "LOSSES") as a result of any claims, actions or proceedings ("CLAIMS") asserted against the Indemnitees, by a Person other than the Indemnitees in connection with the agreement of the Lenders to provide the Facility, the Commitments of the Lenders and the Advances made by the Lenders including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement of any Claim made by the Indemnitees.
- (b) LIMITATIONS TO INDEMNITY. The foregoing obligations of indemnification shall not apply to (i) any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them to the extent such Loss or Claim has resulted from the gross negligence or wilful misconduct of the Indemnitees or any of them; and (ii) any Losses with respect to Taxes for which an Indemnitee may claim an indemnity from an Obligor pursuant to Section 5.8(b) of this Agreement.
- (c) NOTIFICATION. Whenever a Lender or an Agent shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject a Borrower (the "INDEMNIFYING PARTY") to the indemnity provisions of this Section 12.4, the Lender or the Agent shall as soon as reasonably possible notify (to the extent permitted by law) the Indemnifying Party in writing of the Claim and of all relevant information the Lender or the Agent possesses relating thereto; provided, however, that failure to so notify the Indemnifying Party shall not release it from any liability which it may have on account of the indemnity set forth in this Section 12.4, except to the extent that the Indemnifying Party shall have been materially prejudiced by such failure.
- (d) DEFENCE AND SETTLEMENT. The Indemnifying Party shall have the right, but not the obligation, to assume the defence of any Claim in any jurisdiction with legal counsel of reputable standing in order to protect the rights and interest of the Indemnitees. In such respect, (i) the Indemnifying Party shall require the consent of the Indemnitees to the choice of legal counsel in connection with the Claim, which consent shall not be unreasonably withheld or delayed; and (ii) without prejudice to the rights of the Indemnitees to retain counsel and participate in the defence of the Claim, the Indemnifying Party and the Indemnitees shall make all reasonable efforts to co-ordinate their course of action in connection with the defence of such Claim. The related costs and expenses sustained in such respect

by the Indemnitees shall be at the expense of the Indemnifying Party, provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel in addition to the cost of any local counsel that may be required. If the Indemnifying Party fails to assume defence of the Claim, the Indemnitees will (upon further notice to the Borrowers) have the right to undertake, at the expense of the Indemnifying Party, the defence, compromise or settlement of the Claim on behalf and for the account and risk of the Indemnifying Party, subject to the right of the Indemnifying Party to assume the defence of the Claim at any time prior to settlement, compromise or final determination thereof.

Notwithstanding the foregoing, in the event the Indemnitee, acting reasonably, does not agree with the manner or timeliness in which the legal counsel of the Indemnifying Party is carrying on the defence of the Claim, or, pursuant to the opinion of a reputable counsel retained by the Indemnitee, there may be one or more legal defences available different from the one carried on by the legal counsel of the Indemnifying Party, the Indemnitee shall have the right to assume its own defence in the Claim by appointing its own legal counsel. The costs and the expenses sustained by the Indemnitee shall be at the expense of the Indemnifying Party provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel, in addition to the costs of any local counsel that may be required.

The Indemnifying Party shall not be liable for any settlement of any Claim effected without its written consent (which shall not be unreasonably withheld or delayed). In addition, the Indemnifying Party will not, without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld or delayed), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any Claim or threatened Claim in respect of which indemnification or contribution may be sought hereunder.

If an offer for settlement made to any Indemnitee which the Indemnifying Party has recommended for acceptance is rejected by the Indemnitee and the final liability of the Indemnitee in respect of such action and all related damages is greater than such offer, the liability of the Indemnifying Party will only be to indemnify the Indemnitee up to the amount of such offer.

12.5 ENVIRONMENTAL CLAIMS

- (a) INDEMNITY. Subject to paragraphs (b), (c) and (d) below, the Borrowers agree to indemnify and save harmless the Indemnitees from and against any and all Losses as a result of any Claims asserted against the Indemnitees by a Person other than the Indemnitees with respect to any material presence or Release on, into, onto, under or from any property owned, leased or operated by any of the Borrowers or any Subsidiary (the "PROPERTY") of any Hazardous Material regardless of whether caused by, or within the control of, the Borrower or any Subsidiary or which arises out of or in connection with any action of, or failure to act by, the Borrowers or any Subsidiary or any predecessor or successor thereof in contravention of any present or future applicable Environmental Laws, whether or not having the force of law, including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect

of any such Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement made by the Indemnitees of any Claim.

- (b) LIMITATIONS TO INDEMNITY. The foregoing obligations of indemnification shall not apply to any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them which relates directly to any action or omission taken by any of the Indemnitees while in possession or control of the Property which is grossly negligent or constitutes wilful misconduct but shall apply to any Claim occurring during such period that relates to a continuation of conditions previously in existence or of a practise previously employed by any Obligor.
- (c) NOTIFICATION. Whenever an Indemnitee shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject the Borrowers to the indemnity provisions of this Section 12.5, the Indemnitee shall as soon as reasonably possible and in any event on or before the expiry of the date (the "NOTIFICATION DATE") which is the earlier of (i) the tenth Banking Day after the receipt of such notice by the Indemnitee, and (ii) such date as will afford sufficient time for the Borrowers to prepare and file a timely answer to the Claim, notify the Borrowers of the Claim and of all relevant information the Indemnitee possesses relating thereto. If the Indemnitee shall fail to so notify the Borrowers and provide it with such information on or before the Notification Date, the Borrowers shall not have any liability hereunder in respect of any Losses suffered by the Indemnitee in respect of such Claim to the extent such Losses may be reasonably attributable to such failure by the Indemnitee.
- (d) DEFENCE AND SETTLEMENT. The provisions of Section 12.4(d) shall apply to any Claims under this Section 12.5.

ARTICLE 13
GENERAL

13.1 TERM

The Facility shall expire on the Final Maturity Date.

13.2 SURVIVAL

All covenants, agreements, representations and warranties made herein or in certificates delivered in connection herewith by or on behalf of the Borrowers and each Guarantor shall survive the execution and delivery of this Agreement and the making of the Drawdowns hereunder and shall continue in full force and effect so long as there is any obligation of the Borrowers and each Guarantor to the Agents and the Lenders hereunder.

13.3 BENEFIT OF THE AGREEMENT

This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the Borrowers and the successors and permitted assigns of the Agents and the Lenders.

13.4 NOTICES

All notices, requests, demands or other communications to or from the parties hereto shall be in writing and shall be given by overnight delivery service, by hand delivery or by telecopy to the addressee as follows:

(i) If to the Borrowers:

7th Floor
12 Concorde Place
Toronto, Ontario, Canada
M3C 3R8

Attention: Vice President and Treasurer

Telecopier: 416-448-2280

with a copy to:

7th Floor
12 Concorde Place
Toronto, Ontario, Canada
M3C 3R8

Attention: Vice President and General Counsel

Telecopier: 416-448-2817

(ii) If to the Administrative Agent:

The Bank of Nova Scotia
Loan Syndications
44 King Street West, 17th Floor
Toronto, Ontario, Canada

M5H 1H1

Attention: Managing Director

Telecopier: 416-866-3329

(iii) if to a Lender, at the addresses set out in Schedule A or in the relevant Transfer Notice;

or at such other address or to such other individual as the Borrowers may designate by notice to the Administrative Agent and as the Administrative Agent or a Lender may designate by notice to the Borrowers and the Lenders or the Administrative Agent, as the case may be.

13.5 AMENDMENT AND WAIVER

This Agreement and any Loan Documents collateral hereto may be modified or amended and a waiver of any breach of any term or provision of this Agreement shall be effective only if the Borrowers, the Administrative Agent and the Majority Lenders so agree in writing, provided that in all cases the Borrowers shall be entitled to rely upon the Administrative Agent, without further inquiry in respect of any amendments or waivers agreed to by the Administrative Agent and which the Administrative Agent has confirmed have been agreed to by the Majority Lenders; provided further, however, that no amendment, waiver or consent, unless in writing and signed by all of the Lenders shall: (i) increase the Commitment of any Lender or subject any Lender to any additional obligation; (ii) reduce the principal of, or interest on, the Advances or reduce any fees hereunder; (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any other amounts payable hereunder; (v) amend the definition of Majority Lenders; (vi) amend or release any Guarantee, except to the extent that a release of a Guarantee may be effected pursuant to a transaction subject to Section 13.12 or is otherwise authorized pursuant to the terms of this Agreement and except to the extent that an amendment, as determined by the Administrative Agent and Lenders' Counsel, each acting reasonably, does not materially impair the enforceability or unconditionality of such Guarantee; or (vii) amend this Section 13.5; and provided, further, that no amendment, waiver or consent, unless in writing and signed by the Administrative Agent, Swing Line Lender, Issuing Bank or Administrative Agent, as applicable, in addition to the Lenders required herein above to take such action, affects the rights or duties of the Administrative Agent, Swing Line Lender, Issuing Bank or Administrative Agent, as applicable, under this Agreement or any Advance. A waiver of any breach of any term or provision of this Agreement shall be limited to the specific breach waived.

13.6 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Agents, Lenders and Borrowers agree that any legal suit, action or proceeding arising out of this Agreement or any Loan Document may be instituted in the courts of Ontario, and the Agents, Lenders and Borrowers hereby accept and irrevocably submit to the nonexclusive jurisdiction of said courts and acknowledge their competence and agree to be bound by any judgment thereof.

13.7 FURTHER ASSURANCES

Each Obligor shall promptly cure any default in its execution and delivery of this Agreement or in any of the other instruments referred to or contemplated herein to which it is a party. Each Obligor, at its expense, will promptly execute and deliver, or cause to be executed and delivered, to the Administrative Agent, upon request, all such other and further documents, agreements, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of such Obligor hereunder or more fully to state the obligations of such Obligor as set out herein or to make any recording, file any notice or obtain any consents, all as may be necessary or appropriate in connection therewith.

13.8 ENFORCEMENT AND WAIVER BY THE LENDERS

Subject to Section 11.11, the Lenders shall have the right at all times to enforce the provisions of this Agreement and agreements to be delivered pursuant hereto in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Lenders in refraining from so doing at any time or times. The failure of the Lenders at any time or times to enforce their rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner, modified or waived the same. All rights and remedies of the Lenders are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

13.9 EXECUTION IN COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute a single agreement.

13.10 ASSIGNMENT BY THE BORROWERS

The rights and obligations of the Borrowers under this Agreement are not assignable to any other Person, except in accordance with Article 7, without the prior written consent of all of the Lenders, which consent shall not be unreasonably withheld.

13.11 ASSIGNMENTS AND TRANSFERS BY A LENDER

- (a) With the prior written consent of the Administrative Agent and Celestica, such consent not to be unreasonably withheld or delayed, any Lender may, at any time, assign all or any of its rights and benefits hereunder or transfer in accordance with

Section 13.11(b) all or any of its rights, benefits and obligations hereunder; provided that in the event that such assignment would give rise to a claim for increased costs pursuant to Article 5, it shall not be unreasonable for Celestica to withhold its consent to such assignment. Any assignment or transfer shall be with respect to a minimum Commitment of U.S.\$ 10,000,000 and integral multiples of U.S.\$ 1,000,000 in excess thereof. A lesser amount may be assigned or transferred by any Lender if such amount represents the remaining balance of such Lender's Commitment. Notwithstanding the foregoing, the consent of the Administrative Agent and Celestica is not required in connection with the assignment or transfer of all or any of the rights, benefits and obligations hereunder (i) to any Subsidiary or Affiliate of a Lender or to any other Lender hereunder provided that notice is given to the Administrative Agent and Celestica, and provided that, in either case, any such assignment or transfer does not give rise to a claim for increased costs pursuant to Article 5 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable hereunder to the Administrative Agent or the Lenders, in either case, in excess of what would have been the case without such assignment, or such assignee waives the rights to any benefits under Section 5.8; or (ii) to any financial institution if an Event of Default has occurred and is continuing.

- (b) If any Lender assigns all or any of its rights and benefits hereunder in accordance with Section 13.11(a), then, unless and until the assignee has agreed with the Administrative Agent and the other Lenders (in a Transfer Notice or otherwise) that it shall be under the same obligations towards each of them as it would have been under if it had been an original party hereto as a Lender, none of the Administrative Agent or any of the other Lenders or the Borrowers shall be obliged to recognize such assignee as having the rights against each of them which it would have had if it had been such a party hereto.
- (c) If any Lender wishes to assign all or any of its rights, benefits and/or obligations hereunder as contemplated in Section 13.11(a), then such transfer may be effected upon:
 - (i) receipt of the written consent of the Administrative Agent and Celestica as referred to in Section 13.11(a) delivered to the relevant assignee by the Administrative Agent unless an Event of Default has occurred and is continuing in which case consent of Celestica shall not be required;
 - (ii) the delivery to and countersignature by the relevant Lender of a duly completed and duly executed Transfer Notice; and
 - (iii) if any Lender wishes to assign any of its rights, benefits and/or obligations hereunder to a financial institution which is not a Lender or a Subsidiary or Affiliate of a Lender, such Lender shall have paid to the Administrative Agent a fee in the amount of U.S.\$ 3,500;

in which event, on the later of the effective date, if any, specified in such Transfer Notice and the fifth Banking Day after the date of delivery of such Transfer Notice to the Administrative Agent (unless the Administrative Agent agrees to a shorter period):

- (iv) to the extent that in such Transfer Notice the Lender party thereto seeks to transfer its rights and obligations hereunder, each of the Obligors and such Lender shall be released from further obligations towards one another hereunder and their respective rights against one another shall be cancelled (such rights and obligations being referred to in this Section 13.11(c) as "DISCHARGED RIGHTS AND OBLIGATIONS");
 - (v) each of the Obligors and the assignee party thereto shall assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only insofar as such Obligor and such Assignee have assumed and/or acquired the same in place of such Obligor and such Lender; and
 - (vi) the Administrative Agent, such assignee and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such assignee been an original party hereto as a Lender with the rights and/or obligations acquired or assumed by it as a result of such transfer.
- (d) Each of the parties hereto confirms that:
- (i) the delivery to an assignee of a Transfer Notice signed by a Lender constitutes an irrevocable offer (subject to the conditions of Section 13.11(c)) by each of the parties hereto to accept such transferee (subject to the conditions set out herein) as a Lender party hereto with the rights and obligations so expressed to be transferred;
 - (ii) such offer may be accepted by such assignee by the execution of such Transfer Notice by such assignee and upon fulfilment of the conditions set forth in Section 13.11(c); and
 - (iii) the provisions of this Agreement shall apply to the contract between the parties thereto arising as a result of acceptance of such offer.
- (e) The Administrative Agent shall not be obliged to accept any Transfer Notice received by it hereunder and no such Transfer Notice may take effect on any day on or after the receipt by the Administrative Agent of a Drawdown Notice and prior to the date for the making of the proposed Advance.
- (f) No transfer pursuant to this Section 13.11 shall, unless the Administrative Agent otherwise decides in its absolute discretion and notifies the parties to such transfer accordingly, be effective if the date for effectiveness of such transfer on the day

on which the Administrative Agent receives the applicable Transfer Notice is on, or less than five Banking Days before, the day for the payment of any interest or fee hereunder.

- (g) Any Lender may participate all or any part of its interest hereunder, provided that any such participation does not give rise to a claim for increased costs pursuant to Article 5 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable hereunder to an Agent or the Lenders, or such Lender and participant waive the right to any benefits under Section 5.8 and, in such case, notice of such participation has been given to the Administrative Agent and Celestica. Such participant shall not be entitled to any vote as a Lender. The Borrowers shall not be obligated to deal with any participant and shall be entitled to deal solely with the Lender and the Lender shall not be released from any of its obligations to the Borrowers as a result of such participation except to the extent that the participant has fulfilled such obligations. Such participants shall be bound to the same confidentiality provisions with respect to the Facility, the Borrowers and the Guarantors as are applicable to the Lenders.

13.12 CERTAIN REQUIREMENTS IN RESPECT OF MERGER, ETC.

No Borrower shall, and the Borrowers shall not permit any Restricted Subsidiary (in each case, a "PREDECESSOR CORPORATION") to, enter into any transaction (whether by way of liquidation, dissolution, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of any such amalgamation or merger, of the continuing company resulting therefrom, or whereby the obligation of the Predecessor Corporation to pay amounts under this Agreement would become subject to novation or assumed or undertaken by any other such Person or continuing company (a "Corporate Reorganization"), provided that it may do so (and if the Predecessor Corporation is a Borrower or a Material Restricted Subsidiary such Person or continuing company shall become a party to this Agreement or to the Guarantee provided by such Material Restricted Subsidiary, as the case may be) if:

- (a) such other Person or continuing company (herein referred to as a "SUCCESSOR CORPORATION") is a Borrower or Restricted Subsidiary;
- (b) where required in the reasonable opinion of Lenders' Counsel, a Successor Corporation which is a Borrower or Material Restricted Subsidiary shall execute and/or deliver to the Administrative Agent an agreement supplemental hereto or to the Guarantee or Guarantees executed by a Predecessor Corporation or Predecessor Corporations, as the case may be, in form reasonably satisfactory to the Administrative Agent and execute and/or deliver such other instruments, if any, which to the reasonable satisfaction of the Administrative Agent and in the opinion of Lenders' Counsel are necessary to evidence (i) the assumption by the Successor Corporation of liability under each Loan Document to which the Predecessor Corporation is a party for the due and punctual payment of all money payable by the Predecessor Corporation thereunder, and (ii) the covenant of the

Successor Corporation to pay the same and (iii) the agreement of the Successor Corporation to observe and perform all the covenants and obligations of the Predecessor Corporation under each Loan Document to which the Predecessor Corporation was a party and to be bound by all the terms of each such Loan Document so far as they relate to the Predecessor Corporation which instruments, if any, shall be in form reasonably satisfactory to the Administrative Agent;

- (c) such transaction would not have a Material Adverse Effect;
- (d) all Other Taxes payable as a result of such transaction have been paid;
- (e) such transaction will not result in any claim for increased costs pursuant to Section 5.5 or result in any Tax being levied on or payable by the Administrative Agent or any Lender (except for Taxes on the overall net income or capital of the Administrative Agent or a Lender provided there is no increase in such Taxes as a result of such transaction);
- (f) such transaction will not cause, or have the result of the Administrative Agent, the Lenders or any of them being in default under, noncompliance with, or violation of, any Applicable Law;
- (g) an opinion of Borrowers' counsel substantially in the form and as to matters addressed in the opinion of Borrowers' Counsel delivered pursuant to Section 6.1 shall have been delivered to the Administrative Agent;
- (h) each of the covenants set forth in Section 9.3 shall be satisfied on an actual and PRO FORMA basis after giving effect to such transaction; and
- (i) no Default or Event of Default shall have occurred and be continuing or will occur as a result of such transaction.

Sections 13.12(a), (b) and (g) shall not apply to (i) the respective liquidation or dissolution of Celestica Ireland B.V. and Celestica Denmark A/S or (ii) the merger of Celestica Japan EMS K.K. with and into Celestica Japan K.K.

This Section 13.12 shall not apply to permit any consolidation, amalgamation or merger by or of Celestica unless, as the result thereof, the Successor Corporation is Celestica.

A Successor Corporation shall not be required to comply with Section 13.12(b) and (g) in respect of a Corporate Reorganization where one or more of the participants in the subject Corporate Reorganization is a Predecessor Corporation which is a Borrower or Restricted Subsidiary existing under the laws of an Exempted Jurisdiction and which, prior to the completion of such Corporate Reorganization, delivered a Guarantee in accordance with Section 9.1(m) (i) and the Guarantee delivered by such Predecessor Corporation (the "PREDECESSOR GUARANTEE") has not been terminated or released. In this paragraph, "EXEMPTED JURISDICTION" means:

- (i) the Province of Ontario, unless, following the date hereof, the laws of such Province change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation;
- (ii) Canada, unless following the date hereof, the laws of Canada or the laws of the Province of Canada which govern such Guarantee change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation; and
- (iii) the State of Delaware, unless, following the date hereof, the laws of such State change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation.

13.13 SET-OFF

If an Event of Default has occurred, the Administrative Agent and Lender shall have the right to set off against any accounts, credits or balances maintained by the Obligors with the Administrative Agent or any Lender, any amount due hereunder.

13.14 TIME OF THE ESSENCE

Time shall be of the essence in this Agreement.

13.15 ADVERTISEMENTS

The Administrative Agent and the Lenders agree that prior to any advertisement with respect to this transaction, the Administrative Agent shall obtain the written consent of Celestica as to the form and content of such advertisement, such consent not to be reasonably withheld and to be provided as soon as practicable.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CELESTICA INC.

By: /s/ PAUL NICOLETTI

Name: Paul Nicoletti
Title: Vice President & Corporate
Treasurer

DESIGNATED SUBSIDIARY

CELESTICA INTERNATIONAL INC.

By: /s/ PAUL NICOLETTI

Name: Paul Nicoletti
Title: Vice President & Corporate
Treasurer

CIBC WORLD MARKETS, AS JOINT LEAD
ARRANGER AND SYNDICATION AGENT

By: /s/ DAVID WHITE

Name: David White
Title: Managing Director

By: /s/ STEVE NISHIMURA

Name: Steve Nishimura
Title: Executive Director

RBC CAPITAL MARKETS, AS JOINT LEAD
ARRANGER AND CO-DOCUMENTATION AGENT

By: /s/ NOEL V. CURRAN

Name: Noel V. Curran
Title: Managing Director

By: /s/ SANDRA LOKOFF

Name: Sandra Lokoff
Title: Director

BANK OF AMERICA SECURITIES LLC, AS
JOINT LEAD ARRANGER AND CO-DOCUMENTATION
AGENT

By: /s/ OSCAR CRANZ

Name: Oscar Cranz
Title: Principal

THE BANK OF NOVA SCOTIA,
AS ADMINISTRATIVE AGENT

By: /s/ ROBERT HOSIE

Name: Robert Hosie
Title: Managing Director

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ DAVID WHITE

Name: David White
Title: Managing Director

By: /s/ STEVE NISHIMURA

Name: Steve Nishimura
Title: Executive Director

SIGNATURE PAGE FOR BANK OF AMERICA, N.A., CANADA BRANCH AS LENDER

BANK OF AMERICA, N.A., CANADA BRANCH

By: /s/ MEDINA SALES DE ANDRADE

Name: Medina Sales de Andrade
Title: Assistant Vice President

SIGNATURE PAGE FOR ROYAL BANK OF CANADA, AS LENDER

ROYAL BANK OF CANADA

By: /s/ NOEL V. CURRAN

Name: Noel V. Curran
Title: Vice President

By: /s/ SANDRA LOKOFF

Name: Sandra Lokoff
Title: Senior Manager

SIGNATURE PAGE FOR EXPORT DEVELOPMENT CANADA, AS LENDER

EXPORT DEVELOPMENT CANADA

By: /s/ CARL BURLOCK

Name: Carl Burlock
Title: Senior Financial Services
Manager

By: /s/ NORMAN LOW

Name: Norman Low
Title: Group Vice President

SIGNATURE PAGE FOR THE BANK OF NOVA SCOTIA, AS LENDER

THE BANK OF NOVA SCOTIA

By: /s/ STEVE TORRENS

Name: Steve Torrens
Title: Managing Director -
Communications &
Technology

By: /s/ DEREK ORANGE

Name: Derek Orange
Title: Associate Director -
Communications &
Technology

SIGNATURE PAGE FOR BANK OF MONTREAL, AS LENDER

BANK OF MONTREAL

By: /s/ SEAN P. GALLAWAY

Name: Sean P. Gallaway
Title: Vice President

SIGNATURE PAGE FOR BANK OF TOKYO-MITSUBISHI (CANADA), AS LENDER

BANK OF TOKYO-MITSUBISHI (CANADA)

By: /s/ TED VANDERLAAN

Name: Ted Vanderlaan
Title: Vice President

SIGNATURE PAGE FOR DEUTSCHE BANK AG, CANADA BRANCH, AS LENDER

DEUTSCHE BANK AG, CANADA BRANCH

By: /s/ ROBERT A. JOHNSTON

Name: Robert A. Johnston
Title: Vice President

By: /s/ MARIA GORZEN

Name: Maria Gorzen
Title: Vice President

SIGNATURE PAGE FOR KEY CORPORATE CAPITAL, INC., AS LENDER

KEY CORPORATE CAPITAL, INC.

By: /s/ VIJAYA N. KULKARNI

Name: Vijaya N. Kulkarni
Title: Assistant Vice President

By: /s/ MICHAEL J. JACKSON

Name: Michael J. Jackson
Title: Senior Vice President

SIGNATURE PAGE FOR NATIONAL BANK OF CANADA, AS LENDER

NATIONAL BANK OF CANADA

By: /s/ ED SUSTAR

Name: Ed Sustar
Title: Vice President

By: /s/ BRIAN SMITH

Name: Brian Smith
Title: Managing Director

NOTES:

1. Level IV will apply at closing.
2. In the event of a split rating, the higher rating shall apply, unless there are two or more gradations between ratings, in which case, the rating one level below the higher rating shall apply.
3. Utilization Fee is payable on the aggregate Commitments (after giving effect to any cancellation, reduction, or increase pursuant to Sections 2.7, 2.8, and 2.23).
4. "Applicable Margin" expressed as basis points per annum.
5. "Applicable Margin" (for a LIBOR Advance, Banker's Acceptance Advance, a Prime Rate Advance or a Base Rate Canada Advance or for the LC Fee) shall increase by 35.0 bps on the date that the Facility ceases to be revolving in nature pursuant to Section 2.8(b)(v).
6. Facility Fee is payable regardless of usage on the aggregate Commitments (after giving effect to any cancellation, reduction, or increase pursuant to Sections 2.7 and 2.8) regardless of usage.

SCHEDULE N

CALCULATION OF THE MANDATORY COST

1. GENERAL

The Mandatory Cost is the weighted average of the rates for each Lender calculated below by the Administrative Agent on the first day of a Term. The Administrative Agent must distribute each amount of Mandatory Cost among the Lenders on the basis of the rate for each Lender.

2. FOR A LENDER LENDING FROM THE U.K.

- a. The relevant rate for a Lender lending from the U.K. is calculated in accordance with the following formulae:

for a Loan in Sterling:

$$\frac{AB + C(B-E)}{100 - (a + C)} = E \times 0.01 \text{ per cent. per annum}$$

for any other Loan:

$$\frac{E \times 0.01 \text{ per cent. per annum}}{300}$$

where on the day of application of the formula:

- A is the percentage of that Lender's eligible liabilities (in excess of any stated minimum) which the Bank of England requires it to hold on a non-interest-bearing deposit account in accordance with its cash ratio requirements;
- B is LIBOR for that Term;
- C is the percentage of that Lender's eligible liabilities which the Bank of England requires it to place as a special deposit;
- D is the interest rate per annum allowed by the Bank of England on a special deposit; and
- E is calculated by the Administrative Agent as being the average of the rates of charge supplied by the Lenders to the Administrative Agent under paragraph (d) below and

expressed in pounds per L1 million.

- b. For the purposes of this paragraph 2:
 - i. ELIGIBLE LIABILITIES and SPECIAL DEPOSIT have the meanings given to them at the time of application of the formula by the Bank of England;
 - ii. FEES RULES means the then current rules on periodic fees in the Supervision Manual of the FSA Handbook; and
 - iii. TARIFF base has the meaning given to it in the fees rules.
- c.
 - i. In the application of the formulae, A, B, C and D are included as figures and not as percentages, e.g. if $A = 0.5\%$ and $B = 15\%$, AB is calculated as 0.5×15 . A negative result obtained by subtracting D from B is taken as zero.
 - ii. Each date calculated in accordance with a formula is, if necessary, rounded upward to four decimal places.
- d.
 - i. Each Lender must supply to the Administrative Agent the rate of charge payable by that Lender to the Financial Services Authority under the fees rules (calculated by that Lender as being the average of the rates of charge applicable to that Lender but, for this purpose, applying any applicable discount and ignoring any minimum fee required under the fees rules) and expressed in pounds per L1 million of the tariff base of that Lender.
 - ii. Each Lender must promptly notify the Administrative Agent of any change to the rate of charge.
- e.
 - i. Each Lender must supply to the Administrative Agent the information required by it to make a calculation of the rate for that Lender. The Administrative Agent may assume that this information is correct in all respects.
 - ii. If a Lender fails to do so, the Administrative Agent may assume that the Lender's obligations in respect of cash ratio deposits, special deposits and the fees rules are the same as those of a typical bank from its jurisdiction of incorporation with a lending office in the U.K.
 - iii. The Administrative Agent has no liability to any Party if its calculation over or under compensates any Lender.

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3. FOR A LENDER LENDING FROM A LENDING OFFICE IN A PARTICIPATING MEMBER STATE.

- a. The relevant rate for a Lender lending from a lending office in a Participating Member State is the percentage rate per annum notified by that Lender to the Administrative Agent as its cost of complying with the minimum reserve requirements of the European Central Bank.
- b. If a Lender fails to specify a rate under paragraph (a) above, the Administrative Agent will assume that the Lender has not incurred any such cost.

4. CHANGES

The Administrative Agent may, after consultation with the Company and the Lenders, notify all the Parties of any amendment to this Schedule which is required to reflect:

- a. any change in law or regulation; or
- b. any requirement imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any successor authority).

Any notification will be, in the absence of manifest error, conclusive and binding on all the Parties.

AMENDED AND RESTATED
FOUR YEAR REVOLVING TERM CREDIT AGREEMENT

CELESTICA INC. AND CELESTICA INTERNATIONAL INC.,
AS BORROWERS

- AND -

THE BANK OF NOVA SCOTIA,
AS ADMINISTRATIVE AGENT

- AND -

THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE A,
AS LENDERS

U.S. \$500,000,000
FOUR YEAR REVOLVING TERM CREDIT FACILITY

MADE AS OF DECEMBER 17, 2002

OSLER, HOSKIN & HARCOURT LLP
P.O. BOX 50, 1 FIRST CANADIAN PLACE
TORONTO, ONTARIO

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MADE as of the 17th day of December, 2002.

B E T W E E N:

CELESTICA INC.,
a corporation incorporated under the laws of the Province of Ontario,
OF THE FIRST PART,

- and -

CELESTICA INTERNATIONAL INC.,
a corporation incorporated under the laws of the Province of Ontario,
OF THE SECOND PART,

- and -

THE BANK OF NOVA SCOTIA,
a Canadian chartered bank, as Administrative Agent
OF THE THIRD PART,

- and -

THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE
A, as Lenders,
OF THE FOURTH PART.

WHEREAS Celestica Inc., Celestica International Inc., The Bank of Nova Scotia as the Administrative Agent, and the financial institutions named therein as the Lenders are parties to a Four Year Revolving Term Credit Agreement dated as of July 31, 2001 (the "EXISTING CREDIT AGREEMENT")

AND WHEREAS the parties hereto wish to amend and restate the Existing Credit Agreement on the terms set forth herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, the covenants herein contained and other valuable consideration, the parties hereto agree as follows:

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ARTICLE 1 INTERPRETATION

1.1 DEFINITIONS

In this Agreement:

"ACQUIRED INDEBTEDNESS" means Indebtedness of any Person (i) which is outstanding at the time that such Person becomes a Restricted Subsidiary or is amalgamated with, or merged with or into, a Borrower or a Restricted Subsidiary; or (ii) which is outstanding at the time that assets of a Person are acquired by a Borrower or a Restricted Subsidiary and the obligation for repayment of which is assumed by such Borrower or Restricted Subsidiary in connection with the acquisition of such assets;

"ACQUIRING LENDERS" has the meaning specified in Section 2.7(b)(iii);

"ACQUISITION DATE" has the meaning specified in Section 2.7(b)(iii);

"ADDITIONAL COMPENSATION" has the meaning specified in Section 3.2;

"ADMINISTRATIVE AGENT" means Scotiabank when acting in its capacity as administrative agent hereunder;

"ADVANCE" means a LIBOR Advance, a Base Rate Canada Advance made by the Lenders or a Lender, as applicable and "ADVANCES" means all of them;

"AFFECTED LENDER" has the meaning specified in Section 3.4(b);

"AFFILIATE" means an affiliated body corporate and, for the purposes of this Agreement, (i) one body corporate is affiliated with another body corporate if one such body corporate is the Subsidiary of the other or both are Subsidiaries of the same body corporate or each of them is controlled by the same Person and (ii) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other; for greater certainty for the purposes of this definition, "BODY CORPORATE" shall include a Canadian Chartered Bank;

"AGREEMENT" means this agreement and all Schedules attached hereto as the same may be amended, restated, replaced or superseded from time to time;

"ALTERNATE LENDERS" has the meaning specified in Section 2.7(b)(iv);

"APPLICABLE LAW" means, with respect to any Person, property, transaction or event, all applicable laws, statutes, rules, regulations, codes, treaties, conventions, judgements, orders, awards or determinations of courts, arbitrators or mediators, and decrees in any applicable jurisdiction which are binding on such Person, property, transaction or event;

"APPLICABLE MARGIN" shall have the meaning specified in Schedule C;

"APPROVED CREDIT RATING AGENCY" means any one of Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) ("STANDARD & POOR'S"), Moody's Investors

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Service, Inc. ("MOODY'S") and any other similar agency agreed to by Celestica and the Administrative Agent;

"APPROVING LENDERS" has the meaning specified in Section 2.7(b);

"ARM'S LENGTH" has the meaning ascribed thereto under the INCOME TAX ACT (Canada) in effect as of the date hereof;

"ASSENTING LENDER" has the meaning specified in Section 3.4(b);

"AVAILABLE SWING LINE COMMITMENT" means the monetary amount which is the Commitment of the Swing Line Lender as may be increased or decreased from time to time pursuant to Section 2.19(j);

"BANKING DAY" means a day, other than a Saturday or a Sunday and, where used in the context of a notice, delivery, payment or other communication addressed to the Administrative Agent, which is also a day on which banks are not required or authorized to close in Toronto, Canada;

"BASE RATE CANADA" means, on any day on which such rate is determined, the greater of (i) the variable rate of interest per annum, expressed on the basis of a year of 365 or 366 days, as the case may be, established or quoted from time to time by the Administrative Agent as the reference rate of interest then in effect for determining interest rates on United States Dollar denominated commercial loans made by it in Canada; and (ii) the Federal Funds Effective Rate plus 1/2 of 1% per annum;

"BASE RATE CANADA ADVANCE" means a loan made by the Lenders to a Borrower on which interest is payable based on the Base Rate Canada plus the Applicable Margin;

"BORROWERS' COUNSEL" means Davies Ward Philips & Vineberg LLP, Toronto, Ontario or such other firm of legal counsel as the Borrowers may from time to time designate;

"BORROWERS" means Celestica and Celestica International from time to time and their respective permitted successors and assigns and "BORROWER" means any of them;

"BUSINESS" means the business of:

- (a) conducting a broad range of electronics manufacturing services, including the manufacturing, assembly and testing of printed circuit boards, printed circuit board assembly, backplanes, electro-mechanical sub-assembly, memory modules, photonics, opto-electronic assembly, full system assembly, product testing, quality assurance, failure analysis, and other related manufacturing services;
- (b) a full range of supply chain management, services such as materials procurement, inventory management, logistics, packaging, distribution, after-market support and refurbishment;
- (c) design services including concept and product design, product documentation and data management, prototype services, product qualification, design for manufacturability and new product introduction;

- (d) the design, production, distribution and sale of power products; and
- (e) any incidental businesses conducted by businesses acquired by a Borrower or a Restricted Subsidiary whose principal business involves one or more of the businesses described in paragraphs (a) through (d) of this definition;

"CANADIAN DOLLARS" and "CDN. \$" mean the lawful currency of Canada in immediately available funds;

"CAPITAL LEASE" means any leasing or similar arrangement which, in accordance with GAAP, would be classified a capital lease;

"CAPITAL LEASE OBLIGATIONS" means all monetary obligations of Celestica or a Subsidiary under a Capital Lease and for the purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP;

"CELESTICA" means Celestica Inc., a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario, and any successor or continuing corporation;

"CELESTICA CORP." means Celestica Corporation, a corporation duly incorporated, organized and subsisting under the laws of the State of Delaware, and any successor corporation;

"CELESTICA INTERNATIONAL" means Celestica International Inc., a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario, and any successor or continuing corporation;

"CERCLA" means the United States COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980;

"CERCLIS" means the United States Comprehensive Environmental Response Compensation Liability Information System List;

"CLAIMS" has the meaning specified in Section 10.4(a);

"CLOSING" means the consummation of the transactions contemplated herein, including, without limitation, the satisfaction of the conditions precedent set out in Section 4.1 and the Facility becoming available to the Borrowers subject to the terms of this Agreement;

"CLOSING DATE" means December 17, 2002;

"CODE" means the United States INTERNAL REVENUE CODE OF 1986;

"COMMITMENT" means the commitment of each Lender to loan a portion of the aggregate amount of the Facility, in the amount set opposite its name in Schedule B, as such Schedule B may be amended pursuant to (a) Section 2.20 or (b) under a Transfer Notice pursuant to Section 11.11;

"CONTINGENT LIABILITY" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable for the Indebtedness for borrowed monies of any other Person;

"CONTROL" means, with respect to control of a body corporate by a Person, the holding (other than by way of security only) by or for the benefit of that Person, or Affiliates of that Person of securities of such body corporate or the right to vote or direct the voting of securities of such body corporate to which, in the aggregate, are attached more than 50% of the votes that may be cast to elect directors of the body corporate, provided that the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;

"CONTROLLED GROUP" means all members of a controlled group of corporations and all members of a controlled group of trades or business (whether or not incorporated) under common control which, together with the Borrowers, are treated as a single employer under Section 414(b) or Section 414(c) of the Code;

"CONVERSION" means the conversion of one type of Advance into another type of Advance pursuant to Section 2.12;

"CONVERSION NOTICE" means a notice substantially in the form set out in Schedule E;

"CORPORATE REORGANIZATION" has the meaning specified in Section 11.12;

"DEFAULT" means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, would constitute an Event of Default;

"DESIGNATED ACCOUNT" means an account of a Borrower of which the Administrative Agent is notified by such Borrower from time to time for the purposes of transactions under this Agreement;

"DISSENTING LENDERS" has the meaning specified in Section 2.7(b);

"DRAWDOWN" means a drawdown of an Advance;

"DRAWDOWN DATE" means, in relation to any Advance, the date, which shall be a Banking Day, on which the Drawdown of such Advance is made by a Borrower pursuant to a Drawdown Notice;

"DRAWDOWN NOTICE" means a notice substantially in the form set out in Exhibit 1 to Schedule F;

"EBITDA" means, for any particular period, the aggregate of:

- (a) Net Income for such period;
- (b) all amounts deducted in the calculation of Net Income in respect of Taxes, whether paid or deferred (in accordance with GAAP);
- (c) all amounts deducted in the calculation of Net Income in respect of depreciation;

- (d) all amounts deducted in the calculation of Net Income in respect of amortization;
- (e) all amounts deducted in the calculation of Net Income in respect of Interest Expense;
- (f) all amounts deducted in the calculation of Net Income in connection with the implicit financing costs of synthetic leases and Permitted Securitization Transactions;
- (g) all amounts deducted in the calculation of Net Income in determining all non-recurring charges; and
- (h) non-cash charges and purchase accounting deductions,

provided that, in the event of the acquisition by Celestica or a Restricted Subsidiary of (i) a corporation which becomes a new Restricted Subsidiary or (ii) any other entity or a group of assets or an operation, provided that such operation comprises a going concern which becomes a division or part of the business of Celestica or a Restricted Subsidiary (an "OPERATION"), EBITDA will, subject to (x) and (y), include the EBITDA for the newly acquired Restricted Subsidiary or operation for its immediately preceding four fiscal quarters completed prior to such acquisition.

- (x) If such newly acquired Restricted Subsidiary or operation was, immediately prior to such acquisition, accounted for on a stand-alone basis, EBITDA for such newly acquired Restricted Subsidiary or operation shall only be included in the above calculation if EBITDA for such newly acquired Restricted Subsidiary or operation, as the case may be, can be determined by reference to historical financial statements satisfactory to the Administrative Agent; and
- (y) If such newly acquired Restricted Subsidiary or operation:
 - (A) was not, immediately prior to such acquisition, accounted for on a stand-alone basis; or
 - (B) was immediately prior to such acquisition, accounted for on a stand-alone basis but, in the determination of the Administrative Agent acting reasonably, the business of such newly acquired Restricted Subsidiary or operation will not be conducted by Celestica or its Restricted Subsidiary, as the case may be, in substantially the same form or the same manner as conducted by the vendor immediately prior to such acquisition,

then subject to the satisfaction of the Administrative Agent and the Majority Lenders with the method of determination thereof acting reasonably, EBITDA for such newly acquired Restricted Subsidiary or operation will be determined having regard to historical financial results together with, and having regard to, contractual arrangements and any other changes made or proposed to be made by Celestica or its Restricted Subsidiary, as the case may be, to the business of such newly acquired Restricted Subsidiary or operation;

"ENVIRONMENTAL LAWS" means applicable federal, provincial, state, municipal or other local law, statute, regulation or by-law, code, ordinance, decree, directive, standard, policy, guideline, rule, order, treaty, convention, judgment, award or determination for the protection of the environment or human health or relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Materials;

"ERISA" means the United States EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974;

"EVENT OF DEFAULT" means any of the events described in Section 8.1;

"EXEMPTED JURISDICTION" has the meaning specified in Section 11.12;

"EXISTING CREDIT AGREEMENT" has the meaning specified in the first recital hereto;

"EXTENSION REQUEST" means a request made in writing by Celestica to the Administrative Agent substantially in the form set out in Schedule L;

"FACILITY" means the four year revolving term credit facility in an initial aggregate principal amount of U.S.\$500,000,000 to be made available to the Borrowers as set forth in Article 2 as same may be increased and/or extended subject to the terms set forth herein;

"FACILITY FEE" has the meaning specified in Section 2.11(a) and calculated in accordance with Schedule C;

"FEDERAL FUNDS EFFECTIVE RATE" means, for any particular day, the variable rate of interest per annum, calculated on the basis of a 360-day year as determined by the Administrative Agent for the actual number of days elapsed, equal to:

- (a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York, or
- (b) for any Banking Day on which such rate is not so published by the Federal Reserve Bank of New York, the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent in consultation with Celestica;

"FINAL MATURITY DATE" means the day which is one year from the Maturity Date;

"GAAP" means those Canadian generally accepted accounting principles as now or (except as provided in item (a) (iii) of the definition of Gross Funded Debt) hereafter adopted by the Canadian Institute of Chartered Accountants or any successor thereto;

"GLOBAL RATEABLE PORTION" means, with respect to any Lender, at any time, the ratio, expressed as a decimal fraction, of:

- (a) such Lender's Commitment at such time to

(b) the aggregate of the Commitments of all of the Lenders at such time;

"GROSS FUNDED DEBT" of Celestica, on a consolidated basis, means at any particular time and without duplication, the aggregate of:

- (a) the following amounts determined in accordance with GAAP:
 - (i) the outstanding monetary Obligations at such time;
 - (ii) the Capital Lease Obligations outstanding at such time;
 - (iii) any other Indebtedness for borrowed money (including, without limitation and without duplication, all Indebtedness in respect of bankers' acceptances and letters of credit) outstanding at such time but excluding (A) Permitted Subordinated Indebtedness, and (B) any Indebtedness which, in accordance with GAAP adopted as at the date of incurring such Indebtedness, qualified as equity, so long as the terms governing such Indebtedness are not amended after the date of incurring the Indebtedness in a manner that would have resulted in such Indebtedness not qualifying as equity in accordance with GAAP as adopted as at the date of incurring such Indebtedness;
 - (iv) the aggregate net marked-to-market liability under all Hedging Obligations;
 - (v) any Acquired Indebtedness outstanding at such time;
 - (vi) the outstanding amounts under any Permitted Securitization Transactions; and
 - (vii) the aggregate amounts outstanding under synthetic leases to which Celestica and its Restricted Subsidiaries are parties being the aggregate original cost of the assets subject to all such leases less all payments made on account of principal under all such leases on or prior to the date on which such amounts are determined;

plus

- (b) Contingent Liabilities of Celestica or any Restricted Subsidiary in existence at such time;

"GUARANTEES" means the guarantees of each of the Guarantors substantially in the form set forth in Schedule G;

"GUARANTOR" means each Person which, on the date of this Agreement, is or, after the date of this Agreement, becomes a Material Restricted Subsidiary and

"GUARANTORS" means two or more of them;

"HAZARDOUS MATERIAL" means any contaminant, pollutant, waste of any nature, hazardous or toxic substance or material or dangerous good as defined, judicially interpreted or identified in any Environmental Law or any substance that causes harm or degradation to the surrounding environment or injury to human health and, without restricting the generality of the foregoing, includes any pollutant, contaminant, waste, hazardous waste, deleterious substance or dangerous good present in such quantity or state that it contravenes any Environmental Laws or gives rise to any liability or obligation under any Environmental Law;

"HEDGING OBLIGATIONS" means, with respect to any Person, all liabilities of such Person under interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and all such other agreements or arrangements designed to protect such Person against fluctuations in interest rates;

"INDEBTEDNESS" of any Person means, without duplication:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether drawn or undrawn, and bankers' acceptances issued for the account of such Person;
- (c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capital Leases, including liabilities in respect of Capital Leases incurred by such Person in connection with sale/leaseback transactions;
- (d) net liabilities of such Person under all Hedging Obligations or net liabilities of such Person under currency, swap, forward or other foreign exchange hedging agreements;
- (e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (excluding prepaid interest thereon), secured by a lien on the property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Contingent Liabilities of such Person; and
- (g) any Acquired Indebtedness.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer;

"INDEMNIFIED PERSON" has the meaning specified in Section 3.5(b);

"INDEMNIFYING PARTY" has the meaning specified in Section 10.4(c);

"INDEMNITEE" has the meaning specified in Section 10.4(a);

"INTEREST EXPENSE" means, for any period, the aggregate consolidated interest expense of Celestica on a consolidated basis as determined in accordance with GAAP including the portions of any payment made in respect of Capital Leases allocable to interest expenses but excluding deferred financing costs and other non-cash interest expense;

"INTEREST PAYMENT DATE" shall have the meaning set out in Section 2.8;

"INTEREST PERIOD" means relative to any LIBOR Advance, the period commencing on (and including) the date on which such LIBOR Advance is made or continued as, or converted into, a LIBOR Advance, and ending on (but excluding) the day which numerically corresponds to such date one, two, three or six months thereafter (or, if such month has no numerically corresponding date, on the last Banking Day of such month) as the Borrower may select; provided, however, that:

- (a) if such Interest Period would otherwise end on a day which is not a Banking Day, such Interest Period shall end on the next following Banking Day (unless, if such Interest Period applies to LIBOR Advances, and such next following Banking Day is the first Banking Day of a calendar month, in which case such Interest Period shall end on the Banking Day next preceding such numerically corresponding day);
- (b) the Borrowers shall not be permitted to select, collectively or in the aggregate, Interest Periods to be in effect at any one time which have expiration dates occurring on more than ten different dates, unless otherwise previously consented to in writing by the Administrative Agent; and
- (c) no Interest Period may end later than the Maturity Date;

"LENDERS" means, collectively, the financial institutions set out in Schedule A and "LENDER" shall mean any such financial institution;

"LENDERS' COUNSEL" means the firm of Osler, Hoskin & Harcourt LLP, Toronto, Ontario, or such other firm of legal counsel as the Administrative Agent may from time to time designate;

"LIBO RATE" means, relative to any LIBOR Advance:

- (a) the rate of interest per annum of the offered quotations for deposits in United States Dollars for a period equal or comparable to the Interest Period in an amount comparable to the Advance as such rate is reported on the display designated as "page 3750" or "page 3740", as applicable (or any replacement pages) by "Telerate - The Financial Information Network" published by Telerate Systems, Inc. (or such other company or service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in United

States Dollars) at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day; or

- (b) if a rate cannot be determined under paragraph (a) above, the rate determined by the Administrative Agent to be the arithmetic average (rounded up if necessary, to the nearest 1/16 of 1%) of such rates as reported on the LIBO page by Reuters Money Market Service (or its successor) for a period equal to or comparable to the Interest Period and in an amount comparable to the Advance at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day provided that at least two such rates are reported on such page; or
- (c) if a rate cannot be determined under either of paragraphs (a) and (b) above, the rate determined by the Administrative Agent for a particular Interest Period to be the arithmetic average of the rates per annum at which deposits in United States Dollars in immediately available funds are offered by prime London banks to the LIBOR Offices in the London interbank market for a period equal to or comparable to the Interest Period and an amount comparable to the Advance at or about 10:00 a.m. (London, England time) on the applicable Rate Fixing Day.

For the purposes of this definition, "RATE FIXING DAY" means in respect of each Interest Period, the second Banking Day before the first day of such Interest Period.

"LIBOR ADVANCE" means a loan made by the Lenders to a Borrower on which interest is payable at the LIBO Rate plus the Applicable Margin;

"LIBOR OFFICE" means, relative to any Lender, the office of such Lender designated as such in Schedule A, if applicable, or designated in the Transfer Notice by which a financial institution becomes a Lender pursuant to Section 11.11, or such other office of a Lender (or any successor, assign or Affiliate of such Lender) as designated from time to time by notice from such Lender to Celestica and the Administrative Agent, whether or not outside Canada, which may be making or maintaining the LIBOR Advances of such Lender;

"LIENS" means any security interest, mortgage, pledge, hypothec, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise) or charge against or interest in property to secure payment of a debt or performance of an obligation (including the interest of a vendor or lessor under any conditional sale agreement, or of a lessor under any lease including a Capital Lease or other title retention agreement);

"LOAN DOCUMENTS" means this Agreement, the Guarantees provided for herein and all other agreements, documents or instruments to be executed and delivered to the Administrative Agent, the Lenders or any of them by the Borrowers, the Guarantors or any of them hereunder or thereunder or pursuant hereto or thereto;

"LOSSES" has the meaning specified in Section 10.4(a);

"MAIN FACILITY COMMITMENT" means, at any time, the amount, if any, by which the Commitment of the Swing Line Lender exceeds the Available Swing Line Commitment at that time;

"MAIN FACILITY RATEABLE PORTION" means, with respect to any Lender, at any time, subject to adjustment by the Administrative Agent in accordance with Section 9.16 of this Agreement and also subject to Section 2.3 of this Agreement, the ratio, expressed as a decimal fraction, of:

- (a) such Lender's Commitment at such time (or, if such Lender is Scotiabank, or an affiliate thereof, the Main Facility Commitment) to
- (b) the aggregate of the Commitments of all of the Lenders (other than Scotiabank and its affiliates) at such time and the Main Facility Commitment at such time;

"MAJORITY LENDERS" means the Lenders, the Commitments of which are in the aggregate more than 51% of the aggregate amount of Commitments;

"MANDATORY COST" means, in relation to a LIBOR Advance, an amount determined in accordance with Schedule J;

"MATERIAL ADVERSE CHANGE" means any change of circumstances or any event which would reasonably be likely to have a Material Adverse Effect;

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of Celestica and of the Restricted Subsidiaries taken as a whole, or (b) the ability of any Borrower to perform any of its Obligations, or (c) the rights of the Administrative Agent and the Lenders against the Obligor on a consolidated basis pursuant to the Loan Documents;

"MATERIAL RESTRICTED SUBSIDIARY" means any Restricted Subsidiary of Celestica whose assets total greater than U.S. \$150,000,000 on an unconsolidated basis on the date referenced in the most recently delivered set of financial statements delivered pursuant to Section 7.1(a)(ii); provided, however, that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries shall not exceed on the date referenced in such financial statements, in the aggregate, ten per cent (10%) of the unconsolidated assets of the Borrowers and the Restricted Subsidiaries on such date, and in the event that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted Subsidiaries exceeds, on the date referenced in such financial statements, in the aggregate, ten percent (10%) of the unconsolidated assets of the Borrowers and Restricted Subsidiaries, Celestica shall set out in a Schedule to the Officer's Certificate to be delivered in accordance with Section 7.1(a)(iii) the Restricted Subsidiaries which it wishes to designate as Material Restricted Subsidiaries such that unconsolidated assets of all of the Restricted Subsidiaries which are not Material Restricted Subsidiaries shall not exceed ten percent (10%) of the unconsolidated assets of the Borrowers and Restricted Subsidiaries on such date;

"MATURITY DATE" means July 30, 2005 or, if the Maturity Date has been extended pursuant to the provisions of Section 2.7, the Final Maturity Date;

"NET INCOME" means, for any particular period, net income of Celestica for such period determined on a consolidated basis in accordance with GAAP;

"NOTICE OF AMOUNT" has the meaning specified in Section 3.2;

"NOTICE OF SWING LINE BORROWING" means a notice substantially in the form set out in Exhibit 2 to Schedule F;

"NOTIFICATION DATE" has the meaning specified in Section 10.5(c);

"OBLIGATIONS" means all obligations (monetary and otherwise) of the Borrowers arising under or in connection with this Agreement and each other Loan Document;

"OBLIGORS" means, collectively, the Borrowers and the Guarantors and "OBLIGOR" means any one of them;

"OFFICER'S CERTIFICATE" means a certificate signed by any one of the Chairman of the Board, the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any Senior Vice-President, any Vice-President, the Treasurer, the Controller, the Assistant Treasurer, the Secretary or the Assistant Secretary of Celestica;

"OFFICIAL BODY" means any national, federal or provincial government or any government of any political subdivision thereof, or any agency, authority, board, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury, mediator or arbitrator, whether foreign or domestic, or any non-governmental regulatory authority to the extent that the rules, regulations and orders of such body have the force of law;

"ORGANIC DOCUMENT" means, relative to any body corporate, its articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its Shares;

"OTHER TAXES" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, any of the Loan Documents, or any other document in connection herewith;

"OUTSTANDING AMOUNT" has the meaning specified in Section 2.3(c);

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA;

"PENSION PLAN" means:

- (a) any plan, program, agreement or arrangement that is a pension plan for the purposes of any federal or provincial pension benefit law or under the INCOME TAX ACT (Canada) (whether or not registered under such law) which is maintained or contributed to, or to which there is or may be an obligation to contribute by any of the Borrowers in respect of its employees in Canada; and
- (b) a "PENSION PLAN", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrowers or any of the Subsidiaries or any corporation, trade or business that is, along with the Borrowers, a member of a Controlled Group, may have liability;

"PERMITTED ENCUMBRANCES" means any one or more of the following with respect to the assets of Celestica or any Restricted Subsidiary:

- (a) inchoate or statutory Liens for Taxes, assessments and other governmental charges or levies which are not delinquent (taking into account any relevant grace periods) or the validity of which are currently being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a provision or reserve (to the extent required by GAAP) in an amount which is adequate therefor;
- (b) inchoate or statutory Liens of contractors, sub-contractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of construction, maintenance, repair or operation of assets of Celestica or the relevant Restricted Subsidiary, or otherwise arising in the ordinary course provided that such Liens are related to obligations not due or delinquent (taking into account any applicable grace or cure periods), are not registered as encumbrances against title to any of the assets of Celestica or the relevant Restricted Subsidiary and adequate holdbacks are being maintained as required by applicable legislation or such Liens are being contested in good faith by appropriate proceedings and in respect of which there shall have been set aside a provision or reserve (to the extent required by GAAP) in an amount which is adequate with respect thereto and provided further that such Liens do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary encumbered thereby or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;
- (c) easements, rights-of-way, servitudes, restrictions and similar rights in real property comprised in the assets of Celestica or the relevant Restricted Subsidiary or interests therein granted or reserved to other persons, provided that such rights do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;
- (d) title defects or irregularities which are of a minor nature and which do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;
- (e) Liens incidental to the conduct of the business or the ownership of the assets of Celestica or the relevant Restricted Subsidiary (other than those described in Clauses (f) and (g) of this definition) which were not incurred in connection with the borrowing of money or the obtaining of advances of credit (including, without limitation, unpaid purchase price), and which do not, in the aggregate, materially detract from the value of the assets of Celestica or any Material Restricted Subsidiary or materially interfere with the use thereof in the operation of the business of Celestica or any Material Restricted Subsidiary;

- (f) Liens securing appeal bonds or other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instrument serving a similar purpose;
- (g) attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that such Liens are in existence for less than 30 days after the entry thereof or the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;
- (h) Liens given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operation of the business or the ownership of the assets of Celestica or the relevant Restricted Subsidiary, provided that such Liens do not have a Material Adverse Effect;
- (i) Purchase Money Obligations arising in the ordinary course of business, provided that such Lien is limited to the property so acquired and is created, issued or assumed substantially concurrently with the acquisition of such property;
- (j) the right reserved to or vested in any Official Body by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of any of Celestica or the relevant Restricted Subsidiary, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (k) the interests of lessors (including without limitation, security interests granted in favour of lessors) pursuant to all leases, including Capital Leases and synthetic leases, under which Celestica or the relevant Restricted Subsidiary is the lessee;
- (l) the extension, renewal or refinancing of any Permitted Encumbrance, provided that the amount so secured does not exceed the original amount secured immediately prior to such extension, renewal or refinancing;
- (m) Liens granted over the assets securitized in connection with any Permitted Securitization Transaction;
- (n) Liens granted by Celestica Corp. pursuant to and in accordance with the Synthetic Lease provided that neither Celestica nor any other Subsidiary other than Celestica, Celestica Corp. or Celestica International has any liability in respect of such indebtedness;
- (o) Liens granted by Celestica and/or any Restricted Subsidiary pursuant to future subsidized financing by development entities on terms and conditions satisfactory to the Administrative Agent and the Majority Lenders;
- (p) Liens granted to secure Acquired Indebtedness, to the extent that (i) such Liens exist at the time such person or the assets subject to such Lien are acquired by

Celestica or a Restricted Subsidiary; (ii) such Liens were not created in contemplation of the transaction by which the subject Indebtedness became Acquired Indebtedness; and (iii) such Liens either (A) only extend to the assets acquired or the assets of the Person acquired, as applicable, in the transaction pursuant to which the Acquired Indebtedness became an obligation of a Borrower or a Restricted Subsidiary or (B) are discharged within 60 days of such acquisition;

- (q) Liens granted in respect of Shares of Unrestricted Subsidiaries;
- (r) Liens of the nature contemplated in (b), (c), (d) or (e) above, but exceeding the materiality thresholds specified therein, securing indebtedness in the aggregate not greater than U.S. \$50,000,000; and
- (s) Liens granted by Celestica International in favour of Celestica in connection with a Loan Agreement made as of November 4, 1996, as amended, between Celestica International (under its form name Celestica, Inc.) and 1201541 Ontario Inc. (a predecessor in interest to Celestica).

"PERMITTED ENCUMBRANCE CERTIFICATE" means a certificate in the form of Schedule M;

"PERMITTED SECURITIZATION TRANSACTION" means any transaction providing for the sale, securitization or other asset-backed financing (collectively, "Securitization Transactions") of:

- (i) trade accounts receivable of or owing to Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) having an aggregate book value on the date the relevant Securitization Transaction is completed that does not exceed the sum of (A) 30% of the aggregate book value of the trade accounts receivable of or owing to Celestica and its Restricted Subsidiaries determined on a consolidated basis, before giving effect to prior Securitization Transactions of trade accounts receivable that have not been collected, on or prior to the date on which the relevant Securitization Transaction is completed, and (B), as long as there are no Advances outstanding under this Agreement and no advances (other than letters of credit) under any other credit agreement under which Celestica or any Restricted Subsidiary is a borrower (excluding, for greater certainty, overdraft facilities and Acquired Indebtedness), 50% of the amount by which (1) the aggregate book value of the inventory that is otherwise available for Securitization Transactions involving inventory under (ii) below, exceeds (2) the aggregate book value of all inventory that has been subject to prior Securitization Transactions effected by Celestica and its Restricted Subsidiaries; or
- (ii) inventory of Celestica or any Restricted Subsidiary (and/or contractual rights relating thereto) having an aggregate book value on the date the relevant Securitization Transaction is completed that does not exceed the sum of (A) 30% of the aggregate book value of the inventory of Celestica and its Restricted Subsidiaries determined on a consolidated basis, before giving effect to prior Securitization Transactions of inventory that has not been incorporated into product sold to a third party, on or prior to the date on which the relevant

Securitization Transaction is completed, and (B), as long as there are no Advances outstanding under this Agreement and no advances (other than letters of credit) under any other credit agreement under which Celestica or any Restricted Subsidiary is a borrower (excluding, for greater certainty, overdraft facilities and Acquired Indebtedness), 50% of the amount by which (1) the aggregate book value of the trade accounts receivable of or owing to Celestica and its Restricted Subsidiaries that are otherwise available for Securitization Transactions of trade accounts receivable under (i) above, exceeds (2) the aggregate book value of all trade accounts receivable that have been subject to prior Securitization Transactions effected by Celestica and its Restricted Subsidiaries;

provided that the terms and conditions of all such Securitization Transactions shall be on an Arms' Length basis and on commercially reasonable and usual terms;

"PERMITTED SUBORDINATED INDEBTEDNESS" means all unsecured Indebtedness of Celestica, which, in respect of principal, is subordinated in right of payment to the payment in full in cash of all monetary Obligations and, in respect of interest, is only so subordinated upon the occurrence and during the continuance of a Default, in each case, on terms satisfactory to the Administrative Agent and the Majority Lenders, the terms of which permit Celestica at Celestica's sole option in all circumstances to satisfy such indebtedness by the issue of Shares or other securities convertible in all circumstances at the sole option of Celestica into Shares of Celestica;

"PERSON" means an individual, company, partnership (whether or not having separate legal personality), corporation (including a business trust and a Canadian chartered bank), joint stock company, trust, unincorporated association, joint venture or other entity, or a government, state or political subdivision thereof or any agency of such government, state or political subdivision;

"POUNDS STERLING" and "(Pound)" means the lawful currency of the United Kingdom;

"PREDECESSOR CORPORATION" has the meaning described thereto in Section 11.12;

"PREDECESSOR GUARANTEE" has the meaning described thereto in Section 11.12;

"PROPERTY" has the meaning ascribed thereto in Section 10.5(a);

"PURCHASE MONEY OBLIGATIONS" means any Lien created, issued or assumed by Celestica or any Subsidiary to secure indebtedness assumed as part of, or issued or incurred to pay or provide funds to pay, all or a part of the purchase price of any property (other than the shares, stock or other securities of any Subsidiary or of any corporation which becomes a Subsidiary upon such purchase, except for an Unrestricted Subsidiary);

"RELEASE" has the meaning specified in Section 6.1(h)(i);

"RESTRICTED SUBSIDIARY" means each and every Subsidiary of Celestica which is not at the time an Unrestricted Subsidiary. For greater certainty, a Subsidiary of an Unrestricted Subsidiary shall not be a Restricted Subsidiary;

"ROLLOVER" means a rollover of a LIBOR Advance pursuant to and in accordance with Section 2.9;

"ROLLOVER NOTICE" means a notice substantially in the form of Schedule H;

"SCOTIABANK" means The Bank of Nova Scotia, a Canadian chartered bank;

"SENIOR UNSECURED CREDIT AGREEMENT" means the Amended and Restated Credit Agreement dated as of June 8, 2001 among Celestica and the Subsidiaries of Celestica designated therein, as borrowers, Scotiabank as Administrative Agent, Canadian Facility Agent, U.S. Facility Agent and U.K. Facility Agent and Scotiabank and the Financial Institutions named therein as lenders as same may be amended, restated, supplemented, extended or replaced from time to time;

"SHARES", as applied to the shares of any corporation or other entity, means the shares or other ownership interests of every class whether now or hereafter authorized, regardless of whether such shares or other ownership interests shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of such corporation or other entity;

"SPECIAL PURPOSE SUBSIDIARY" means any Subsidiary of Celestica which (a) is formed for the purpose of effecting any Permitted Securitization Transaction and engaging in other activities reasonably related thereto, and, where applicable, (b) is structured as a "BANKRUPTCY-REMOTE SUBSIDIARY" in accordance with customary practices in the asset-backed securitization market;

"SUBSIDIARY" means, with respect to any Person, any corporation, company or other similar business entity (including, for greater certainty, a Canadian chartered bank) of which more than fifty per cent (50%) of the outstanding Shares or other equity interests (in the case of Persons other than corporations) having ordinary voting power to elect a majority of the board of directors or the equivalent thereof of such corporation, company or similar business entity (irrespective of whether at the time Shares of any other class or classes of the Shares of such corporation, company or similar business entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person;

"SUBSTITUTE LENDERS" has the meaning specified in Section 9.14;

"SUCCESSOR AGENT" has the meaning specified in Section 9.10;

"SUCCESSOR CORPORATION" has the meaning specified in Section 11.12(a);

"SWING LINE ADVANCE" means an Advance made pursuant to the provisions of Section 2.19(a);

"SWING LINE LENDER" means Scotiabank or such other Lender as may have agreed to act as a Swing Line Lender and to which Scotiabank and Celestica may have agreed to acting as a Swing Line Lender from time to time;

"SYNTHETIC LEASE" means the Master Lease and Open-end Mortgage dated as of February 12, 1998 made between Celestica Corp. (under its former name, Celestica Colorado, Inc.) and BMO Leasing (U.S.) Inc., as same may be amended, restated, supplemented, extended or replaced from time to time, including, without limitation, the amendment dated December 31, 1998 pursuant to which Celestica Corp. (under its former name Celestica (USA), Inc.) assumed the liabilities of Celestica Colorado, Inc. under such Master Lease and Open-end Mortgage;

"TAKE-OVER BID" means an offer to acquire made by Celestica or any Restricted Subsidiary, alone or acting jointly or in concert with any other Person or Persons (collectively, the "OFFEROR") to any holder of Shares or securities convertible, exchangeable or exercisable into Shares (the "TARGET SHARES") of the offeree issuer, which has not been solicited by or made at the request of the board of directors of the offeree issuer or with respect to which the board of directors of the offeree issuer has not recommended acceptance, where the Target Shares subject to the offer to acquire, together with the Target Shares held by or on behalf of the offeror on the date of the offer, constitute, in aggregate, 20% (or such lesser percentage as would require compliance with the formal requirements governing take-over bids (such as the delivery of circulars or equivalent disclosure documents to shareholders under Applicable Law)) or more of the outstanding Target Shares at the date of the offer to acquire, but excluding any such offer which, under the Applicable Law of the jurisdiction in which such offer is made, would be exempt from such formal requirements;

"TAKE-OVER BID NOTICE" has the meaning specified in Section 2.3;

"TANGIBLE NET WORTH" of Celestica, on a consolidated basis, means, at any particular time, without duplication, the sum, determined in accordance with GAAP, of:

- (a) capital stock;
- (b) preferred stock;
- (c) paid-in capital;
- (d) retained earnings; and
- (e) cumulative translation adjustment (whether positive or negative);

minus the sum of any amounts shown on account of any:

- (f) patents, patent applications, service marks, industrial designs, copyright and trade marks;
- (g) goodwill and other intangibles; and
- (h) any equity in, loan to or other investment or interest in an Unrestricted Subsidiary whatsoever;

"TAXES" includes all present and future income, corporation, capital gains, capital and value-added and goods and services taxes and all stamp, franchise and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever together with interest thereon and

penalties with respect thereto, if any, and charges, fees and other amounts made on or in respect thereof;

"TORONTO OFFICE" means the office of the Administrative Agent located at 44 King Street West, 14th Floor, Toronto, Ontario, Canada M5H 1H1 (facsimile: 416-866-5991) or such other address as the Administrative Agent may designate by notice to Celestica;

"TRANSFER NOTICE" means a notice substantially in the form of Schedule I;

"UNITED STATES DOLLARS" and "U.S. \$" means the lawful currency of the United States of America in immediately available funds; and

"UNRESTRICTED SUBSIDIARY" means a Subsidiary of Celestica designated by Celestica as such in accordance with Section 5.2 of this Agreement and any Subsidiary of an Unrestricted Subsidiary.

1.2 HEADINGS

The division of this Agreement into Articles and Sections and the insertion of an index and headings are for convenience of reference only and shall not affect the construction or interpretation hereof. The terms "THIS AGREEMENT", "HEREOF", "HEREUNDER" and similar expressions refer to this Agreement and not to any particular Article, Section, paragraph or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 USE OF DEFINED TERMS

Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each Drawdown Notice, Conversion Notice, Rollover Notice, Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

1.4 EXTENDED MEANINGS

Words importing the singular number only shall include the plural and VICE VERSA, and words importing any gender shall include all genders.

1.5 CROSS REFERENCES

Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and unless otherwise specified referenced in the Article, Section or definition to any Clause are references to such Clause of such Article, Section or definition.

1.6 REFERENCE TO AGENT OR LENDERS

Any reference in this Agreement to the Administrative Agent or a Lender shall be construed so as to include its permitted successors, transferees or assigns hereunder in accordance with their respective interests.

1.7 ACCOUNTING TERMS

Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with GAAP and all financial data submitted pursuant to this Agreement shall be prepared in accordance with such principles, consistently applied; provided that, if Celestica notifies the Administrative Agent that it wishes to amend any covenant in Section 7.3 to eliminate the effect of any change in GAAP or any change in the application of accounting policies on the operation of such covenant (or the Administrative Agent notifies Celestica that the Majority Lenders wish to amend Section 7.3 for such purpose), Celestica's compliance with such covenant shall be determined on the basis of GAAP or accounting policies in effect immediately before the relevant change in GAAP or change in accounting policies became effective, until either such notices are withdrawn or such covenant is amended in a manner satisfactory to Celestica, the Administrative Agent and the Majority Lenders.

1.8 CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED ACCOUNTS

Notwithstanding Section 1.7, wherever in this Agreement reference is made to a consolidated financial statement of Celestica or to a determination to be made on a consolidated basis, such reference shall be deemed to be to a consolidated financial statement or consolidated basis, determined in accordance with GAAP, which consolidates only the financial statements or accounts of Celestica and its Subsidiaries, excluding all Unrestricted Subsidiaries, with investments by Celestica or any Restricted Subsidiary in Unrestricted Subsidiaries accounted for using equity accounting. At any time that Celestica and all Restricted Subsidiaries have no Unrestricted Subsidiaries, all references to consolidated financial statements herein shall be deemed to be references to the fully consolidated financial statements of Celestica.

1.9 NON-BANKING DAYS

Except as otherwise specified herein, whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Banking Day, such payment shall be made or such action shall be taken on the next succeeding Banking Day and, in the case of the payment of any monetary amount, the extension of time shall be included for the purposes of computation of interest or fees thereon.

1.10 REFERENCES TO TIME OF DAY

Except as otherwise specified herein, a time of day shall be construed as a reference to Toronto, Canada time.

1.11 SEVERABILITY

In the event that one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any Applicable Law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby.

1.12 CURRENCY

All monetary amounts in this Agreement refer to United States Dollars unless otherwise specified.

1.13 REFERENCES TO STATUTES

Except as otherwise provided herein, any reference in this Agreement to a statute shall be construed to be a reference to such statute as the same may have been, or may from time to time be, amended, reformed or otherwise modified or re-enacted from time to time.

1.14 REFERENCES TO AGREEMENTS

Except as otherwise provided herein, any reference herein to this Agreement, any other Loan Document or any other agreement or document shall be construed to be a reference to this Agreement, such Loan Document or such other agreement or document, as the case may be, as the same may have been, or may from time to time be, amended, restated, extended, supplemented or replaced.

1.15 CONSENTS AND APPROVALS

Whenever the consent in writing or approval in writing of a party hereto is required in a particular circumstance, unless otherwise expressly provided for therein, such consent or approval shall not be unreasonably withheld or delayed by such party.

1.16 SCHEDULES

The following are the Schedules attached hereto and incorporated by reference and deemed to be part hereof:

- Schedule A - Lenders
- Schedule B - Lenders' Commitments
- Schedule C - Applicable Margin and Facility Fee
- Schedule D - Quarterly Certificate on Covenants
- Schedule E - Conversion Notice
- Schedule F - Drawdown Notice and Notice of Swing Line Borrowing
- Schedule G - Guarantees
- Schedule H - Rollover Notice
- Schedule I - Transfer Notice
- Schedule J - Mandatory Cost Calculation
- Schedule K - Opinions of Counsel
- Schedule L - Extension Request
- Schedule M - Permitted Encumbrance Certificate

ARTICLE 2
THE FACILITY

2.1 ESTABLISHMENT OF THE FACILITY

Upon the terms and subject to the conditions hereof, each of the Lenders hereby severally agrees to make its Global Rateable Portion of the Facility available to the Borrowers as specified in Sections 2.2, 2.3 and 2.19.

2.2 PURPOSE, NATURE AND TERM OF THE FACILITY

- (a) The Facility is being made available to the Borrowers by the Lenders for the business and operations of the Borrowers and their respective Restricted Subsidiaries, including, without limitation and for greater certainty, to finance acquisitions of companies which, after the acquisition thereof, will become Restricted Subsidiaries or assets which, after the acquisition thereof, will be owned by Celestica or a Restricted Subsidiary, the repayment of existing indebtedness and for commercial paper support.
- (b) Advances under the Facility shall not be used by any Borrower to finance the acquisition of, investment in, loan to or to provide working capital to an Unrestricted Subsidiary.
- (c) Subject to the terms and conditions of this Agreement (including, without limitation, Section 2.7) the Facility shall be a revolving credit facility and the Borrowers may borrow, repay and reborrow under the Facility as they see fit. The Facility shall terminate, subject to Section 2.7, on the Maturity Date.

2.3 AVAILABILITY OF ADVANCES

- (a) The Facility shall be available for Drawdowns by the Borrowers, at the option of the Borrowers, as follows:
 - (i) to Celestica or Celestica International, Drawdowns from Lenders, each in a minimum amount of U.S. \$5,000,000 and integral multiples of U.S. \$100,000 in excess thereof, in United States Dollars by way of Base Rate Canada Advances; and
 - (ii) to Celestica or Celestica International, Drawdowns from Lenders, each in a minimum amount of U.S. \$5,000,000 and integral multiples of U.S. \$100,000 in excess thereof, in United States Dollars by way of LIBOR Advances.
- (b) Each Drawdown of an Advance pursuant to Section 2.3(a)(i) or (ii) shall be made by irrevocable Drawdown Notice, which Drawdown Notice shall be given by Celestica or Celestica International to the Administrative Agent, not later than (y) 10:00 a.m. Toronto, Canada time on the Banking Day prior to the relevant Drawdown Date in the case of Base Rate Canada Advances, and (z) 10:00 a.m. London, England time and 10:00 a.m. New York, New York time on the third

Banking Day prior to the relevant Drawdown Date in the case of a LIBOR Advance in United States Dollars.

- (c) A Borrower may not make a Drawdown under the Facility if, as a result of such Drawdown, the sum of (i) the aggregate principal amount of all LIBOR Advances in United States Dollars outstanding under the Facility, plus (ii) the aggregate principal amount of all Base Rate Canada Advances outstanding under the Facility (collectively, the "OUTSTANDING AMOUNT") would exceed the aggregate of all Commitments of the Lenders at such time (or such lesser amount as may be available following a cancellation in part of the Facility pursuant to Section 2.6).
- (d) If a Borrower wishes to make a Drawdown under the Facility for the purpose of financing a Take-over Bid, such Borrower shall deliver to the Administrative Agent a written notice (a "TAKE-OVER BID NOTICE") thereof at least ten (10) Banking Days prior to the day on which it gives to the Administrative Agent a Drawdown Notice requesting such Drawdown. Such Take-over Bid Notice shall include the details of such Take-over Bid. As soon as possible, but in any event within five (5) Banking Days of the giving of the Take-over Bid Notice, each Lender shall, acting reasonably and in good faith, determine whether or not it wishes to fund its Main Facility Rateable Portion of such Drawdown. Notwithstanding any other provisions hereof, if any Lender determines that it does not wish to fund its Main Facility Rateable Portion of such Drawdown, such Lender shall not be required to fund its Main Facility Rateable Portion of such Drawdown and the Drawdown shall be reduced accordingly.
- (e) This Section 2.3 shall not apply to Swing Line Advances.

2.4 LENDERS' OBLIGATIONS

- (a) The obligations of the Lenders hereunder are several and not joint.
- (b) Save as otherwise specifically provided herein, each Lender shall participate in each Advance (other than, for certainty, any Swing Line Advance) referred to in the applicable provisions of Section 2.3 in accordance with its Main Facility Rateable Portion.

The failure of any Lender to make available its share of any Advance required to be made by it under this Agreement shall not relieve any other Lender of its obligation to make available its share of any Advance required to be made under this Agreement.

2.5 REPAYMENT OF FACILITY

- (a) Provided that the Facility is not prepaid or accelerated in accordance with Article 8, each Borrower shall repay the principal amount of all Advances made to it outstanding under the Facility, together with accrued and unpaid interest thereon, subject to Section 2.6 and Section 2.7, on the Maturity Date to the Administrative Agent.

- (b) All repayments of the Facility by the Borrowers shall be in a minimum amount equal to the minimum amount of a Drawdown of each type of Advance set out in Section 2.3 and amounts in excess thereof in integral multiples of U.S. \$100,000, except in the event of a Rollover of an Advance into a lesser amount than the Advance then outstanding or a repayment pursuant to paragraph (a) of this Section 2.5 which may be in any amount.

2.6 PAYMENTS/CANCELLATION OR REDUCTION

Celestica may at any time, upon giving at least three (3) Banking Days' prior notice to the Administrative Agent, repay, or cause another Borrower to repay and, in each case, cancel, any drawn portion of the Facility or cancel in full or, from time to time, in part, any undrawn portion of the Facility; provided, however, that:

- (a) in the event that any such repayment relates to a LIBOR Advance other than on the scheduled last day of the applicable Interest Period, the Borrower to which such Advance was made shall contemporaneously pay to the Administrative Agent all applicable breakage costs, being any loss or expense incurred by the Lenders by reason of the resulting liquidation or re-employment of deposits of funds;
- (b) any such reduction shall be in a minimum amount of U.S. \$5,000,000 and cancellations in excess thereof shall be in increments of U.S. \$100,000;
- (c) any cancellation shall reduce the Commitment of each Lender on a PRO RATA basis having regard to the Commitment of each Lender; and
- (d) any such cancellation shall permanently reduce the Facility and may not be reinstated.

2.7 EXTENSION OF MATURITY DATE

- (a) MATURITY DATE. Subject to Section 2.6, this Section 2.7, Section 8.2 and Section 8.5, the Facility shall be available until the Maturity Date. Notwithstanding the termination of availability of the Facility, until all of the Obligations (other than contingent indemnity obligations) of the Borrowers shall have been fully and indefeasibly paid and satisfied and all financing arrangements among the Borrowers and the Lenders with respect to the Obligations shall have been cancelled or terminated, all of the rights and remedies under this Agreement and the other Loan Documents shall survive.
- (b) EXTENSION OF MATURITY DATE. Not more than 90 days nor less than 60 days before the Maturity Date, Celestica may request, by delivery of an Extension Request (which shall include the consent of all Guarantors) to the Administrative Agent, that the Maturity Date be extended for an additional period of one year. Within 5 days after receipt of such Extension Request, the Administrative Agent shall notify each Lender of the Extension Request by Celestica and provide each Lender with a copy of such Extension Request. Within 25 days after Celestica

has delivered such Extension Request, each Lender shall give the Administrative Agent notice in writing of its decision to agree to so extend or to deny the requested extension (and the failure to provide such notice shall be deemed to be a decision to deny the requested extension). Within 5 days following the aforesaid 25 day period, the Administrative Agent shall give written notice to Celestica and the Lenders advising as to those Lenders who have agreed to the requested extension (for purposes of this Section 2.7, the "APPROVING LENDERS") and those Lenders who have not agreed to or who have been deemed to have not agreed to the requested extension (for purposes of this Section 2.7, the "DISSENTING LENDERS").

- (i) If all Lenders approve the requested extension, the Facility shall be extended for a further one year and the Facility shall be available until and each Borrower shall repay all Advances and other amounts in accordance with Section 2.5 on the Final Maturity Date.
- (ii) If Lenders having Commitments equal to at least 66-2/3% but less than 100% of the Commitments approve the requested extension then an Approving Lender, at its option, may acquire all or any portion of the rights and obligations of the Dissenting Lenders under the Facility by giving written notice to the Administrative Agent of the portion of the rights and obligations of the Dissenting Lenders which such Approving Lender is prepared to acquire. Such notice shall be given within 10 days following receipt of the notice from the Administrative Agent advising as to the Approving Lenders and the Dissenting Lenders pursuant to Section 2.7(b). If more than one Approving Lender gives notice to the Administrative Agent that it wishes to acquire all or a portion of the rights and obligations of the Dissenting Lenders under the Facility, then each Approving Lender shall, subject to Section 2.7(b)(iii) be entitled to acquire its pro rata share of the rights and obligations of the Dissenting Lenders under the Facility. For the purpose of this Section 2.7(b)(ii), the Approving Lenders' pro rata shares shall be determined based on the Commitments (before acquisition under this Section 2.7(b)(ii)) of each of the Approving Lenders wishing to acquire a portion of the rights and obligations of the Dissenting Lenders under the Facility. The Administrative Agent shall give written notice to Celestica within five days following the expiry of the time for Approving Lenders to give notice of acquisition pursuant to this Section 2.7(b)(ii), of the Commitments of the Dissenting Lenders so acquired.
- (iii) If one or more of the Approving Lenders (for purposes of this Section 2.7(b)(iii), the "ACQUIRING LENDERS") has given notice to the Administrative Agent that it wishes to acquire all or a portion of the rights and obligations of the Dissenting Lenders under the Facility pursuant to Section 2.7(b)(ii), then, concurrently with the notice given to Celestica pursuant to Section 2.7(b)(ii), the Administrative Agent shall give notice to each of the Acquiring Lenders setting out the Commitments of and the amount of the outstanding Advances made by the Dissenting Lenders to

be acquired by each of the Acquiring Lenders in accordance with Section 2.7(b)(ii) and of the date (for purposes of this Section 2.7(b)(iii), the "ACQUISITION DATE") on which the acquisition shall be effective. The Acquisition Date shall be the tenth day following the date of the notice given pursuant to this Section 2.7(b)(iii). At or before 11:00 a.m. (Toronto, Canada time) on the Acquisition Date, each Acquiring Lender shall deposit with or transfer to the Administrative Agent for the account of the Dissenting Lenders an amount equal to the amount of the outstanding credit to be acquired by it pursuant to this Section 2.7(b)(iii). Upon receipt of such amounts, the Administrative Agent shall (i) disburse such amounts to each of the Dissenting Lenders in accordance with their respective entitlement thereto against delivery of forms of Transfer Notice executed by each of the Dissenting Lenders; and (ii) make appropriate entries in the books of account regarding the Facility. The provisions of Section 11.11(b), (c) and (d) shall apply MUTATIS MUTANDIS to any acquisition pursuant to this Section 2.7(b)(iii). Each acquisition of the outstanding Advances of a Dissenting Lender by an Acquiring Lender shall be subject to the prior consent of Celestica, which consent shall not be unreasonably withheld or delayed, provided that it shall not be unreasonable for Celestica to withhold its consent if such acquisition gives rise to a claim for increased costs pursuant to Article 3 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable under this Agreement, in excess of what would have been the case without such acquisition, but it shall be unreasonable for Celestica to withhold its consent if such Acquiring Lender waives the rights to any benefits under Section 3.5 in respect of the Advances purchased by it pursuant to this clause (iii).

- (iv) If Lenders having Commitments equal to at least 66-2/3% but less than 100% of the Commitments approve the requested extension and if the Acquiring Lenders have not acquired all of the rights and obligations of the Dissenting Lenders pursuant to Section 2.7(b)(iii), then Celestica may, at its option, either (A) locate one or more other financial institutions (for purposes of this Section 2.7(b)(iv), "ALTERNATE LENDERS"), satisfactory to the Administrative Agent acting reasonably, to become Lenders and to acquire all or a pro rata share of the rights and obligations of the Dissenting Lenders under the Facility which have not been acquired by the Acquiring Lenders or (B) repay to the Administrative Agent on behalf of such Dissenting Lenders all of the outstanding Advances which have been advanced by such Dissenting Lenders and all accrued and unpaid interest and fees thereon without any repayment to any other Lenders. For the purpose of this Section 2.7(b)(iv), the Alternate Lenders' pro rata shares shall be determined based on the Commitments of each of the Alternate Lenders wishing to acquire a portion of the rights and obligations of the Dissenting Lenders under the Facility. If all of the rights and obligations of the Dissenting Lenders have not been acquired by Acquiring Lenders or Alternate Lenders or both or if all of the credit outstanding hereunder

which has been extended by such Dissenting Lenders and all accrued and unpaid interest and fees thereon have not been repaid as aforesaid on or before the Maturity Date, there shall be no extension of the Maturity Date and Section 2.7(b)(v) shall apply. If (A) all of the rights and obligations of the Dissenting Lenders have been acquired by Acquiring Lenders and/or Alternate Lenders and/or (B) if all of the Advances outstanding hereunder which have been advanced by such Dissenting Lenders and all accrued and unpaid interest and fees thereon have been repaid as aforesaid on or before the Maturity Date, the Facility shall be extended for a further one year and this Facility shall be available until and each Borrower shall repay all Advances and other amounts in accordance with Section 2.5(b) on the Final Maturity Date.

- (v) If Lenders having Commitments of less than 66-2/3% of the Commitments under the Facility approve the requested extension then the Facility shall be available until, and each Borrower shall repay all Advances and other amounts in accordance with Section 2.5 on the Maturity Date.

A Dissenting Lender shall remain committed to make Advances under the Facility until the earlier of the date on which the Obligations owing to it are assigned or repaid as aforesaid and the Maturity Date.

2.8 INTEREST ON BASE RATE CANADA ADVANCES

Interest on each Base Rate Canada Advance shall accrue at a rate per annum equal to the Base Rate Canada in effect from time to time during the period of time that the Base Rate Canada Advance is outstanding plus the Applicable Margin. Such interest shall be payable to the Administrative Agent at its Toronto Office in United States Dollars quarterly in arrears on the last Banking Day of each of March, June, September and December (each hereinafter referred to as an "INTEREST PAYMENT DATE") in each year for the period from and including the Drawdown Date for such Advance (or, if applicable, the date on which such Advance was converted into a Base Rate Canada Advance) or the preceding Interest Payment Date for such Base Rate Canada Advance, as the case may be, to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Base Rate Canada Advance from time to time outstanding during such period and on the basis of the actual number of days elapsed and the number of days deemed to be included in a year by the definition of the rate used to set Base Rate Canada. Changes in the Base Rate Canada shall cause an automatic and immediate adjustment of the interest rate payable on Base Rate Canada Advances without the necessity of any notice to the Borrowers.

2.9 LIBOR ADVANCES

- (a) LIBOR Advances shall be available for Drawdown, Conversion or Rollover in United States Dollars in minimum principal amounts of U.S. \$5,000,000 and integral multiples of U.S. \$100,000 in excess thereof. Each Drawdown Notice shall specify the applicable Interest Period for the LIBOR Advance. The duration of each such Interest Period shall be for a period of approximately one, two, three or six months, as the Borrower requesting such Drawdown, Conversion or

Rollover may select in the applicable Drawdown Notice, Conversion Notice or Rollover Notice. No LIBOR Advance may have an Interest Period ending after the Maturity Date. If any Interest Period would end on a day which is not a Banking Day, such Interest Period shall be extended to the next succeeding Banking Day unless such next succeeding Banking Day falls in the next calendar month, in which case such Interest Period shall be shortened to end on the immediately preceding Banking Day.

- (b) If a Lender determines that deposits of the necessary amount for the applicable Interest Period are not available in the London interbank market or if for any other reason the Administrative Agent, acting reasonably, is unable to determine the applicable LIBO Rate, then the relevant LIBOR Advance will not be made, and the Administrative Agent will discuss with such Borrower the particular circumstances and implications of such event. In the event that such determination is made by the Administrative Agent in the case of a proposed Rollover of an existing LIBOR Advance or a proposed Conversion of a Base Rate Canada Advance into a LIBOR Advance, the proposed LIBOR Advance will automatically be deemed to be a Base Rate Canada Advance.
- (c) Interest on any LIBOR Advance shall be calculated at a rate per annum equal to the LIBO Rate plus the Applicable Margin, plus any applicable Mandatory Cost then in effect, shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed (including the first day of each Interest Period but excluding the last day thereof) and divided by 360 or by 365 where market practice so requires. Interest on any LIBOR Advance shall be payable to the Administrative Agent in United States Dollars in arrears on the last day of the Interest Period relating thereto; provided, however, that if the Interest Period is for a term of more than three months, interest shall be payable on the last Banking Day of the first three-month period and on the last Banking Day of each three-month period thereafter, as well as on the last day of the Interest Period.
- (d) If a LIBOR Advance to a Borrower is neither repaid on the last day of an Interest Period nor converted into another type of Advance on such date pursuant to Section 2.12, and if the Administrative Agent has not received a Rollover Notice or a Conversion Notice specifying the term of the next Interest Period for such LIBOR Advance at or before 10:00 a.m. (local time in Toronto, Canada) on the third Banking Day prior to the last day of the then current Interest Period, then the outstanding LIBOR Advance shall be deemed to be converted, by way of Conversion on the last day of the then current Interest Period, into a Base Rate Canada Advance.
- (e) Except as otherwise provided herein, LIBOR Advances shall not be repaid, prepaid or converted into another type of Advance except on the last day of any Interest Period relating thereto.

2.10 METHOD AND PLACE OF PAYMENT

- (a) Each payment to be made by a Borrower under this Agreement shall be made without deduction, set-off or counterclaim.
- (b) All payments of principal, interest and fees hereunder shall be made for value at or before 12:00 noon (Toronto, Canada time) on the day such amount is due by deposit or transfer thereof to the account of the Administrative Agent maintained at its Toronto Office. Payments received after such time shall be deemed to have been made on the next following Banking Day.
- (c) Subject to Section 9.16, each Lender shall be entitled to its Main Facility Rateable Portion of each repayment or prepayment of principal of a Base Rate Canada Advance (other than a Swing Line Advance) or a LIBOR Advance.
- (d) Notwithstanding Section 2.9(c), in the event that a Borrower is required to pay Additional Compensation to a Lender, such Borrower may prepay all or any portion of the Advances made by such Lender to such Borrower, without any obligation to prepay any portion of the Advances made by other Lenders to whom the Borrower is not required to pay Additional Compensation; provided, however, that any prepayment of a LIBOR Advance shall be subject to the provisions of Section 10.2.

2.11 FEES

- (a) During the period commencing on the date hereof and ending on the Maturity Date (the "RELEVANT PERIOD"), Celestica on behalf of itself and Celestica International shall pay to the Administrative Agent for the account of the Lenders a fee (the "FACILITY FEE") calculated at the rate per annum set forth in Schedule C on the aggregate Commitments (after giving effect to any increase, cancellation or reduction pursuant to Sections 2.6, 2.7 and 2.20) hereunder during the relevant period from day to day which fee shall be payable quarterly in arrears.
- (b) Celestica shall pay to the Administrative Agent for its own account the fees specified in the letter dated June 26, 2001 addressed by the Administrative Agent to Celestica.

2.12 CONVERSION OPTIONS

Subject to the provisions of this Agreement, provided that no Event of Default has occurred and is continuing, a Borrower may convert any type of Advance outstanding under the Facility as follows:

- (a) a Base Rate Canada Advance or a portion thereof into a LIBOR Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. three (3) Banking Days prior to the date of the proposed Conversion;
- (b) a LIBOR Advance or a portion thereof into a Base Rate Canada Advance on the last day of the Interest Period of the relevant LIBOR Advance by giving the

Administrative Agent a Conversion Notice no later than 10:00 a.m. one (1) Banking Day prior to the date of the proposed Conversion.

2.13 EXECUTION OF NOTICES

All Drawdown Notices, Conversion Notices, Rollover Notices and notices of repayment or cancellation and, unless otherwise provided herein, all other notices, requests, demands or other communications to be given to the Administrative Agent by a Borrower hereunder shall be executed by any one officer or director of the Borrower making each such Drawdown Notice, Conversion Notice, Rollover Notice or notice of repayment or cancellation.

2.14 EVIDENCE OF INDEBTEDNESS

The Administrative Agent shall open and maintain in accordance with its usual practice books of account evidencing all Advances and all other amounts owing by the Borrowers to the Administrative Agent and the Lenders hereunder, details of every Drawdown Date in respect of each Advance and all amounts from time to time owing or paid by a Borrower to the Administrative Agent for its own account or for the account of the Lenders hereunder, the amounts of principal, interest and fees payable from time to time hereunder and the unused portion of each Lenders' Commitment available to be drawn down by the Borrowers. The information entered in the foregoing accounts shall constitute, in the absence of manifest error, PRIMA FACIE evidence of the obligations of the Borrowers to the Administrative Agent and the Lenders hereunder, the date the Lenders made each Advance available to the Borrowers and the amounts the Borrowers have paid from time to time on account of the principal of and interest on the Advances.

2.15 INTEREST ON UNPAID COSTS AND EXPENSES

Unless the payment of interest is otherwise specifically provided for herein, where a Borrower fails to pay any amount required to be paid by a Borrower hereunder when due, having received notice that such amount is due, such Borrower shall pay interest to the Administrative Agent on such unpaid amount, including overdue interest from the time such amount is due until paid at an annual rate equal to the sum of (i) 2%, plus (ii) the Base Rate Canada. Such interest shall be determined daily, compounded quarterly in arrears on each Interest Payment Date in each year and payable on demand.

2.16 CRIMINAL RATE OF INTEREST

Notwithstanding the foregoing provisions of this Article 2, the Borrowers shall in no event be obliged to make any payments of interest or other amounts payable to the Lenders hereunder in excess of an amount or rate which would be prohibited by law or would result in the receipt by the Lenders of interest at a criminal rate (as such terms are construed under the CRIMINAL CODE (Canada)).

2.17 COMPLIANCE WITH THE INTEREST ACT (CANADA)

For the purposes of this Agreement, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the INTEREST ACT

(Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis of such determination.

2.18 NOMINAL RATE OF INTEREST

The parties acknowledge and agree that all calculations of interest under the Loan Documents are to be made on the basis of the nominal interest rate described herein and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest. The parties acknowledge that there is a material difference between the stated nominal interest rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

2.19 SWING LINE FACILITY

- (a) SWING LINE ADVANCES. Subject to subsections (b) and (k), the Swing Line Lender hereby agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Advances in United States Dollars to Celestica or Celestica International from time to time from the date hereof to the Maturity Date.
- (b) LIMITATION ON SWING LINE ADVANCES. No Swing Line Advance shall be made by the Swing Line Lender if:
 - (i) the sum of (A) the amount of such Swing Line Advance and (B) the aggregate principal amount of all Swing Line Advances outstanding on such day exceeds the Available Swing Line Commitment; or
 - (ii) immediately after such Swing Line Advance is made, the aggregate outstanding principal amount of all Advances exceeds the aggregate Commitments.
- (c) AMOUNT OF EACH SWING LINE ADVANCE. Each Swing Line Advance shall be in an aggregate principal amount of U.S. \$1,000,000 or any integral multiple thereof.
- (d) INTEREST RATES. Each Swing Line Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Swing Line Advance is made until it becomes due, at a rate per annum equal to, the Base Rate Canada plus the Applicable Margin.
- (e) PROCEDURE FOR REQUESTING SWING LINE ADVANCES. The relevant Borrower shall give to the Administrative Agent telephonic notice no later than 10:00 a.m. (local time) on the date of each Swing Line Advance specifying (i) the date of such Swing Line Advance, which shall be a Banking Day in Toronto, Canada; and (ii) the amount of such Swing Line Advance. Such telephonic notice shall be followed by delivery by the relevant Borrower by no later than 3:00 p.m. local time on the same day of a Notice of Swing Line Borrowing. Promptly after receiving such Notice of Swing Line Borrowing, the Administrative Agent shall notify the relevant Swing Line Lender of the contents thereof and such Notice of Swing Line Borrowing shall not thereafter be revocable by such Borrower.

- (f) FUNDING OF SWING LINE ADVANCES. On the date of each Swing Line Advance, the Swing Line Lender shall make available such Swing Line Advance no later than 12:00 noon, Toronto, Canada time.
- (g) OPTIONAL PREPAYMENT OF SWING LINE ADVANCES. Any Borrower may prepay its Swing Line Advance in whole at any time or from time to time in part in a minimum principal amount of U.S. \$1,000,000, as the case may be, or any integral multiple thereof, by giving notice of such prepayment to the Administrative Agent not later than 10:00 a.m. Toronto, Canada time on the date of prepayment and paying the principal amount to be prepaid (together with interest accrued thereon to the date of prepayment) to the Administrative Agent for the account of the Swing Line Lender.
- (h) MATURITY OF SWING LINE ADVANCES. Any Swing Line Advance outstanding on the seventh day after such Swing Line Advance, if not repaid by such Borrower on such seventh day, shall convert to a Base Rate Canada Advance. If, prior to the seventh day after such Swing Line Advance was made, the Administrative Agent declares the Advances to be immediately due and payable or the Commitments automatically terminate, each as set out in Section 8.2, such Swing Line Advance shall be due and payable on the date of such declaration by the Administrative Agent or automatic termination.
- (i) REFUNDING UNPAID SWING LINE ADVANCES. If any Swing Line Advance is converted, pursuant to subsection (h), to another form of Advance, the Swing Line Lender shall forthwith notify the Administrative Agent and the Administrative Agent shall, by notice to the Lenders (including the Swing Line Lender in its capacity as Lender), require the Lenders to pay to the Administrative Agent, for the account of the Swing Line Lender, their Main Facility Rateable Portion of the aggregate amount of such other form of Advance. Such other form of Advance shall constitute, a Base Rate Canada Advance, provided that if the Lenders are prevented from making such Advances by provisions of applicable bankruptcy laws or otherwise, the amount so paid by each Lender shall constitute a purchase by it of a participation in the unpaid principal amount of such converted Swing Line Advances. Any such notice to the Lenders shall specify the date on which such payments are to be made by them. No later than 12:00 noon Toronto, Canada time on the date so specified each Lender shall pay the amount so notified to it in immediately available funds to the Administrative Agent for the account of the Swing Line Lender. Each Lender's obligations to make payments for the account of the Swing Line Lender under this subsection shall be absolute and unconditional and shall not be affected by any circumstance provided that no Lender shall be obligated to make any payment to the Administrative Agent under this Section with respect to a Swing Line Advance made by the Swing Line Lender at a time when the Swing Line Lender had received written notice from Celestica or the Administrative Agent that a Default had occurred and was continuing.
- (j) INCREASING OR DECREASING AVAILABLE SWING LINE COMMITMENT. At any time and from time to time, Celestica may, by written notice to the Administrative

Agent, increase or decrease the Available Swing Line Commitment, provided that the Available Swing Line Commitment shall at no time exceed U.S. \$75,000,000 less the amount, if any, that the Commitment of the Swing Line Lender has been reduced pursuant to Section 2.6 or be less than zero.

- (k) TAKE-OVER BIDS. If a Borrower wishes to make a Drawdown of a Swing Line Advance for the purpose of financing a Take-over Bid, such Borrower shall deliver to the Swing Line Lender a Take-over Bid Notice at least ten (10) Banking Days prior to the day on which it gives to the Swing Line Lender a telephonic notice or Notice of Swing Line Borrowing requesting such Drawdown. Such Take-over Bid Notice shall include the details of such Take-over Bid. As soon as possible, but in any event within five (5) Banking Days of the giving of the Take-over Bid Notice, the Swing Line Lender shall, acting reasonably and in good faith, determine whether or not it wishes to fund such Swing Line Advance. Notwithstanding any other provisions hereof, if the Swing Line Lender determines that it does not wish to fund such Swing Line Advance, the Swing Line Lender shall not be required to fund such Swing Line Advance.

2.20 INCREASE IN AGGREGATE COMMITMENT AMOUNT TO U.S.\$750,000,000

- (a) Notwithstanding any other provision of this Agreement, each of the parties hereto agree that Celestica may, from time to time and at any time, give notice to the Administrative Agent that one or more financial institutions (each an "ADDITIONAL LENDER") have agreed to make commitments (each an "ADDITIONAL COMMITMENT") hereunder (provided, however, that Celestica shall not be entitled to give such notice at any time at which the aggregate Commitments is equal to U.S. \$750,000,000 (or such lesser amount as may be available following a cancellation in part of the Facility pursuant to Section 2.6)). Upon receipt of such written notice, each party hereto hereby irrevocably authorizes the Administrative Agent to:
- (i) insert the name of the Additional Lender that will become a Lender on Schedule A;
 - (ii) amend Schedule B to reflect the Additional Commitment of the Additional Lender;
 - (iii) affix signature pages of the Additional Lender to this Agreement; and
 - (iv) if Advances (other than Swing Line Advances) are outstanding at the time such notice is given, then the Additional Lender shall make available to the Administrative Agent an amount equal to its Main Facility Rateable Portion (calculated as if the Additional Commitment were a Commitment) of such Advances and the Administrative Agent shall make available to each Lender that Lender's Main Facility Rateable Portion (calculated without reference to the Additional Commitment) of such amount,

whereupon each of the Borrowers, the Administrative Agent, each Lender and the Additional Lender shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such Additional Lender been original parties hereto as Lenders.

- (b) Each of the parties hereto agrees that it will promptly execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers and consents and other assurances, and do all such other acts and things as may from time to time be desirable in order to better evidence or give effect to this Section 2.20.

ARTICLE 3
CHANGE OF CIRCUMSTANCES
AND INDEMNIFICATION

3.1 LENDER REPRESENTATION

Each Lender represents to each of Celestica and Celestica International and the Administrative Agent that it is resident in Canada for the purposes of the INCOME TAX ACT (Canada) and that it is beneficially entitled to the principal, interest and fees payable to it under the Loan Documents. The foregoing representation shall be true and correct and shall be deemed to be given by each Lender on each day that a payment of interest, principal or fees is to be made to it pursuant to a Loan Document.

3.2 INCREASED COSTS

In the event of (i) any Applicable Law coming into force after the date hereof, (ii) any change in any Applicable Law, or in the interpretation or application thereof by any court or by any governmental, regulatory, other authority or central bank charged with the administration thereof, or (iii) compliance by any Lender with any direction, request or requirement (whether or not having the force of law but, if not having the force of law, one with which a responsible bank acting reasonably would comply) of any government, monetary authority, central bank or comparable agency (each such event being hereinafter referred to as a "CHANGE IN LAW") which now or hereafter:

- (a) subjects a Lender to any Tax or changes the basis of taxation, or increases any existing Tax (in each case, except for the coming into force of any Tax or change in the basis of taxation in respect of or the change in the rate of Tax charged on net income as a whole, on franchises or capital applicable to the relevant jurisdictions of the Lender), on payments of principal, interest or other amounts payable by the Borrowers to such Lender under any Loan Document or on or by reference to the amount of any Advances made or to be made by any Lender hereunder or on or by reference to the Commitment of any Lender, or
- (b) imposes, modifies or deems applicable any reserve, deposit, ratio or similar requirements or otherwise imposes any cost on any Lender in funding or maintaining all or any of the Advances or its Commitment; or
- (c) has the effect of increasing the amount of overall capital required to be maintained by a Lender, taking into account the existence of such Lender's participation in any Advance or any of its obligations under any Loan Document (including, without limitation, all or any part of its Commitment),

and the result of any of the foregoing is to increase the cost to a Lender, reduce the income receivable by it or reduce the effective return on the capital of such Lender in respect of any Advances and/or its Commitment to an extent which such Lender believes to be material (after consultation with Celestica), the Lender shall give notice thereof to the Administrative Agent and the Administrative Agent shall give notice thereof to the Borrowers (herein called a "NOTICE OF

AMOUNT") stating the event by reason of which it believes it is entitled to Additional Compensation, such cost and/or such reduction in such return (or such proportion of such reduction as is, in the reasonable and BONA FIDE opinion of such Lender, attributable to its obligations hereunder), the amount of such Additional Compensation (as hereinafter defined) incurred by such Lender and supplying reasonable supporting evidence (including, in the event of change of Applicable Law, a photocopy of the Applicable Law evidencing such change together with a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis for calculation of such Additional Compensation and an opinion in writing of such Lender's counsel confirming such change); provided that the Lender shall not be required to disclose any information required to be kept confidential by Applicable Law (in which case the requirement of such confidentiality shall be supported by an opinion of such Lender's Counsel) within ten (10) Banking Days of the date of receipt of any Notice of Amount, the amount set out therein (in this Article 3 referred to as "ADDITIONAL COMPENSATION") shall be paid to the Lender by Celestica and Celestica International. In the event such Lender subsequently recovers all or part of the Additional Compensation paid by the Borrowers, it shall repay an equal amount to such Borrowers.

3.3 ILLEGALITY

If, with respect to any Lender, the implementation of any existing provision of Applicable Law or the adoption of any Applicable Law, or any change therein or in the interpretation or application thereof by any court or by any statutory board or commission now or hereafter makes it unlawful for such Lender to make, fund or maintain all or any portion of an outstanding Advance, to maintain all or any part of its Commitment hereunder or to give effect to its obligations in respect of all or any portion of an outstanding Advance, such Lender may, by written notice thereof to the Borrowers and the other Lenders through the Administrative Agent (supported, at the request and expense of the Borrowers, by an opinion of such Lender's counsel), declare the obligations of such Lender under this Agreement to be terminated whereupon the same shall forthwith terminate, and the Borrowers to whom such Lender has made Advances shall repay within the time required by such law (or as promptly as practicable if already unlawful or at the end of such longer period, if any, as such Lender in its BONA FIDE opinion may agree) the principal of the Advances made by such Lender. If any such change shall affect only that portion of such Lender's obligations under this Agreement that is, in the BONA FIDE opinion of such Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of such Lender or the Borrowers hereunder, such Lender shall declare its obligations under only that portion so terminated.

3.4 MITIGATION

- (a) If, in respect of any Lender, circumstances arise which would result, upon the giving of notice, in:
 - (i) Additional Compensation being paid by a Borrower to a Lender under Section 3.2; or

- (ii) a reduction of all or any of an Advance by such Lender or the Lender's Commitment pursuant to Section 3.3; or
- (iii) the prepayment of the portion of the Advances outstanding to it pursuant to Section 3.3; or
- (iv) the payment of any amount by an Obligor under Section 3.5;

then such Lender, promptly upon becoming aware of the same and the possible results thereof, shall notify the Administrative Agent thereof and the Administrative Agent shall notify the Borrowers thereof and, in consultation with the Borrowers shall take such steps, if any, as such Lender in its BONA FIDE opinion considers appropriate to mitigate the effects of such circumstances. Without limiting the generality of the foregoing, if it is commercially reasonable, such Lender shall make reasonable efforts to limit the incidence of any such Additional Compensation and seek recovery for the account of the Borrowers upon the Borrower's request and at the Borrower's expense; provided that such Lender in its reasonable determination suffers no appreciable economic, legal, regulatory or other disadvantage. In all events, the Lenders shall promptly co-operate with the Borrowers to the extent possible, to rearrange the affected availment to one that may not be affected by such change, but failure to effect a change in availment shall not relieve the relevant Borrower of its obligation to pay the Additional Compensation. Notwithstanding the foregoing provisions, a Lender shall only be entitled to rely upon the provisions of Section 3.2 if and for so long as it is not treating the Borrowers in any materially different or in any less favourable manner than is applicable to any other customers of any Lender, where such other customers are bound by similar provisions to the foregoing provisions of Section 3.2.

- (b) If any Lender seeks Additional Compensation pursuant to Section 3.2 hereof (the "AFFECTED LENDER"), then the relevant Borrowers may indicate to the Administrative Agent in writing that they desire to (i) replace the Affected Lender with one or more of the other Lenders, and/or (ii) amend a Drawdown Notice or Notice of Swing Line Borrowing to reduce the amount sought to be borrowed to reflect the reduced amount hereunder, and the Administrative Agent shall then forthwith give notice to the other Lenders that any Lender or Lenders may, in the aggregate, advance all or part of the Affected Lender's Main Facility Rateable Portion of such Advance and, in the aggregate, assume all or part of the Affected Lender's Commitment and obligations hereunder and acquire all or part of the rights of the Affected Lender and assume all or part of the obligations of the Affected Lender under each of the other Loan Documents (but in no event shall any other Lender or the Administrative Agent be obliged to do so). If a Lender shall so agree in writing (herein collectively called the "ASSENTING LENDERS" and individually called an "ASSENTING LENDER") with respect to such advance, acquisition and assumption, the Main Facility Rateable Portion of such Advance of each Assenting Lender (other than a Swing Line Advance) and the Commitment and the obligations of such Assenting Lender under this Agreement and the rights and obligations of such Assenting Lender under each of the other

Loan Documents shall be increased accordingly on a date mutually acceptable to such Assenting Lender and the Borrowers. On such date, the Assenting Lender shall advance to the relevant Borrowers the relevant portion of the Affected Lender's Main Facility Rateable Portion of the outstanding Advances (other than Swing Line Advances) and the relevant Borrowers shall prepay to the Affected Lender the Advances of the Affected Lender then outstanding, together with all interest accrued thereon and all other amounts owing to the Affected Lender hereunder, and, upon such advance and prepayment, the Affected Lender shall cease to be a "LENDER" for purposes of this Agreement and shall no longer have any obligations hereunder. Upon the assumption of the Affected Lender's Commitment as aforesaid by an Assenting Lender, Schedule B hereto shall be deemed to be amended to increase the Commitment of such Assenting Lender by the amount of such assumption and to reduce the Commitment of the Affected Lender by a like amount. If no Assenting Lender is found, then in such event, the relevant Borrower is entitled to repay the Affected Lender and reduce its obligations hereunder by such amount so repaid.

3.5 TAXES

- (a) All payments by any Obligor under this Agreement or the Guarantees shall be made free and clear of and without deduction or withholding for any and all Taxes, unless required by law. If an Obligor shall be required by law, rule, regulation or the interpretation thereof by the relevant governmental authority to deduct or withhold any such Taxes from or in respect of any sum payable under this Agreement,
- (i) the sum payable shall be increased by such additional amount as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts paid under this Section 3.5), the Lenders or the Administrative Agent, as applicable, receive a net amount equal to the full amount they would have received if no deduction or withholding had been made;
 - (ii) the Obligor shall make such required deductions or withholdings;
 - (iii) the Obligor shall pay the full amount deducted or withheld to the relevant taxation or other authority in accordance with Applicable Law; and
 - (iv) such Obligor shall deliver to the relevant Lender or Administrative Agent, as applicable, as soon as practicable after it has made such payment to the applicable authority (x) a copy of such receipt as is issued by such authority evidencing the deduction or withholding of all amounts required to be deducted or withheld from the sum payable hereunder or (y) if such a receipt is not available from such authority, notice of the payment of such amount deducted or withheld;
- provided that the obligations of an Obligor to pay additional amounts pursuant to hereto shall not apply with respect to Taxes ("EXCLUDED

TAXES") arising by virtue of a Lender or the Administrative Agent, as applicable, having a connection with the jurisdiction that imposes the Taxes other than merely by the execution of this Agreement, receipt of payments under this Agreement, the holding and disposition of Advances, the performance of its obligations or the enforcement of its rights under this Agreement.

- (b) Without prejudice to the foregoing provisions of this Section 3.5, if the Administrative Agent or any Lender (in this Section 3.5, an "INDEMNIFIED PERSON") is required at any time (whether before or after any Obligor has discharged all of its other obligations hereunder) to make any payment on account of any Tax which an Obligor is required to withhold in accordance with Section 3.5(a) hereof or for which an Obligor is otherwise required to indemnify a Lender or the Administrative Agent pursuant to Sections 3.5(a), (c) or (d) hereof, or if any liability in respect of any such payment is asserted, imposed, levied or assessed against such Indemnified Person, the Obligor in respect of which such sum was received or receivable shall, within 30 days of written demand of the Administrative Agent or Lender, promptly indemnify such Indemnified Person against such payment or liability, together with interest, penalties and expenses payable or incurred in connection therewith including, without limitation, any Tax imposed by any jurisdiction on or in relation to any amounts paid to or for the account of such Indemnified Person pursuant to this Section 3.5. An Indemnified Person intending to make a claim pursuant to this Section 3.5 shall notify the Obligor of the event in respect of which it believes it is entitled to make such claim and supply reasonable supporting evidence including a copy of the relevant portion of any written assessment, provided that any such Indemnified Person shall not be required to disclose any information required to be kept confidential by regulation or contract (in which case the basis of such confidentiality, at the request and expense of the Borrowers, shall be supported by an opinion of counsel of reputable standing).
- (c) If an Obligor fails to pay any Taxes required to be paid by it pursuant to this Section 3.5 when due to the appropriate taxing authority or fails to remit to the Administrative Agent, for the account of the respective Lenders, for the account of any other Agent or for the Administrative Agent's own account, as applicable, the required receipts or other documentary evidence required by Section 3.5(a)(ii), the Obligor shall indemnify the Lenders or Agent, as applicable, for any incremental Taxes, interest or penalties that may become payable by any Lender or the Administrative Agent as a result of any such failure. For purposes of this Section 3.5, a distribution by the Administrative Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Obligor.
- (d) Each Obligor will indemnify the Lenders and Agents for the full amount of Taxes imposed by any jurisdiction and paid by such Lender or Agent, as applicable with respect to any amounts payable pursuant to this Section 3.5, and any liability arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender or Agent, as applicable makes written demand therefor

which demand shall identify the nature and amount of Taxes for which indemnification is being sought and shall include a copy of the relevant portion of any written assessment from the relevant taxing authority demanding payment of such Taxes.

- (e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 3.5 shall survive the payment in full of principal, interest, fees and any other amounts payable hereunder and the termination of this Agreement and the Guarantees.

3.6 TAX REFUND

- (a) If, following the imposition of any Tax on any payment by any Obligor in consequence of which such Obligor pays an additional amount under Section 3.5(a), any Lender receives or is granted a refund of any Tax actually paid by it which in such Lender's sole opinion (acting in good faith) is attributable to such additional amount paid by such Obligor and is both identifiable and quantifiable by it without requiring such Lender or its professional advisers to expend a material amount of time or incur a material cost in so identifying or quantifying (any of the foregoing, to the extent so identifiable and quantifiable, being referred to as a "REFUND"), such Lender shall, to the extent that it can do so without prejudice to the retention of the relevant refund and subject to such Obligor's obligation to repay promptly on demand by the Lender the amount to such Lender if the relevant refund is subsequently disallowed or cancelled, reimburse such Obligor promptly after receipt of such refund by such Lender with such amount as such Lender shall in its sole opinion but in good faith have concluded to be the amount or value of the relevant refund.
- (b) Nothing contained in this Agreement shall interfere with the right of any Lender to arrange its Tax and other affairs in whatever manner it thinks fit. No Lender shall be required to disclose any confidential information relating to the organization of its affairs.

ARTICLE 4
CONDITIONS PRECEDENT TO DRAWDOWN

4.1 CONDITIONS FOR CLOSING

The following conditions shall be satisfied by the Borrowers on or prior to Closing:

- (a) each Obligor shall have duly authorized, executed and delivered to the Administrative Agent each of the Loan Documents to which it is a party and each such Loan Document shall constitute a legal, valid and binding obligation of such Obligor, enforceable against such Obligor in accordance with its terms;
- (b) each Obligor shall have delivered to the Administrative Agent:
 - (i) a certified copy of its Organic Documents,
 - (ii) a certified copy of the resolutions authorizing it to enter into, execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder;
 - (iii) a certificate as to the incumbency of its officers signing the Loan Documents to which it is a party; and
 - (iv) a certificate of status, good standing or like certificate with respect to such Obligor issued by the appropriate government officials of the jurisdiction of its incorporation;
- (c) there shall have been no Material Adverse Change since September 30, 2002;
- (d) no Default or Event of Default shall have occurred and be continuing;
- (e) each Material Restricted Subsidiary shall have executed and delivered to the Administrative Agent (i) a confirmation of its Guarantee if previously provided in connection with the Existing Credit Agreement; or (ii) a Guarantee;
- (f) Celestica shall have executed and delivered to the Administrative Agent a Guarantee of the monetary Obligations of Celestica International;
- (g) opinions of Borrowers' Counsel, and local counsel to each Guarantor, substantially in form of Schedule K, shall have been delivered to the Administrative Agent;
- (h) none of the undertaking, property or assets of the Borrowers or any of the Restricted Subsidiaries shall be subject to any Liens other than (i) Permitted Encumbrances or (ii) Liens with respect to which the Administrative Agent shall have received satisfactory evidence of the repayment of the underlying obligation and fully executed discharges and releases thereof and Celestica and each of the Restricted Subsidiaries shall have delivered to the Administrative Agent a

Permitted Encumbrance Certificate if any of the undertaking, property or assets of such Restricted Subsidiary is subject to any Liens; and

- (i) all amounts owing by the Borrowers to the Lenders and the Agents under the Senior Unsecured Credit Agreement shall have been fully repaid and such Senior Unsecured Credit Facility shall have been terminated and cancelled and shall cease to be of any further force and effect.

The conditions set forth in this Section 4.1 are inserted for the sole benefit of the Lenders and may be waived by the Administrative Agent on behalf of the Lenders in whole or in part, with or without terms or conditions.

4.2 CONDITIONS FOR FIRST DRAWDOWN

The following conditions shall be satisfied by the Borrowers on or prior to the first Drawdown Date after the date hereof:

- (a) the representations and warranties set forth in Section 6.1 shall be true and correct in all material respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom on the Drawdown Date;
- (b) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom on the Drawdown Date; and
- (c) any Borrower which intends to make a Drawdown shall have given the appropriate Drawdown Notice to the Administrative Agent in accordance with the provisions of Section 2.3.

4.3 CONDITIONS FOR SUBSEQUENT DRAWDOWNS

The following conditions shall be satisfied by the Borrower requesting an Advance at or prior to the time of each Drawdown of an Advance under the Facility subsequent to the first Drawdown after the date hereof:

- (a) a Borrower shall have given to the Administrative Agent a Drawdown Notice in accordance with the provisions of Section 2.3;
- (b) the representations and warranties set forth in Section 6.1 shall be, MUTATIS MUTANDIS, true and correct in all material respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom on the Drawdown Date; and
- (c) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom on the Drawdown Date.

ARTICLE 5
PROVISIONS RELATING TO SUBSIDIARIES

5.1 MATERIAL RESTRICTED SUBSIDIARIES TO PROVIDE GUARANTEES

- (a) Each Subsidiary of Celestica which is or becomes a Material Restricted Subsidiary shall comply with the requirements of Subsection 7.1(m).
- (b) In the event that a Material Restricted Subsidiary ceases to be a Material Restricted Subsidiary as a result of the diminution of the value of its assets such that the aggregate value thereof does not meet the applicable threshold set out in the definition of Material Restricted Subsidiary under this Agreement, Celestica may request and the Administrative Agent shall, in its reasonable discretion, release the Guarantee executed by such Material Restricted Subsidiary.

5.2 UNRESTRICTED SUBSIDIARIES

Celestica may, from time to time and at any time hereafter, designate any Subsidiary as an Unrestricted Subsidiary so long as:

- (a) (i) such Subsidiary shall not be a Subsidiary existing as at the date of this Agreement; and (ii) such Subsidiary shall never have been a Restricted Subsidiary;
- (b) neither Celestica nor any of its Subsidiaries (other than Unrestricted Subsidiaries) shall be liable, contingently or otherwise, for any indebtedness or other liability or obligation of the Unrestricted Subsidiary, except for guarantees provided by the immediate parent of such Unrestricted Subsidiary in respect of indebtedness of such Unrestricted Subsidiary, where such guarantees are:
 - (i) made solely for the purpose of facilitating a pledge by the guarantor of Shares of such Unrestricted Subsidiary; and
 - (ii) the recourse under such guarantees are limited to such pledged Shares; and
- (c) neither Celestica nor any of its Restricted Subsidiaries shall have applied the proceeds of any Advance under the Facility to fund the equity of, or otherwise capitalize the Unrestricted Subsidiary.

Provided that an Event of Default has not occurred and is not continuing, Celestica may from time to time and at any time hereafter, designate an Unrestricted Subsidiary as a Restricted Subsidiary provided that:

- (i) immediately upon giving effect to such designation, Celestica shall remain in compliance with all covenants set out in Section 7.3 on a pro-forma (four quarter) basis; and

- (ii) the designation of such Unrestricted Subsidiary as a Restricted Subsidiary would not otherwise result in the occurrence of a Default or an Event of Default.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants as follows to the Administrative Agent and the Lenders and acknowledges and confirms that the Administrative Agent and the Lenders are relying upon such representations and warranties:

- (a) ORGANIZATION, ETC. Each Obligor is validly organized and existing and in good standing under the laws of the jurisdiction of its incorporation, creation or continuance, is duly qualified to do business and is qualified as a foreign corporation, company or other entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified would not reasonably be likely to have Material Adverse Effect, and has full power and authority and holds all requisite governmental licences, permits and other approvals to enter into and perform its obligations under the Loan Documents to which it is a party and except where failure to hold such licenses, permits or approvals would not reasonably be likely to have a Material Adverse Effect to own or hold under lease its property and to conduct its business substantially as currently conducted by it.
- (b) VALIDITY, ETC. Each Obligor has duly executed and delivered each Loan Document to which it is a party and each such Loan Document constitutes a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms.
- (c) DUE AUTHORIZATION, NON-CONTRAVENTION ETC. The execution, delivery and performance by each Obligor of each Loan Document to which it is a party are within its corporate powers, have been duly authorized by all necessary corporate action by it, and do not
 - (i) contravene its Organic Documents;
 - (ii) contravene any Applicable Law or contractual restriction;
or
 - (iii) result in, or require the creation or imposition of, any Lien on any of its properties.
- (d) GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no consent from, notice to or filing with, any Official Body or other Person is required for the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party or in order to render any such Loan Document legal, valid, binding or enforceable against such Obligor.
- (e) FINANCIAL STATEMENTS. The consolidated unaudited financial statements of Celestica and its Subsidiaries as at September 30, 2002 fairly present the financial condition of Celestica and its Subsidiaries as at such date and the results of their operations for the fiscal quarter and nine month period then ended, in accordance

with GAAP consistently applied. Since September 30, 2002 (or, for the purposes of Sections 4.2 and 4.3, if the Maturity Date has been extended pursuant to Section 2.7, the date of the quarterly or annual financial statements delivered most recently prior to the date of the most recent of such extensions pursuant to Section 7.1(a), there has been no Material Adverse Change;

- (f) LITIGATION, LABOUR CONTROVERSIES, ETC. There is no pending or, to the knowledge of Celestica and the Restricted Subsidiaries, threatened litigation, action, proceeding, or labour controversy affecting Celestica or any of the Restricted Subsidiaries, or any of their respective properties, businesses, assets or revenues, which would reasonably be likely to have a Material Adverse Effect or purports to affect the legality, validity or enforceability of any Loan Document.
- (g) LICENCES, ETC. AND COMPLIANCE WITH LAWS. All material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits required under Applicable Law (other than Environmental Laws) to enable each of the Borrowers and each Restricted Subsidiary to carry on their respective businesses as now conducted by them and to own or lease their respective properties have been duly obtained and are currently subsisting. Each of the Borrowers and each Restricted Subsidiary have complied in all material respects with the terms and provisions presently required to be complied with by them in all such material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits and with Applicable Law (other than Environmental Laws) and are not in violation of any of the respective provisions thereof if such non-compliance or violation would reasonably be likely to have a Material Adverse Effect.
- (h) COMPLIANCE WITH ENVIRONMENTAL LAWS. Each of the Borrowers and the Subsidiaries and all facilities and property now or formerly owned, operated or leased by them:
 - (i) are and have been in compliance with all Environmental Laws, including, without limitation, with respect to the release, spill, leak, pumping, pouring, emptying, injection, escape, leaching, dumping, spraying, burial, abandonment, incineration, seepage, placement, emission, deposit, issuance, discharge, transportation or disposal ("RELEASE") of any Hazardous Material in or over the water, atmosphere or soil other than for non-compliance with Environmental Laws which would not reasonably be likely to have a Material Adverse Effect;
 - (ii) have no contingent liabilities in connection with any Release or likely Release of Hazardous Materials and have not Released or caused or permitted the Release of Hazardous Materials, and have no knowledge of Releases by others, at, on or under any property now or previously owned, operated or leased by Celestica and its Material Restricted Subsidiaries that, with respect to any of the foregoing, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;

- (iii) have not received notice of and are not aware of any pending or threatened claims, complaints, notices, orders, directions, instructions or requests for information with respect to any alleged violation of or potential liability under any Environmental Law which would reasonably be likely to have a Material Adverse Effect;
- (iv) have been issued and are in compliance with all permits, certificates, approvals, licences and other authorizations relating to environmental matters and necessary or desirable for the Business other than for any such non-issuances and non-compliances which would not reasonably be likely to have a Material Adverse Effect and each such permit, certificate, approval, licence or other authorization the absence of which would reasonably be likely to have a Material Adverse Effect is in good standing and there are no proceedings pending or, to the knowledge of the Borrowers, threatened to revoke, amend or limit in any material respect any such permit, certificate, approval, licence or other authorization;
- (v) have no underground storage tanks, active or, to the knowledge of the Borrowers, abandoned, including petroleum storage tanks, on or under any such property that, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;
- (vi) have not directly transported or directly arranged for the transportation of any Hazardous Substances in violation of Environmental Laws or to any location which would reasonably be likely to lead to claims against them for any remedial work, damage to the environment or natural resources or personal injury, including claims under CERCLA, which in any such case would reasonably be likely to have a Material Adverse Effect;
- (vii) have no polychlorinated biphenyls or friable asbestos present at any such property that, singly or in the aggregate, would reasonably be likely to have a Material Adverse Effect;
- (viii) have no conditions which exist at, on or under any such property which, with or without the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Laws which would reasonably be likely to have a Material Adverse Effect; and
- (ix) is not listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites or Persons requiring investigation or clean up where the liability imposition and allocation regime provided for in the applicable state Environmental Law is similar to CERCLA, including, without limitation, the ability of governments and other parties to recover costs from other responsible or potentially responsible persons, except for any such listing or proposed listing which would not reasonably be likely to have a Material Adverse Effect.

- (i) ENCUMBRANCES. There are no Liens on any of the assets or undertaking of the Borrowers or any Restricted Subsidiary other than Permitted Encumbrances.
- (j) NO DEFAULT OR EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.
- (k) ACCURACY OF INFORMATION. All factual information heretofore or contemporaneously furnished by or on behalf of Celestica in writing to the Administrative Agent for the purposes of or in connection with this Agreement is true and accurate in every material respect on the date as of which such information is dated or certified and as of the date of execution and delivery of this Agreement, and such information is not incomplete by omitting to state any material fact necessary to make such information not misleading.
- (l) NO ACTION FOR WINDING-UP OR BANKRUPTCY. There has been no involuntary action taken against any of the Borrowers or any Restricted Subsidiary for any such corporation's winding-up, dissolution, liquidation, bankruptcy, receivership, administration or similar or analogous events in respect of such corporation or all or any material part of its assets or revenues.
- (m) TAXES. Each Borrower and each of its Subsidiaries have duly filed on a timely basis all tax returns required to be filed by them except where such failure to file would not reasonably be likely to have a Material Adverse Effect and have paid all Taxes which are due and payable by them, and all assessments and re-assessments, and all other Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, other than those for which liability is being contested by them in good faith by appropriate proceedings and for which adequate provision has been made where required in accordance with GAAP or in respect of which such failure to pay would not reasonably be likely to have a Material Adverse Effect, and all required instalment payments have been made in respect of Taxes payable for the current period for which returns are not yet required to be filed except where such failure to pay would not reasonably be likely to have a Material Adverse Effect; there are no agreements, waivers or other arrangements providing for an extension of time with respect of the filing of any tax returns by them or the payment of any Taxes except where such agreements, waivers or other arrangements would not reasonably be likely to have a Material Adverse Effect; there are no actions or proceedings to be taken by any taxation authority of any jurisdiction to enforce the payment of any Taxes by them other than those which are being contested by them in good faith by appropriate proceedings and which proceedings have been stayed for the duration of such contestation.
- (n) PENSION PLANS. Except as would not be reasonably likely to have a Material Adverse Effect, (i) all Pension Plans are duly established, registered, qualified, administered and invested in compliance with the terms thereof, any applicable collective agreements and Applicable Law; (ii) no events have occurred and no action has been taken by any Person which would reasonably be likely to result in the termination or partial termination of any Pension Plan, whether by declaration

of any Superintendent of Pensions or otherwise; (iii) none of the Borrowers have withdrawn any assets held in respect of any Pension Plan except as permitted under the terms thereof and Applicable Laws; (iv) no Pension Plan has a "SOLVENCY DEFICIENCY" or "GOING CONCERN UNFUNDED LIABILITY" as defined in the PENSION BENEFITS ACT (Ontario) and the regulations enacted thereunder, as amended; (v) all contributions, premiums and other payments required to be paid to or in respect of each Pension Plan have been paid in a timely fashion in accordance with the terms thereof and Applicable Law and no taxes, penalties or fees are owing or exigible in respect of any Pension Plan; and (vi) no actions, suits, claims, or proceedings are pending or, to the knowledge of the Borrower, threatened in respect of any Pension Plan or its assets, other than routine claims for benefits. For the purposes of this section, "APPLICABLE LAW" shall include any federal or provincial pension benefits legislation and the INCOME TAX ACT (Canada).

- (o) REGULATIONS U AND X. No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds from the Facility will be used for the purpose of purchasing or carrying directly or indirectly margin stock or for any other purpose that would constitute this transaction a "PURPOSE CREDIT" within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System, as any of them may be amended from time to time.
- (p) INVESTMENT COMPANY ACT. No Obligor is an "investment company" within the meaning of the United States INVESTMENT COMPANY ACT OF 1940.
- (q) PUBLIC UTILITY HOLDING COMPANY ACT. No Obligor is an "affiliate" or a "subsidiary company" of a "public utility company" for a "holding company" or an "affiliate" or a "subsidiary company" of a "public utility company" as such terms are defined in the United States PUBLIC UTILITY HOLDING COMPANY ACT OF 1935.

6.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties set out in this Article 6 and in any Loan Document shall survive the execution and delivery of this Agreement and the making of any Advances to the Borrowers, notwithstanding any investigations or examinations which may be made by the Administrative Agent or any Lender or any counsel to any of them.

6.3 DEEMED REPETITION OF REPRESENTATIONS AND WARRANTIES

Each of the representations set out in Section 6.1 shall be true and correct in all material respects and shall be deemed to be given on the occurrence of the Drawdown, Conversion or Rollover of an Advance, in each case by reference to the facts and circumstances existing on the date of such Drawdown, Conversion or Rollover.

ARTICLE 7
COVENANTS

7.1 AFFIRMATIVE COVENANTS

Celestica covenants and agrees with each of the Lenders that, unless the Majority Lenders otherwise consent in writing, so long as any amount payable hereunder or under the Loan Documents is outstanding or any of the Lenders has any Commitment hereunder:

- (a) FINANCIAL REPORTING. Celestica shall deliver to the Administrative Agent, with sufficient copies for distribution to each of the Administrative Agent and each of the Lenders:
 - (i) within 60 days after the end of each of its fiscal quarters in each fiscal year, commencing with the fiscal quarter ending December 31, 2002, the unaudited financial statements of Celestica on a consolidated basis, each consisting of a balance sheet, statement of income and statement (in the form customarily prepared by Celestica for internal reporting purposes) of changes in financial position as at the end of such fiscal quarter and for the period commencing with the end of the previous fiscal quarter and ending with the end of such fiscal quarter, together with the figures for the year-to-date and setting forth, in each case, in comparative form to the figures for the corresponding fiscal quarter of the previous fiscal year;
 - (ii) within 120 days after the end of each fiscal year of Celestica, the audited consolidated financial statements of Celestica for such year setting forth the corresponding figures for the previous fiscal year in comparative form, together with the report thereon of an independent auditor of recognized national standing, each consisting of a balance sheet, statement of income and statement of changes in financial position;
 - (iii) within 60 days after the end of each fiscal quarter of Celestica in each fiscal year, commencing with the fiscal quarter ending December 31, 2002, an Officer's Certificate of Celestica substantially in the form of Schedule D stating that:
 - (A) Celestica is in compliance with the covenants set forth in this Article 7 and that no Default or Event of Default has occurred and is continuing (or specifying such non-compliance or Default or Event of Default and stating what action, if any, Celestica is taking or is causing to be taken in connection therewith) and providing a calculation of the ratios referred to in Sections 7.3(a), (b) and (c), and a statement as to the amount and calculation of Tangible Net Worth, EBITDA, Interest Expense and Gross Funded Debt, in each case as at the last day of the relevant period; and
 - (B) Celestica has determined that the unconsolidated assets of all Restricted Subsidiaries which are not Material Restricted

Subsidiaries do not, or will not, after giving effect to the Guarantees delivered by the Restricted Subsidiaries listed in a schedule thereto, exceed ten per cent (10%) of the unconsolidated assets of the Borrowers and the Restricted Subsidiaries on the date referenced in the most recently delivered set of financial statements delivered pursuant to Section 7.1(a)(ii);

- (iv) in the event that Celestica delivers filings other than the financial statements referred to in clauses (i) to (iii) above to any securities commission, stock exchange or similar regulatory authority, such filings concurrently with the delivery of such filings to the securities commission, stock exchange or similar regulatory authority; and
 - (v) such other information respecting the condition or operations, financial or otherwise, of Celestica or any Subsidiary (other than an Unrestricted Subsidiary) as any Lender through the Administrative Agent may from time to time reasonably request, including without limitation, particulars of Advances advanced or applied by either of the Borrowers to or for the benefit of Celestica Italia S.r.l or by any of Celestica's Restricted Subsidiaries to or for the benefit of Celestica Italia S.r.l.
- (b) CORPORATE STATUS. Subject to transactions undertaken in compliance with Section 11.12, Celestica shall remain a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario or the federal laws of Canada and each of the Restricted Subsidiaries shall remain validly organized and existing and in good standing under the laws of its jurisdiction of formation or continuance.
- (c) MAINTENANCE OF BUSINESS AND PROPERTIES. Each of Celestica and each Restricted Subsidiary shall, and shall cause each of its Subsidiaries (except for Unrestricted Subsidiaries) to, continue its business, maintain, preserve, protect and keep its properties in good repair, working order and condition, reasonable wear and tear excepted, and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless Celestica or such Restricted Subsidiary determines in good faith that the continued maintenance of any of its properties is no longer desirable.
- (d) NOTICE OF EVENT OF DEFAULT. Celestica shall deliver to the Administrative Agent, forthwith upon becoming aware of any Default or Event of Default, a certificate of an officer of Celestica specifying such Default or Event of Default together with a statement of an officer of Celestica setting forth details of such Default or Event of Default and the action which has been, or is proposed to be, taken with respect thereto.
- (e) OTHER NOTIFICATIONS. Celestica shall at any time upon request of the Administrative Agent, acting reasonably, provide to the Administrative Agent an up to date corporate chart showing Celestica and all of its Subsidiaries and shall promptly notify the Administrative Agent of:

- (i) any change in the name or organization of any of the Borrowers or any Material Restricted Subsidiary and of any change in the location of the registered office or executive office of any of them;
 - (ii) the non-compliance with any Environmental Law or any environmental claim, complaint, notice or order issued to any of the Borrowers, or any of the Subsidiaries, or any other environmental condition or event where such non-compliance, condition or event would reasonably be likely to have a Material Adverse Effect. As soon as practicable thereafter, Celestica shall advise the Administrative Agent as to the actions which the Borrowers or any such Subsidiary intends to take in connection with any such claim, complaint, notice or order; and
 - (iii) the institution of any steps by the Borrower or any other Person to terminate any Pension Plan which would reasonably be likely to have a Material Adverse Effect, failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 3.02(f) of ERISA, the taking of any action with respect to a Pension Plan which could reasonably be expected to result in the requirement that a Borrower furnish a bond or other security to the PBGC or such Pension Plan, the occurrence of any event with respect to any Pension Plan which would reasonably be likely to have a Material Adverse Effect and copies of all documentation relating thereto.
- (f) COMPLIANCE WITH LAWS, ETC. Each of Celestica and the Restricted Subsidiaries will, and will cause each of its Subsidiaries to, comply in all material respects with Applicable Laws, such compliance to include (without limitation) its qualification as a foreign corporation in all jurisdictions in which such qualification is legally required for the conduct of its business.
- (g) PAYMENT OF TAXES. The Borrowers shall, and the Borrowers shall cause each of the Subsidiaries to, pay or cause to be paid, when due, all Taxes including, property taxes, business taxes, social security premiums, assessments and governmental charges or levies imposed upon it or upon its income, sales, capital or profit or any property belonging to it unless any such Tax, social security premiums, assessment, charge or levy is contested by it in good faith with adequate provision or reserve, where required by GAAP, and to withhold and remit when due all payroll and withholding taxes.
- (h) INSURANCE. Each of Celestica and the Restricted Subsidiaries will, and will cause each of its Subsidiaries (except for Unrestricted Subsidiaries) to, maintain or cause to be maintained insurance with responsible insurance companies with respect to its properties and business against such casualties and contingencies, of such types, and in such amounts as is customary in the case for similar businesses operating in similar geographic locations. Notwithstanding the foregoing, Celestica and each of the Restricted Subsidiaries shall be permitted to self-insure only where self-insurance is usual and customary for the type of risk, and for companies in substantially the same line of business and operating in the same

geographic location as Celestica or the Restricted Subsidiary, as applicable, and where customary and usual reserves or provisions are taken in respect of such self-insurance by Celestica or the Restricted Subsidiary, as applicable. Upon request of the Administrative Agent, Celestica will furnish to the Administrative Agent for distribution to the Lenders at reasonable intervals a certificate of an Authorized Officer of Celestica setting forth the nature and extent of all insurance maintained by Celestica and the Restricted Subsidiaries in accordance with this Section which certificate shall specify the risks for which Celestica or any Restricted Subsidiary have self-insured and the amount of the provisions or reserves, if any, held or made in respect of such self-insurance.

- (i) **BOOKS AND RECORDS.** Celestica and each Restricted Subsidiary will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect all of its business affairs and transactions. Celestica will permit the Administrative Agent and each Lender or any of their respective representatives, at reasonable times and customary intervals during normal business hours, to visit Celestica's offices and to discuss its financial matters with Celestica's financial officers. Upon the occurrence of and during the continuation of a Default, Celestica and each Restricted Subsidiary shall permit the Administrative Agent and each Lender or any of their respective representatives at any time to visit all of its offices, to discuss its financial matters with its officers and its independent chartered accountant (and each of Celestica and each Restricted Subsidiary hereby authorizes such independent chartered accountant to discuss their financial matters with the Administrative Agent and each Lender or its representatives whether or not any representative of Celestica or the Restricted Subsidiary is present) and to examine (and, at the expense of the Borrowers, photocopy extracts from) any of its books or corporate records. The Borrowers shall pay any fees of such independent chartered accountant incurred in connection with the Administrative Agent's or any Lender's exercise of its rights pursuant to this Section.
- (j) **CELESTICA INTERNATIONAL TO REMAIN SUBSIDIARY.** Celestica International (or its Successor Corporation within the meaning of Section 11.12) shall remain a directly or indirectly wholly-owned Subsidiary of Celestica.
- (k) **PUNCTUAL PAYMENT.** Celestica will, and will cause each Obligor to duly and punctually pay or cause to be paid all amounts due under this Agreement and the other Loan Documents at the dates and places, in the currencies and in the manner provided in this Agreement and any other Loan Documents.
- (l) **RATINGS MAINTENANCE.** Celestica shall maintain a credit rating with the Approved Credit Rating Agencies and shall forthwith notify the Administrative Agent in the event that any rating by an Approved Credit Rating Agency is downgraded or in the event that the rating of Celestica shall have been placed under review by an Approved Credit Rating Agency.
- (m) **MATERIAL RESTRICTED SUBSIDIARY GUARANTEES.**

(i) Subject to clauses (ii) and (iii), Celestica shall:

(A) within 45 days of the acquisition or incorporation of a Subsidiary which is a Restricted Subsidiary, whose assets total greater than U.S. \$150,000,000 on an unconsolidated basis on the date of such acquisition or incorporation; and

(B) upon the designation of a Restricted Subsidiary as a Material Restricted Subsidiary on the Schedule to the Officer's Certificate delivered pursuant to Section 7.1(a)(iii) within 45 days of such delivery of the Officer's Certificate making such designation,

cause such Material Restricted Subsidiary to (I) authorize, execute and deliver a Guarantee to the Administrative Agent substantially in the form of Schedule G with such changes as the Administrative Agent and the Material Restricted Subsidiary may necessarily require on the advice of their respective counsel to reflect local legal requirements; (II) deliver to the Administrative Agent certified copies of its Organic Documents and a resolution authorizing the Guarantee, a certificate of its officers signing the Guarantee and a certificate of status, good standing or like certificate with respect to it issued by appropriate government officials of its jurisdiction of incorporation; and (III) cause to be delivered an opinion of counsel to the newly acquired or incorporated Material Restricted Subsidiary substantially in the form of Schedule K, with only those changes which are satisfactory to the Lender's Counsel.

(ii) In the event that any Material Restricted Subsidiary is not a wholly-owned Subsidiary of Celestica, on the later of (i) the date of execution of a Guarantee or (ii) the date of acquisition by any Person which is not Celestica or a Subsidiary of Celestica of any Share of such Material Restricted Subsidiary, Celestica shall deliver an acknowledgement addressed by such Person to the Administrative Agent acknowledging the Guarantee executed by such Material Restricted Subsidiary and the enforceability thereof against the Material Restricted Subsidiary to the full extent set out in the Guarantee (subject to the same qualifications as set out in the opinion of legal counsel to such Material Restricted Subsidiary with respect to such Guarantee) notwithstanding the ownership of Shares of the Material Restricted Subsidiary by such Person and any agreement between such Person and Celestica or any Subsidiary of Celestica.

(iii) The Borrowers and Guarantors shall, and the Borrowers shall cause each of its Subsidiaries to, take all such steps and do such things as may be necessary, in the opinion of the Administrative Agent, to ensure the continuous enforceability of each Guarantee granted by each Borrower and each Material Restricted Subsidiary.

(n) ACCURACY OF INFORMATION. All factual information hereafter furnished by or on behalf of Celestica in writing to the Administrative Agent for the purposes of or in

connection with this Agreement shall be true and accurate in every material respect on the date as of which such information is dated or certified and shall not be incomplete by the omission to state any material fact necessary to make such information not misleading.

7.2 NEGATIVE COVENANTS

Celestica covenants and agrees with each of the Lenders that, unless the Majority Lenders otherwise consent in writing, so long as any amount payable hereunder is outstanding or the Lenders shall have any Commitment hereunder:

- (a) NO MERGER, AMALGAMATION, ETC. None of the Borrowers or any Restricted Subsidiary shall, directly or indirectly, merge, amalgamate or enter into any similar or other business combination pursuant to statutory authority or otherwise with any other Person except upon compliance with Section 11.12.
- (b) RESTRICTION ON DISPOSITION OF ASSETS. None of the Borrowers or any Restricted Subsidiary shall sell, assign, transfer, lease, convey or otherwise dispose of any property, assets or investments, (in each case a "SALE") other than:
 - (i) sales made in compliance with Section 11.12; or
 - (ii) sales of obsolete equipment in the ordinary course of business; or
 - (iii) sales, assignments and transfers pursuant to a Permitted Securitization Transaction; or
 - (iv) sale/leaseback transactions of:
 - (A) any real property owned by a Borrower or Restricted Subsidiary; and
 - (B) any property or assets acquired by a Borrower or Restricted Subsidiary, as the case may be, which is completed within six months of the date on which such property or assets were acquired, provided that any Borrowing made to finance such acquisition shall be repaid within two Banking Days of the completion of such sale/leaseback transaction; or
 - (v) sales of Shares of any Unrestricted Subsidiary; or
 - (vi) sales of assets and property, including inventory, in the ordinary course of business; or
 - (vii) sales of any fixed assets together with associated intellectual property not otherwise permitted in clauses (i) to (vi) above, subject to an aggregate limit of sales under this clause (vii) in any fiscal year by the Borrowers and Restricted Subsidiaries in an amount equal to 10% of the aggregate net book value of the fixed assets plus 10% of the aggregate net book

value of intellectual property of Celestica on a consolidated basis (the "DISPOSITION ALLOWANCE") and provided that, in any fiscal year in which the Borrowers and Restricted Subsidiaries do not sell fixed assets and associated intellectual property under this clause (vii) having aggregate net book values totalling the disposition allowance, the Borrowers and Restricted Subsidiaries may carry forward into the following fiscal years the unused disposition allowance, and further provided that none of the Borrowers or Restricted Subsidiaries shall sell any intellectual property under this clause (vii) unless such sale is incidental to a sale of fixed assets; or

- (viii) sales of assets, property or investments from a Borrower or Restricted Subsidiary to another Borrower or Restricted Subsidiary provided that no Borrower or Restricted Subsidiary shall so sell assets, property or investments during the occurrence and continuance of a Default or where such sale, alone or as part of a series of previously or concurrently occurring sales, would reasonably be likely to have a Material Adverse Effect.
- (c) RESTRICTION ON CERTAIN INTER-COMPANY TRANSACTIONS. Except as otherwise permitted by this Section 7.2, none of the Borrowers or any Restricted Subsidiary shall enter into any agreement or complete any transaction with any other Borrower or any Restricted Subsidiary during the occurrence and continuance of a Default or where such agreement or transaction, alone or as part of a series of previously or concurrently occurring agreements or transactions, would reasonably be likely to have a Material Adverse Effect.
- (d) NEGATIVE PLEDGE/PARI PASSU RANKING. None of the Borrowers or any of the Restricted Subsidiaries shall create, incur, assume or permit to exist any Lien, other than Permitted Encumbrances, on any of its property, undertaking or assets now owned or hereafter acquired. Each Obligor's monetary Obligations shall rank at least pari passu with all other unsecured Indebtedness of such Obligor and no Obligor shall, or shall agree with any other Person to, pay any other Indebtedness in priority to payment of all monetary Obligations as and when due.
- (e) RESTRICTION ON NON-ARM'S LENGTH TRANSACTIONS. The Borrowers shall not, and shall not permit any Restricted Subsidiary to, enter into any transaction or agreement with any Person which is not at Arm's Length with the Borrowers or such Restricted Subsidiary (other than other Borrowers, Restricted Subsidiaries or Unrestricted Subsidiaries) unless,
 - (i) such transaction or agreement is in the ordinary course of business and is on terms no less favourable to the Borrowers or such Restricted Subsidiary as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or such Restricted Subsidiary, and
 - (ii) such transaction or agreement complies with the terms of Section 7.2(c).

- (f) RESTRICTION ON CHANGE OF BUSINESS. None of the Borrowers or the Restricted Subsidiaries shall, either directly or indirectly, enter into any business other than the Business without the prior written consent of the Majority Lenders.
- (g) NO CHANGE IN ACCOUNTING TREATMENT OR REPORTING PRACTICES. Subject to the provisions of Section 1.7, none of the Borrowers nor any Restricted Subsidiary shall make any material change in its accounting or reporting or financial reporting practices, except as consistent with GAAP or Applicable Law, which changes shall be disclosed to the Lenders.
- (h) RESTRICTIONS ON TRANSACTIONS WITH UNRESTRICTED SUBSIDIARIES. No Borrower shall, or shall permit any Restricted Subsidiary to,
 - (i) sell assets or lend monies to any Unrestricted Subsidiary unless such sale is permitted pursuant to Section 7.2(b)(vi) and such sale or loan is in the ordinary course of business and is on terms no less favourable to such Borrower or such Restricted Subsidiary as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or such Restricted Subsidiary; or
 - (ii) provide financial assistance by means of a guarantee to an Unrestricted Subsidiary unless the financial assistance is in the form of a guarantee granted by the immediate parent of such Unrestricted Subsidiary, where such guarantee is (A) made solely for the purpose of facilitating a pledge by the guarantor of Shares of such Unrestricted Subsidiary; and (B) the recourse thereunder is limited to the Shares of the Unrestricted Subsidiary; and (C) a pledge of the Shares of the Unrestricted Subsidiary.
- (i) RESTRICTIONS ON TRANSACTIONS WITH CELESTICA ITALIA S.R.L. No Borrower shall, or shall permit any Restricted Subsidiary to,
 - (i) invest Advances in, contribute equity to, or otherwise apply Advances for the benefit of Celestica Italia S.r.l. except, subject to Section 7.2(i)(ii), by loaning such Advances to Celestica Italia S.r.l.; and
 - (ii) lend Advances to Celestica Italia S.r.l where the amount of Advances that has been advanced to or for the benefit of Celestica Italia S.r.l. outstanding at such time would exceed U.S.\$200,000,000.

7.3 FINANCIAL COVENANTS

- (a) MINIMUM TANGIBLE NET WORTH. Celestica shall maintain, at all times, a minimum Tangible Net Worth in an amount that shall not be less than an amount equal to the sum of U.S. \$1,750,000,000, plus 50% of cumulative annual positive Net Income commencing with the fiscal year ending December 31, 2000 and in each subsequent fiscal year.

- (b) MINIMUM EBITDA:INTEREST EXPENSE RATIO. Celestica shall maintain an EBITDA:Interest Expense ratio, calculated on a rolling four quarter basis of at least 3.5:1.0.
- (c) MAXIMUM GROSS FUNDED DEBT: EBITDA RATIO. Celestica shall maintain a Gross Funded Debt: EBITDA ratio calculated on a rolling four quarter basis of not more than 3.25:1.0.
- (d) CALCULATION OF FINANCIAL RATIOS. For the purposes of Sections 7.3(a), (b) and (c), all of the calculations shall be made on a consolidated basis in accordance with the provisions of Sections 1.7 and 1.8.

ARTICLE 8
DEFAULT AND ACCELERATION

8.1 EVENTS OF DEFAULT

The occurrence of any one or more of the following events (each such event and the expiry of the cure period, if any, provided in connection therewith, being herein referred to as an "EVENT OF DEFAULT") shall constitute a default under this Agreement:

- (a) if a Borrower shall default in (i) the payment when due of any principal of any Advance; (ii) the payment when due of any interest on any Advance (and such default shall continue unremedied, in the case of interest, for a period of three (3) days); or (iii) the payment when due of any fee or any other Obligation (and any of such defaults described in item (iii) shall continue unremedied for a period of five (5) days);
- (b) any representation or warranty made or deemed to be made hereunder or in any other Loan Document or any other writing or certificate furnished by or on behalf of an Obligor to the Administrative Agent for the purposes of or in connection with this Agreement or any such other Loan Document is or shall be incorrect when made in any material respect;
- (c) any Obligor shall default in the service or performance of any agreement, covenant or condition contained herein or in any other Loan Document (other than as set forth above) and such failure shall remain unremedied for a period of thirty (30) days after notice in writing has been given by the Administrative Agent to Celestica;
- (d) if, on, prior to or in connection with any Indebtedness having a principal amount, individually or in the aggregate, in excess of U.S. \$50,000,000 becoming Acquired Indebtedness, (i) a default shall have occurred in the payment when due, whether by acceleration or otherwise, of any such Acquired Indebtedness, or (ii) a default shall occur or shall have occurred in the performance or observance of any obligation or condition with respect to such Indebtedness or as a result of such Indebtedness becoming Acquired Indebtedness, if the effect of such default is to accelerate the maturity of such Acquired Indebtedness or such default shall continue unremedied and unwaived for any applicable grace period of time sufficient to permit the holder or holders of such Acquired Indebtedness, or any trustee or agent for such holders, to have the right to cause such Acquired Indebtedness to become due and payable prior to its expressed maturity; provided that where such Acquired Indebtedness has a principal amount individually or in the aggregate, of up to and including U.S. \$100,000,000, a default described in clauses (i) or (ii) shall only be an Event of Default under this Agreement if unremedied for 60 days from the date such Indebtedness becomes Acquired Indebtedness;
- (e) a default shall occur in the payment when due, whether by acceleration or otherwise, of any Indebtedness (other than as set forth in (a) and (d) above) of any

Borrower or any Restricted Subsidiary having a principal amount, individually or in the aggregate, in excess of U.S.\$ 50,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied and unwaived for any applicable grace period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to have the right to cause such Indebtedness to become due and payable prior to its expressed maturity;

- (f) any judgment or order for the payment of money in excess of U.S.\$ 25,000,000, which is not covered by insurance, shall be rendered against any Borrower or any Restricted Subsidiary and either:
 - (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or
 - (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect and such judgment shall not have been paid or otherwise satisfied;
- (g) any Borrower or any Restricted Subsidiary shall:
 - (i) become (or be deemed by any Applicable Law to be) insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay its debts as they generally become due;
 - (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian in connection with the insolvency of a Borrower or a Restricted Subsidiary or any property of any thereof except as permitted under Section 11.12, or make a general assignment for the benefit of creditors;
 - (iii) in the absence of an application referred to in Section 8.1(g)(ii), consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian for a Borrower or a Restricted Subsidiary or for a substantial part of the property of any of them except as permitted under Section 11.12, and such trustee, receiver, receiver and manager, liquidator, sequestrator, administrator or other custodian shall not be discharged within 60 days, provided that the Borrowers hereby expressly authorize the Administrative Agent and each Lender to appear in any court conducting any relevant proceeding relating to any of them or any Restricted Subsidiary during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

- (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement, administration or other case or proceeding under any bankruptcy, insolvency or similar law, or any dissolution, winding up, administration or liquidation proceeding, in respect of any Borrower or any Restricted Subsidiary (except as permitted under Section 11.12), and, if any such case or proceeding is not commenced by such Borrower or such Restricted Subsidiary, such case or proceeding shall be consented to or acquiesced in by such Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that each Borrower and each Restricted Subsidiary is hereby deemed to expressly authorize the Administrative Agent and each Lender to appear in any court conducting any such case or proceeding relating to any of them or any Restricted Subsidiary during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or
- (v) take any corporate action authorizing, or in furtherance of, any of the matters referred to in clauses (ii), (iii) or (iv) above;
- (h) Onex Corporation shall cease to control Celestica unless the shares of Celestica become widely held such that no one Person or group of Persons acting jointly or in concert (within the meaning of Part XX of the SECURITIES ACT (Ontario)) controls Celestica, provided that any Person or group of Persons acting jointly or in concert which owns or controls securities of Celestica to which are attached more than 20% of the votes that may be cast to elect the directors of Celestica shall, in the absence of evidence satisfactory to the Administrative Agent, acting reasonably, be deemed to control Celestica;
- (i) any Loan Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor that is a party thereto; or any Obligor shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability of any Loan Document; or
- (j) any Borrower or any governmental authority declares, orders or proposes to order a full or partial wind up of any Pension Plan which, in either case, would reasonably be likely to have a Material Adverse Effect or if any of the following events shall occur with respect to a Pension Plan:
 - (i) the institution of any step by a Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrowers or any such member of its Controlled Group would reasonably be likely to be required to make a contribution to such Pension Plan or could reasonably expect to incur a liability or obligation to such Pension Plan which, in either case, would reasonably be likely to have a Material Adverse Effect; or

- (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA.

8.2 ACCELERATION

Upon the occurrence of an Event of Default (other than as set forth in Section 8.1(g) or (h)) and at any time thereafter while an Event of Default is continuing, the Administrative Agent may, in consultation with the Lenders (and, if so instructed by the Majority Lenders, shall) by written notice to the Borrowers:

- (a) declare the Advances made to the Borrowers to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document) or declare such Advances to be due and payable on demand of the Administrative Agent; and/or
- (b) if not theretofore terminated, declare that all of the Commitments shall be cancelled, whereupon the same shall be cancelled and the Commitment of each Lender shall be reduced to zero.

If, pursuant to this Section 8.2, the Administrative Agent declares any Advances made to the Borrowers to be due and payable on demand, then, and at any time thereafter, the Administrative Agent may (and, if so instructed by the Majority Lenders, shall) by written notice to the Borrowers call for repayment of such Advances on such date or dates as it may specify in such notice (whereupon the same shall become due and payable on such date together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document and the provisions of Section 8.4 shall apply) or withdraw its declaration with effect from such date as it may specify in such notice.

Upon the occurrence of an Event of Default set forth in Section 8.1(g) or (h), the Commitments shall automatically terminate and the outstanding principal amount of all outstanding Advances (together with accrued interest thereon and any other sums then owed by the Borrowers hereunder or under any other Loan Document and the provisions of Section 8.4 shall apply) shall automatically be and become immediately due and payable, without notice or demand.

8.3 REMEDIES CUMULATIVE AND WAIVERS

It is expressly understood and agreed that the rights and remedies of the Lenders, the Administrative Agent and each of them hereunder or under any other Loan Document or other instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lenders, the Administrative Agent or any of them of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lenders, the Administrative Agent or any of them may be lawfully entitled for such default or breach. Any waiver by the Lenders, the Administrative Agent or any of them of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein or in any other

Loan Document and any indulgence granted, either expressly or by course of conduct, by the Lenders, the Administrative Agent or any of them shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lenders, the Administrative Agent or any of them under this Agreement or any other Loan Document as a result of any other default or breach hereunder or thereunder.

8.4 SUSPENSION OF LENDERS' OBLIGATIONS

Without prejudice to the rights which arise out of this Agreement or by law, the occurrence of an Event of Default shall, while such Event of Default shall be continuing, relieve the Lenders of all obligations to make any Advances hereunder (whether or not any Drawdown Notice in respect of any such Advance shall have been received by the Administrative Agent prior to the occurrence of an Event of Default) or to accept or comply with any Drawdown Notice, Conversion Notice or Rollover Notice.

8.5 APPLICATION OF PAYMENTS AFTER AN EVENT OF DEFAULT

If any Event of Default shall occur and be continuing, all payments made by the Borrowers hereunder or payments made pursuant to any of the provisions of any of the Guarantees shall be applied in the following order:

- (a) to amounts due hereunder as costs and expenses of the Administrative Agent;
- (b) to amounts due hereunder as costs and expenses of the Lenders;
- (c) to amounts due hereunder as fees;
- (d) to any other amounts (other than amounts in respect of interest or principal) due hereunder;
- (e) to amounts due hereunder as interest; and
- (f) to amounts due hereunder as principal.

ARTICLE 9
THE ADMINISTRATIVE AGENT AND
ADMINISTRATION OF THE FACILITY

9.1 AUTHORIZATION OF ACTION

Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to be its Agent in its name and on its behalf and to exercise such rights or powers granted to the Administrative Agent under this Agreement and the Loan Documents to the extent specifically provided herein and therein and on the terms hereof and thereof, together with such rights, powers and discretions as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement or the Loan Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, and such instructions shall be binding upon all Lenders; provided, however, that no Agent shall be required to take any action which exposes Agent to liability in such capacity, which could result in the Administrative Agent incurring any costs and expenses or which is contrary to this Agreement or Applicable Law.

9.2 PROCEDURE FOR MAKING ADVANCES

- (a) The Administrative Agent shall make Advances available to the relevant Borrowers as required hereunder by debiting the account of the Administrative Agent to which the Lenders' Main Facility Rateable Portions of such Advances have been credited in accordance with Section 9.2(b) (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Administrative Agent and Celestica in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Drawdown Notice in respect of each Advance; provided that the obligation of the Administrative Agent hereunder shall be limited to taking such steps as are commercially reasonable to implement such instructions, which steps once taken shall constitute conclusive and binding evidence that such funds were advanced hereunder in accordance with the provisions relating thereto and the Administrative Agent shall not be liable for any damages, claims or costs which may be suffered by the Borrower and occasioned by the failure of such Advance to reach the designated destination, except to the extent such damages, claims or costs are the result of the gross negligence or wilful misconduct of the Administrative Agent.
- (b) Unless the Administrative Agent has been notified by a Lender on the Banking Day prior to the Drawdown Date requested by a Borrower that such Lender will not make available to the Administrative Agent its Main Facility Rateable Portion of such Advance, the Administrative Agent may assume that such Lender has made such portion of the Advance available to the Administrative Agent on the Drawdown Date in accordance with the provisions hereof and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender shall not have so made its Main Facility Rateable Portion of the Advance available to the

Administrative Agent, then such Lender shall pay to the Administrative Agent forthwith on demand such Lender's Main Facility Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Administrative Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Administrative Agent; provided, however, that notwithstanding such obligation, if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights such Borrower may have against such Lender, it shall reimburse such amount to the Administrative Agent forthwith after demand therefor by the Administrative Agent. The amount payable to the Administrative Agent pursuant hereto shall be as set forth in a certificate delivered by the Administrative Agent to such Lender and such Borrower (which certificate shall contain reasonable details of how the amount payable is calculated) and shall be conclusive and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Administrative Agent required herein, such Lender shall be considered to have made its Main Facility Rateable Portion of the Advance for purposes of this Agreement and the Administrative Agent shall make appropriate entries in the books of account maintained by the Administrative Agent.

- (c) The failure of any Lender to make its Main Facility Rateable Portion of any Advance shall not relieve any other Lender of its obligation, if any, hereunder to make its Main Facility Rateable Portion of such Advance on the Drawdown Date, but no Lender shall be responsible for the failure of any other Lender to make the Main Facility Rateable Portion of the Advance to be made by such other Lender on the date of any Advance.
- (d) Where a Drawdown under the Facility and a repayment of an Advance under the Facility are to occur on the same day, the Administrative Agent shall not make available to the relevant Borrower the amount of the Advance to be drawn down until the Administrative Agent is satisfied that it has received irrevocable and irreversible payment of the amount to be prepaid or repaid. Notwithstanding the foregoing, in the absence of gross negligence or wilful misconduct on the part of the Administrative Agent, the risk of non-receipt of the amount to be repaid is that of the Lenders and not of the Administrative Agent.
- (e) This Section 9.2 shall not apply to Swing Line Advances.

9.3 REMITTANCE OF PAYMENTS

Forthwith after receipt of any repayment of principal or payment of interest or fees pursuant to any provision of this Agreement, the Administrative Agent which has received such repayment or payment shall remit to each Lender its Main Facility Rateable Portion thereof; provided, however, that the Administrative Agent shall be entitled to set off against and deduct from any amount payable to a Lender any outstanding amounts payable by such Lender to the Administrative Agent pursuant to Section 9.2(b). Forthwith after receipt of any payment of Facility Fees pursuant to Section 2.11, the Administrative Agent shall remit to each Lender its

Main Facility Rateable Portion of such payment. If the Administrative Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits such payment to the Lenders and the Borrowers fail to make such payment, each of the Lenders agrees to repay to the Administrative Agent forthwith on demand the amount received by it together with all reasonable costs and expenses incurred by the Administrative Agent in connection therewith to the extent not reimbursed by the Borrower and interest thereon at the rate and calculated in the manner applicable to the Advance in respect of which such payment was made for each day from the date such amount is remitted to the Lenders, the exact amount of the repayment required to be made by the Lenders pursuant hereto to be as set forth in a certificate delivered by the Administrative Agent to each Lender, which certificate shall be conclusive and binding for all purposes in the absence of manifest error. The Administrative Agent shall make appropriate entries in the register maintained by it to reflect the foregoing.

9.4 REDISTRIBUTION OF PAYMENT

- (a) If any Lender receives or recovers (whether by payment or combination of accounts or otherwise) an amount owed to it by a Borrower under this Agreement otherwise than through the Administrative Agent, then such Lender shall, within two Banking Days following such receipt or recovery, notify the Administrative Agent (who shall in turn notify the other Lenders) of such fact.
- (b) Subject to the other terms and conditions of this Agreement, if at any time the proportion which any Lender (a "RECOVERING LENDER") has received or recovered (whether by payment or combination of accounts or otherwise) in respect of its portion of any payment to be made under this Agreement by a Borrower for the account of such Recovering Lender and one or more other Lenders is greater (the amount of the excess being herein called the "EXCESS AMOUNT") than the proportion thereof received or recovered by the Lender or Lenders receiving or recovering the smallest proportion thereof, then:
 - (i) the Recovering Lender shall, within two Banking Days following such receipt or recovery, pay to the Administrative Agent an amount equal to the excess amount; and
 - (ii) the Administrative Agent shall treat the amount received by it from the Recovering Lender pursuant to paragraph (i) above as if such amount had been received by it from such Borrower pursuant to its obligations under this Agreement and shall pay the same to the Persons entitled thereto (including such Recovering Lender) PRO RATA to their respective entitlements thereto in which event, for all purposes in connection herewith, the Recovering Lender shall be deemed only to have received or recovered from such Borrower that portion of the excess amount which is actually paid to the Recovering Lender by the Administrative Agent pursuant to this Section 9.4(b)(ii).
- (c) If a Lender that has paid an excess amount to the Administrative Agent in accordance with Section 9.4(b)(i) is required to refund the whole (or a portion) of such excess amount to the Borrower, then each of the other Lenders shall pay to

the Administrative Agent for the account of that Lender the whole (or that proportion) of the amount received by it as a result of the distribution in respect of that excess amount made by the Administrative Agent pursuant to Section 9.4(b)(ii).

9.5 DUTIES AND OBLIGATIONS

- (a) Neither the Administrative Agent nor any of its directors, officers, agents or employees (and, for purposes hereof, the Administrative Agent shall be deemed to be contracting for and on behalf of such Persons) shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Administrative Agent:
- (i) may assume that there has been no assignment or transfer by any means by any Lender of its rights hereunder, unless and until the Administrative Agent has received a duly completed and executed assignment in form satisfactory to it;
 - (ii) may consult with legal counsel (including the Lenders' Counsel), independent public accountants and other experts of reputable standing selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;
 - (iii) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of the Borrowers or any Guarantor made or deemed to be made hereunder;
 - (iv) may assume that no Event of Default has occurred and is continuing unless an appropriate officer charged with the administration of this Agreement has actual notice or knowledge to the contrary;
 - (v) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such Person; and
 - (vi) shall incur no liability for its failure to distribute to any Lender the financial statements or other information provided to the Administrative Agent by the Borrowers or any Guarantor.

Further, the Administrative Agent (a) shall not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any of the Borrowers or any Guarantor or to inspect the property (including the books and records) of any of the Borrowers or any Guarantor and (b) shall not be responsible to any Lender for

the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto.

- (b) The Administrative Agent makes no warranty or representation to any Lender nor shall the Administrative Agent be responsible to any Lender for the accuracy or completeness of the data made available to any of the Lenders in connection with the negotiation of this Agreement, or for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement.
- (c) Except as otherwise provided for herein, the Administrative Agent may, but is not obligated to, seek the approval of the Majority Lenders to any consents required to be given by the Administrative Agent hereunder.

9.6 PROMPT NOTICE TO THE LENDERS

Subject to the provisions of Section 9.5(a)(vi), the Administrative Agent agrees to provide to the Lenders, copies where appropriate, of all information, notices and reports required to be given to the Administrative Agent by the Borrowers and the Guarantors hereunder or pursuant to any other Loan Document, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of the Administrative Agent hereunder.

9.7 ADMINISTRATIVE AGENT'S AUTHORITY

With respect to its Commitment and the Advances made by it as a Lender, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though they were not Agents. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Borrowers and the Subsidiaries or any corporation or other entity owned or controlled by any of them and any Person which may do business with any of them, all as if the Administrative Agent was not the Administrative Agent hereunder and without any duties to account therefor to the Lenders.

9.8 LENDER'S INDEPENDENT CREDIT DECISION

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrowers and its Subsidiaries. Accordingly, each Lender confirms with the Administrative Agent that it has not relied, and will not hereafter rely, on the Administrative Agent (i) to check or enquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrowers or any other Person under or in connection with this Agreement, the other Loan Documents or the transactions herein or therein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Administrative Agent), or (ii) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrowers or any Subsidiary. Each Lender acknowledges that a copy of this Agreement has been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of this Agreement.

9.9 INDEMNIFICATION

Each Lender hereby agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrowers) in its Global Rateable Portion, from and against any and all liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent (in its capacity as agent for the Lenders) in any way relating to or arising out of this Agreement or any other Loan Documents or any action taken or admitted by the Administrative Agent under or in respect of this Agreement or any other Loan Documents; provided that no Lender shall be liable for any portion of such liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand in the proportion specified herein in respect of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preservation of any rights of Agents or the Lenders under, or the enforcement of, or legal advice in respect of the rights or responsibilities under, this Agreement or any other Loan Documents, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrowers.

9.10 SUCCESSOR AGENT

The Administrative Agent may, as hereinafter provided, resign at any time by giving not less than 30 days' written notice thereof to the Lenders and the Borrowers. The Administrative Agent may, as hereinafter provided, be removed at any time on not less than 30 days' written notice thereof by the Majority Lenders provided that the Majority Lenders have designated a successor who is prepared to act hereunder and which is acceptable to Celestica, acting reasonably. Upon any such resignation or removal, the Majority Lenders shall have the right to appoint a successor agent (the "SUCCESSOR AGENT") which shall be a Lender and which shall be acceptable to the Borrowers, acting reasonably. Upon the acceptance of any appointment hereunder by a Successor Agent, such Successor Agent shall thereupon become Administrative Agent hereunder and shall succeed to and become vested with all the rights, powers, privileges and duties of Scotiabank and Scotiabank shall thereupon be discharged from its further duties and obligations as Administrative Agent under this Agreement. After any resignation or removal of Scotiabank under this Section 9.10, the provisions of this Article 9 shall continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder.

9.11 TAKING AND ENFORCEMENT OF REMEDIES

- (a) Each of the Lenders hereby acknowledges that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but collectively by the Administrative Agent upon the decision of the Lenders regardless of whether declaration or acceleration was made pursuant to Section 8.2; accordingly, notwithstanding any of the provisions contained herein, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action with respect to the Facility, including, without limitation, any declaration

or acceleration under Section 8.2, but that any such action shall be taken only by the Administrative Agent with the prior written consent of the Lenders or the Majority Lenders, as applicable, provided that, notwithstanding the foregoing:

- (i) in the absence of instructions from the Lenders or from the Majority Lenders, as applicable, and where in the sole opinion of the Administrative Agent the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders; and
- (ii) the commencement of litigation before any court shall be made in the name of each Lender individually unless the laws of the jurisdiction of such court permit such litigation to be commenced in the name of the Administrative Agent on behalf of the Lenders (whether pursuant to a specific power of attorney in favour of the Administrative Agent or otherwise) and the Administrative Agent agrees to commence such litigation in its name;

each of the Lenders hereby further covenants and agrees that upon any such written consent being given by the Lenders or the Majority Lenders, as applicable, they shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent in the collective realization including, without limitation, the appointment of a receiver and manager to act for their collective benefit; and each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, including, without limitation, any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section 9.11; and each of the Lenders hereby covenants and agrees that it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrowers or any Guarantor hereunder or under any other document, instrument, writing or agreement ancillary hereto and shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Facility, unless all of the Lenders shall at the same time obtain the benefit of any such agreement.

- (b) Notwithstanding any other provision contained in this Agreement, no Lender shall be required to be joined as a party to any litigation commenced against the Borrowers or any Guarantor by the Administrative Agent or the Majority Lenders hereunder (unless otherwise required by any court of competent jurisdiction) if it elects not to be so joined in which event any such litigation shall not include claims in respect of the rights of such Lender against the Borrowers and the Guarantors hereunder until such time as such Lender does elect to be so joined; provided that if at the time of such subsequent election it is not possible or practicable for such Lender to be so joined, then such Lender may commence proceedings in its own name in respect of its rights against the Borrowers and the Guarantors hereunder.

9.12 RELIANCE UPON LENDERS

The Administrative Agent shall be entitled to rely upon any certificate, notice or other document provided to it by a Lender on behalf of all financial institutions and Affiliates which together constitute a Lender pursuant to this Agreement and the Administrative Agent shall be entitled to deal with the Lenders with respect to the matters under this Agreement which are the Administrative Agent's responsibilities without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document provided to it by such Lender notwithstanding any lack of authority of the Lender to provide the same or to bind the other financial institutions and Affiliates which together constitute a Lender.

9.13 RELIANCE UPON ADMINISTRATIVE AGENT

The Borrower and the Guarantors shall be entitled to rely upon any certificate, notice or other document provided to any of them by the Administrative Agent pursuant to this Agreement and the Borrowers and the Guarantors shall be entitled to deal with the Administrative Agent (and, except as otherwise specifically provided, not to deal with any Lender prior to an Event of Default) with respect to all matters under this Agreement without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document provided to any of them by the Administrative Agent, notwithstanding any lack of authority of the Administrative Agent to provide the same. Without limiting the generality of the foregoing, but subject as herein otherwise specifically provided, none of the Lenders shall have any right to enforce directly any of the provisions of this Agreement or to communicate with the Borrowers and the Guarantors except through the Administrative Agent in accordance with the terms of this Agreement or as otherwise specifically provided in this Agreement. The provisions of this Article 9 are for the benefit of the Administrative Agent and the Lenders and, except for the provisions of Sections 9.2, 9.12, 9.13 and 9.14, may not be relied upon by the Borrowers or the Guarantors.

9.14 REPLACEMENT OF CANCELLED COMMITMENTS

If, at any time prior to the Maturity Date, the Commitment of any Lender or Lenders is cancelled, or any Lender fails to perform its obligations hereunder, the Administrative Agent may, and at the request of the Borrowers, provided that no Default or Event of Default has occurred and is continuing, shall use its reasonable efforts to locate one or more other Persons ("SUBSTITUTE LENDERS") satisfactory to the Borrowers (who may be an existing Lender) to become a Lender and to assume all or a portion of the Commitment so cancelled, provided that the Administrative Agent shall not be under any obligation to assume such cancelled Commitment itself if the Administrative Agent is unable to locate any Substitute Lenders. Upon locating one or more Substitute Lenders, the Administrative Agent (on behalf of each of the parties hereto other than the Borrowers, the Guarantors and the Lender or Lenders whose Commitment has been cancelled), the Borrowers, the Guarantors and the Substitute Lenders shall make any appropriate amendments to this Agreement which are required to incorporate such Substitute Lender or Lenders hereunder. If any Substitute Lender is not an existing Lender, then Celestica shall pay to the Administrative Agent an administration fee of U.S. \$3,500.

9.15 DISCLOSURE OF INFORMATION

- (a) The Borrowers agree that, if Celestica has given its prior written consent to a Person being an assignee or transferee hereunder, then the Administrative Agent or any Lender may provide any such assignee or transferee or proposed assignee or transferee pursuant to Section 11.11 with any information it has concerning the financial condition of the Borrowers and their Subsidiaries other than information delivered by the Borrowers to the Administrative Agent and/or the Lenders on a confidential basis which is not in the public domain; provided that, for greater certainty, nothing in this Section 9.15(a) shall prevent the Administrative Agent or any Lender from disclosing the terms of this Agreement on a confidential basis to any proposed assignee or transferee of any Lender; and provided further that consent of the Borrowers shall not be required if an Event of Default has occurred and is continuing.

- (b) Subject to Section 9.15(a), the Administrative Agent and each of the Lenders acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to it by the Borrowers pursuant hereto that is not at the time it is so provided or (other than through a breach of this Agreement) thereafter in the public domain and agrees to use reasonable efforts to prevent the disclosure of such information; provided, however, that:
 - (i) the Administrative Agent or any Lender may disclose all or any part of such information if, (A) in the sole reasonable opinion (stated in writing) of the Lenders' Counsel, such disclosure is compellable by Applicable Law in connection with any threatened judicial, administrative or governmental proceeding or is required in connection with any actual judicial, administrative or governmental proceeding or (B) such disclosure is compellable by Applicable Law, provided that in any such event the Administrative Agent or the Lender will make reasonable efforts to provide Celestica with prompt written notice of any such compellable disclosure so that Celestica may seek a protective order or other appropriate remedy or relief to prevent such disclosure from being made. The failure to deliver such notice or, where applicable, the giving of such notice, shall not preclude disclosure by the Administrative Agent or the Lender where legally required in the opinion of Lenders' Counsel. In any event, the Administrative Agent or Lender will furnish only that portion of such information which, in the reasonable opinion of the Lenders' Counsel, it is legally required to disclose and will exercise reasonable efforts to obtain reliable assurances that confidential treatment will be accorded such information;

 - (ii) it shall incur no liability in respect of any disclosure of such information to any, or pursuant to the requirements of any, judicial authority, law enforcement agency, tax or regulatory authority which it is required to make in accordance with Applicable Law;

- (iii) it shall inform the Borrowers, as soon as is practicable, of any disclosure of such information made by it unless such disclosure is in the ordinary course of its business or such tax or regulatory authority or such judicial authority or law enforcement agency requires the Administrative Agent or such Lender not to inform the Borrowers of the disclosure of such information to it;
- (iv) the Administrative Agent and each Lender may disclose all or any part of such information on a confidential basis to its auditors or to Lenders' Counsel or other counsel of reputable standing on a confidential basis for the purpose of seeking or obtaining accounting or legal advice;
- (v) the Administrative Agent and each Lender may disclose such information on a confidential basis to any Subsidiary or Affiliate of the Administrative Agent or Lender if such disclosure is required in connection with the administration of the Facility;
- (vi) if an Event of Default has occurred and is continuing, the Administrative Agent or any Lender may disclose such information to any other Agent or other Lenders on a confidential basis in connection with any discussions regarding or related to the resolution of such Event of Default; and
- (vii) the Administrative Agent and each Lender may disclose such information with the prior written consent of Celestica.

9.16 ADJUSTMENTS OF RATEABLE PORTIONS

- (a) In connection with any Drawdown (other than a Drawdown of a Swing Line Advance), Conversion or Rollover or any reimbursement or repayment of an Obligation, the Administrative Agent shall, in its sole and unfettered discretion, have the right (but not the obligation) to make adjustments of the amount of such Drawdown, Conversion or Rollover advanced or paid by such Lender or the amount of such reimbursement or repayment to be received by such Lender in order to maintain the balances of the Advances made by each Lender in the same portion as the Main Facility Rateable Portion of each Lender.
- (b) Upon the occurrence of an acceleration under Section 8.1(g), 8.1(h) or 8.2, if, with respect to any Lender, the aggregate of all outstanding Advances made by such Lender is less than its Global Rateable Portion (after giving effect to any adjustment made pursuant to Subsection 9.16(a)) of the aggregate of all outstanding Advances, the Administrative Agent may, by written notice, require such Lender to pay to the Administrative Agent, for the credit of the other Lenders, in such currency or currencies as the Administrative Agent may in its discretion determine, such amount as may be required so as to bring the aggregate of all outstanding Advances made by such Lender equal to its Global Rateable Portion of the aggregate of all outstanding Advances. The Administrative Agent shall credit the funds received from such Lender to any other Lender or Lenders, as it may determine in its discretion, so as to render the aggregate of the

outstanding Advances made by each Lender equal to the Global Rateable Portion of each Lender of all outstanding Advances.

ARTICLE 10
COSTS, EXPENSES AND INDEMNIFICATION

10.1 COSTS AND EXPENSES

Each Borrower shall pay promptly, upon request by the Administrative Agent accompanied by reasonable supporting documentation or other evidence, all reasonable costs and expenses in connection with the due diligence pertaining to or the preparation, printing, execution and delivery of this Agreement and the other documents to be delivered hereunder including, without limitation, the reasonable fees and out-of-pocket expenses of the Lenders' Counsel with respect thereto. Except for ordinary expenses of the Administrative Agent relating to the day-to-day administration of this Agreement, each Borrower further agrees to pay all reasonable out-of-pocket costs and expenses (including reasonable fees and expenses of counsel, accountants and other experts) in connection with the syndication of the Facility and the interpretation, preservation or enforcement of rights of the Administrative Agent and the Lenders under this Agreement and the Loan Documents including, without limitation, all reasonable costs and expenses sustained by them as a result of any failure by any of the Borrowers or Guarantors to perform or observe its obligations contained in any of this Agreement and the Loan Documents.

10.2 INDEMNIFICATION BY THE BORROWERS

In addition to any liability of each Borrower to any Lender or the Administrative Agent under any other provision hereof, each Borrower shall indemnify the Lenders and the Administrative Agent and hold each Lender and the Administrative Agent harmless against any reasonable costs or expenses incurred by a Lender or the Administrative Agent as a result of (i) any failure by such Borrower to fulfil any of its obligations hereunder or under any Loan Document in the manner provided herein including, without limitation, any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by any Lender to fund or maintain any Advance as a result of the failure of such Borrower to complete a Drawdown or to make any repayment or other payment on the date required hereunder or specified by it in any notice given hereunder; or (ii) the failure of such Borrower to pay any other amount including, without limitation, any interest or fee due hereunder on its due date; or (iii) the prepayment or repayment by such Borrower of any LIBOR Advance prior to its date of maturity or the last day of the then current Interest Period for such Advance.

10.3 FUNDS

Each amount advanced, made available, disbursed or paid hereunder shall be advanced, made available, disbursed or paid, as the case may be, in immediately available funds or, after notice from the Administrative Agent, in such other form of funds as may from time to time be customarily used in the jurisdiction in which the Advance is advanced, made available, disbursed or paid in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

10.4 GENERAL INDEMNITY

- (a) INDEMNITY. Subject to paragraphs (b), (c) and (d) below, the Borrowers agree to indemnify and save harmless the Administrative Agent, the Lenders, their respective Affiliates involved in the syndication or administration of the Facility, their respective officers, directors, employees and agents (collectively, the "INDEMNITEES" and individually, an "INDEMNITEE") from and against any and all liabilities, claims, damages and losses (including reasonable legal fees and disbursements of counsel but excluding loss of profits and special or consequential damages) (collectively, the "LOSSES") as a result of any claims, actions or proceedings ("CLAIMS") asserted against the Indemnitees, by a Person other than the Indemnitees in connection with the agreement of the Lenders to provide the Facility, the Commitments of the Lenders and the Advances made by the Lenders including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement of any Claim made by the Indemnitees.
- (b) LIMITATIONS TO INDEMNITY. The foregoing obligations of indemnification shall not apply to (i) any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them to the extent such Loss or Claim has resulted from the gross negligence or wilful misconduct of the Indemnitees or any of them; and (ii) any Losses with respect to Taxes for which an Indemnitee may claim an indemnity from an Obligor pursuant to Section 3.5(b) of this Agreement.
- (c) NOTIFICATION. Whenever a Lender or the Administrative Agent shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject a Borrower (the "INDEMNIFYING PARTY") to the indemnity provisions of this Section 10.4, the Lender or Agent shall as soon as reasonably possible notify (to the extent permitted by law) the Indemnifying Party in writing of the Claim and of all relevant information the Lender or the Administrative Agent possesses relating thereto; provided, however, that failure to so notify the Indemnifying Party shall not release it from any liability which it may have on account of the indemnity set forth in this Section 10.4, except to the extent that the Indemnifying Party shall have been materially prejudiced by such failure.
- (d) DEFENCE AND SETTLEMENT. The Indemnifying Party shall have the right, but not the obligation, to assume the defence of any Claim in any jurisdiction with legal counsel of reputable standing in order to protect the rights and interest of the Indemnitees. In such respect, (i) the Indemnifying Party shall require the consent of the Indemnitees to the choice of legal counsel in connection with the Claim, which consent shall not be unreasonably withheld or delayed; and (ii) without prejudice to the rights of the Indemnitees to retain counsel and participate in the defence of the Claim, the Indemnifying Party and the Indemnitees shall make all reasonable efforts to co-ordinate their course of action in connection with the defence of such Claim. The related costs and expenses sustained in such respect

by the Indemnitees shall be at the expense of the Indemnifying Party, provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel in addition to the cost of any local counsel that may be required. If the Indemnifying Party fails to assume defence of the Claim, the Indemnitees will (upon further notice to the Borrowers) have the right to undertake, at the expense of the Indemnifying Party, the defence, compromise or settlement of the Claim on behalf and for the account and risk of the Indemnifying Party, subject to the right of the Indemnifying Party to assume the defence of the Claim at any time prior to settlement, compromise or final determination thereof.

Notwithstanding the foregoing, in the event the Indemnitee, acting reasonably, does not agree with the manner or timeliness in which the legal counsel of the Indemnifying Party is carrying on the defence of the Claim, or, pursuant to the opinion of a reputable counsel retained by the Indemnitee, there may be one or more legal defences available different from the one carried on by the legal counsel of the Indemnifying Party, the Indemnitee shall have the right to assume its own defence in the Claim by appointing its own legal counsel. The costs and the expenses sustained by the Indemnitee shall be at the expense of the Indemnifying Party provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel, in addition to the costs of any local counsel that may be required.

The Indemnifying Party shall not be liable for any settlement of any Claim effected without its written consent (which shall not be unreasonably withheld or delayed). In addition, the Indemnifying Party will not, without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld or delayed), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any Claim or threatened Claim in respect of which indemnification or contribution may be sought hereunder.

If an offer for settlement made to any Indemnitee which the Indemnifying Party has recommended for acceptance is rejected by the Indemnitee and the final liability of the Indemnitee in respect of such action and all related damages is greater than such offer, the liability of the Indemnifying Party will only be to indemnify the Indemnitee up to the amount of such offer.

10.5 ENVIRONMENTAL CLAIMS

- (a) INDEMNITY. Subject to paragraphs (b), (c) and (d) below, the Borrowers agree to indemnify and save harmless the Indemnitees from and against any and all Losses as a result of any Claims asserted against the Indemnitees by a Person other than the Indemnitees with respect to any material presence or Release on, into, onto, under or from any property owned, leased or operated by any of the Borrowers or any Subsidiary (the "PROPERTY") of any Hazardous Material regardless of whether caused by, or within the control of, the Borrower or any Subsidiary or which arises out of or in connection with any action of, or failure to act by, the Borrowers or any Subsidiary or any predecessor or successor thereof in contravention of any present or future applicable Environmental Laws, whether or not having the force of law, including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any such Claim; and (ii) subject to the provisions set forth in paragraph (d)

below, any Losses arising out of a settlement made by the Indemnitees of any Claim.

- (b) LIMITATIONS TO INDEMNITY. The foregoing obligations of indemnification shall not apply to any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them which relates directly to any action or omission taken by any of the Indemnitees while in possession or control of the Property which is grossly negligent or constitutes wilful misconduct but shall apply to any Claim occurring during such period that relates to a continuation of conditions previously in existence or of a practise previously employed by any Obligor.
- (c) NOTIFICATION. Whenever an Indemnatee shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject the Borrowers to the indemnity provisions of this Section 10.5, the Indemnatee shall as soon as reasonably possible and in any event on or before the expiry of the date (the "NOTIFICATION DATE") which is the earlier of (i) the tenth Banking Day after the receipt of such notice by the Indemnatee, and (ii) such date as will afford sufficient time for the Borrowers to prepare and file a timely answer to the Claim, notify the Borrowers of the Claim and of all relevant information the Indemnatee possesses relating thereto. If the Indemnatee shall fail to so notify the Borrowers and provide it with such information on or before the Notification Date, the Borrowers shall not have any liability hereunder in respect of any Losses suffered by the Indemnatee in respect of such Claim to the extent such Losses may be reasonably attributable to such failure by the Indemnatee.
- (d) DEFENCE AND SETTLEMENT. The provisions of Section 10.4(d) shall apply to any Claims under this Section 10.5.

ARTICLE 11
GENERAL

11.1 TERM

The Facility shall expire on the Maturity Date.

11.2 SURVIVAL

All covenants, agreements, representations and warranties made herein or in certificates delivered in connection herewith by or on behalf of the Borrowers and each Guarantor shall survive the execution and delivery of this Agreement and the making of the Drawdowns hereunder and shall continue in full force and effect so long as there is any obligation of the Borrowers and each Guarantor to the Administrative Agent, and the Lenders hereunder.

11.3 BENEFIT OF THE AGREEMENT

This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the Borrowers and the successors and permitted assigns of the Administrative Agent and the Lenders.

11.4 NOTICES

All notices, requests, demands or other communications to or from the parties hereto shall be in writing and shall be given by overnight delivery service, by hand delivery or by telecopy to the addressee as follows:

(i) If to the Borrowers:

7th Floor
12 Concorde Place
Toronto, Ontario, Canada
M3C 3R8

Attention: Vice-President and Corporate Treasurer

Telecopier: 416-448-2280

with a copy to:

7th Floor
12 Concorde Place
Toronto, Ontario, Canada
M3C 3R8

Attention: Vice-President and General Counsel

Telecopier: 416-448-2817

- (ii) If to the Administrative Agent (in respect of all matters):

The Bank of Nova Scotia
Loan Syndications
44 King Street West, 17th Floor
Toronto, Ontario, Canada
M5H 1H1

Attention: Managing Director

Telecopier: 416-866-3329

- (iii) if to a Lender, at the addresses set out in Schedule A or in the relevant Transfer Notice;

or at such other address or to such other individual as the Borrowers may designate by notice to the Administrative Agent and as the Administrative Agent or a Lender may designate by notice to the Borrowers and the Lenders or the Administrative Agent, as the case may be.

11.5 AMENDMENT AND WAIVER

This Agreement and any Loan Documents collateral hereto may be modified or amended and a waiver of any breach of any term or provision of this Agreement shall be effective only if the Borrowers, the Administrative Agent and the Majority Lenders so agree in writing, provided that in all cases the Borrowers shall be entitled to rely upon the Administrative Agent, without further inquiry in respect of any amendments or waivers agreed to by the Administrative Agent and which the Administrative Agent has confirmed have been agreed to by the Majority Lenders; provided further, however, that no amendment, waiver or consent, unless in writing and signed by all of the Lenders shall: (i) increase the Commitment of any Lender or subject any Lender to any additional obligation; (ii) reduce the principal of, or interest on, the Advances or reduce any fees hereunder; (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any other amounts payable hereunder; (iv) change the Global Rateable Portion of any Lender except for adjustments thereto made by the Administrative Agent in accordance with the terms of this Agreement, or the aggregate unpaid principal amount of the Advances, or the number of Lenders which shall be required for the Lenders to take any action hereunder; (v) amend the definition of Majority Lenders; (vi) amend or release any Guarantee, except to the extent that a release of a Guarantee may be effected pursuant to a transaction subject to Section 11.12 or is otherwise authorized pursuant to the terms of this Agreement and except to the extent that an amendment, as determined by the Administrative Agent and Lenders' Counsel, each acting reasonably, does not materially impair the enforceability or unconditionality of such Guarantee; or (vii) amend this Section 11.5; and provided, further, that no amendment, waiver or consent, unless in writing and signed by the Administrative Agent or Swing Line Lender, as applicable, in addition to the Lenders required herein above to take such action, affects the rights or duties of the Administrative Agent or Swing Line Lender, as applicable, under this Agreement or any Advance. A waiver of any breach of any term or provision of this Agreement shall be limited to the specific breach waived.

11.6 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Administrative Agent, Lenders and Borrowers agree that any legal suit, action or proceeding arising out of this Agreement or any Loan Document may be instituted in the courts of Ontario, and the Administrative Agent, Lenders and Borrowers hereby accept and irrevocably submit to the nonexclusive jurisdiction of said courts and acknowledge their competence and agree to be bound by any judgment thereof.

11.7 FURTHER ASSURANCES

Each Obligor shall promptly cure any default in its execution and delivery of this Agreement or in any of the other instruments referred to or contemplated herein to which it is a party. Each Obligor, at its expense, will promptly execute and deliver, or cause to be executed and delivered, to the Administrative Agent, upon request, all such other and further documents, agreements, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of such Obligor hereunder or more fully to state the obligations of such Obligor as set out herein or to make any recording, file any notice or obtain any consents, all as may be necessary or appropriate in connection therewith.

11.8 ENFORCEMENT AND WAIVER BY THE LENDERS

Subject to Section 9.11, the Lenders shall have the right at all times to enforce the provisions of this Agreement and agreements to be delivered pursuant hereto in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Lenders in refraining from so doing at any time or times. The failure of the Lenders at any time or times to enforce their rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner, modified or waived the same. All rights and remedies of the Lenders are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

11.9 EXECUTION IN COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be considered an original and all of which taken together shall constitute a single agreement.

11.10 ASSIGNMENT BY THE BORROWERS

The rights and obligations of the Borrowers under this Agreement are not assignable to any other Person, except in accordance with Article 5, without the prior written consent of all of the Lenders, which consent shall not be unreasonably withheld.

11.11 ASSIGNMENTS AND TRANSFERS BY A LENDER

- (a) With the prior written consent of the Administrative Agent and Celestica, such consent not to be unreasonably withheld or delayed, any Lender may, at any time, assign all or any of its rights and benefits hereunder or transfer in accordance with Section 11.11(b) all or any of its rights, benefits and obligations hereunder; provided that in the event that such assignment would give rise to a claim for

increased costs pursuant to Article 3, it shall not be unreasonable for Celestica to withhold its consent to such assignment. Any assignment or transfer shall be with respect to a minimum Commitment of U.S. \$25,000,000 and integral multiples of U.S. \$1,000,000 in excess thereof. A lesser amount may be assigned or transferred by any Lender if such amount represents the remaining balance of such Lender's Commitment.

Notwithstanding the foregoing, the consent of the Administrative Agent and Celestica is not required in connection with the assignment or transfer of all or any of the rights, benefits and obligations hereunder (i) to any Subsidiary or Affiliate of a Lender or to any other Lender hereunder provided that notice is given to the Administrative Agent and Celestica, and provided that, in either case, any such assignment or transfer does not give rise to a claim for increased costs pursuant to Article 3 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable hereunder to the Administrative Agent or the Lenders, in either case, in excess of what would have been the case without such assignment, or such assignee waives the rights to any benefits under Section 3.5; or (ii) to any financial institution if an Event of Default has occurred and is continuing.

- (b) If any Lender assigns all or any of its rights and benefits hereunder in accordance with Section 11.11(a), then, unless and until the assignee has agreed with the Administrative Agent and the other Lenders (in a Transfer Notice or otherwise) that it shall be under the same obligations towards each of them as it would have been under if it had been an original party hereto as a Lender, none of the Administrative Agent or any of the other Lenders or the Borrowers shall be obliged to recognize such assignee as having the rights against each of them which it would have had if it had been such a party hereto.
- (c) If any Lender wishes to assign all or any of its rights, benefits and/or obligations hereunder as contemplated in Section 11.11(a), then such transfer may be effected upon:
 - (i) receipt of the written consent of the Administrative Agent and Celestica as referred to in Section 11.11(a) delivered to the relevant assignee by the Administrative Agent unless an Event of Default has occurred and is continuing in which case consent of Celestica shall not be required;
 - (ii) the delivery to and countersignature by the Lender of a duly completed and duly executed Transfer Notice; and
 - (iii) if any Lender wishes to assign any of its rights, benefits and/or obligations hereunder to a financial institution which is not a Lender or a Subsidiary or Affiliate of a Lender, such Lender shall have paid to the Administrative Agent a fee in the amount of U.S. \$3,500;

in which event, on the later of the effective date, if any, specified in such Transfer Notice and the fifth Banking Day after the date of delivery of such Transfer Notice to the Administrative Agent (unless the Administrative Agent agrees to a shorter period):

- (iv) to the extent that in such Transfer Notice the Lender party thereto seeks to transfer its rights and obligations hereunder, each of the Obligors and such Lender shall be released from further obligations towards one another hereunder and their respective rights against one another shall be cancelled (such rights and obligations being referred to in this Section 11.11(c) as "DISCHARGED RIGHTS AND OBLIGATIONS");
 - (v) each of the Obligors and the assignee party thereto shall assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only insofar as such Obligor and such Assignee have assumed and/or acquired the same in place of such Obligor and such Lender; and
 - (vi) the Administrative Agent, such assignee and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such assignee been an original party hereto as a Lender with the rights and/or obligations acquired or assumed by it as a result of such transfer.
- (d) Each of the parties hereto confirms that:
- (i) the delivery to an assignee of a Transfer Notice signed by a Lender constitutes an irrevocable offer (subject to the conditions of Section 11.11(c)) by each of the parties hereto to accept such transferee (subject to the conditions set out herein) as a Lender party hereto with the rights and obligations so expressed to be transferred;
 - (ii) such offer may be accepted by such assignee by the execution of such Transfer Notice by such assignee and upon fulfilment of the conditions set forth in Section 11.11(c); and
 - (iii) the provisions of this Agreement shall apply to the contract between the parties thereto arising as a result of acceptance of such offer.
- (e) The Administrative Agent shall not be obliged to accept any Transfer Notice received by it hereunder and no such Transfer Notice may take effect on any day on or after the receipt by the Administrative Agent of a Drawdown Notice and prior to the date for the making of the proposed Advance.
- (f) No transfer pursuant to this Section 11.11 shall, unless the Administrative Agent otherwise decides in its absolute discretion and notifies the parties to such transfer accordingly, be effective if the date for effectiveness of such transfer on the day on which the Administrative Agent receives the applicable Transfer Notice is on, or less than five Banking Days before, the day for the payment of any interest or fee hereunder.
- (g) Any Lender may participate all or any part of its interest hereunder, provided that any such participation does not give rise to a claim for increased costs pursuant to

Article 3 or any obligation on the part of an Obligor to deduct or withhold any Taxes from or in respect of any sum payable hereunder to the Administrative Agent or the Lenders, or such Lender and participant waive the right to any benefits under Section 3.5 and, in such case, notice of such participation has been given to the Administrative Agent and Celestica. Such participant shall not be entitled to any vote as a Lender. The Borrowers shall not be obligated to deal with any participant and shall be entitled to deal solely with the Lender and the Lender shall not be released from any of its obligations to the Borrowers as a result of such participation except to the extent that the participant has fulfilled such obligations. Such participants shall be bound to the same confidentiality provisions with respect to the Facility, the Borrowers and the Guarantors as are applicable to the Lenders.

11.12 CERTAIN REQUIREMENTS IN RESPECT OF MERGER, ETC.

No Borrower shall, and the Borrowers shall not permit any Restricted Subsidiary (in each case, a "PREDECESSOR CORPORATION") to, enter into any transaction (whether by way of liquidation, dissolution, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of any such amalgamation or merger, of the continuing company resulting therefrom, or whereby the obligation of the Predecessor Corporation to pay amounts under this Agreement would become subject to novation or assumed or undertaken by any other such Person or continuing company (a "CORPORATE REORGANIZATION"), provided that it may do so (and if the Predecessor Corporation is a Borrower or a Material Restricted Subsidiary such Person or continuing company shall become a party to this Agreement or to the Guarantee provided by such Material Restricted Subsidiary, as the case may be) if:

- (a) such other Person or continuing company (herein referred to as a "SUCCESSOR CORPORATION") is a Borrower or Restricted Subsidiary;
- (b) where required in the reasonable opinion of Lenders' Counsel, a Successor Corporation which is a Borrower or Material Restricted Subsidiary shall execute and/or deliver to the Administrative Agent an agreement supplemental hereto or to the Guarantee or Guarantees executed by a Predecessor Corporation or Predecessor Corporations, as the case may be, in form reasonably satisfactory to the Administrative Agent and execute and/or deliver such other instruments, if any, which to the reasonable satisfaction of the Administrative Agent and in the opinion of Lenders' Counsel are necessary to evidence (i) the assumption by the Successor Corporation of liability under each Loan Document to which the Predecessor Corporation is a party for the due and punctual payment of all money payable by the Predecessor Corporation thereunder, and (ii) the covenant of the Successor Corporation to pay the same and (iii) the agreement of the Successor Corporation to observe and perform all the covenants and obligations of the Predecessor Corporation under each Loan Document to which the Predecessor Corporation was a party and to be bound by all the terms of each such Loan Document so far as they relate to the Predecessor Corporation which instruments, if any, shall be in form reasonably satisfactory to the Administrative Agent;

- (c) such transaction would not have a Material Adverse Effect;
- (d) all Other Taxes payable as a result of such transaction have been paid;
- (e) such transaction will not result in any claim for increased costs pursuant to Section 3.2 or result in any Tax being levied on or payable by the Administrative Agent or any Lender (except for Taxes on the overall net income or capital of the Administrative Agent or a Lender provided there is no increase in such Taxes as a result of such transaction);
- (f) such transaction will not cause, or have the result of the Administrative Agent, the Lenders or any of them being in default under, noncompliance with, or violation of, any Applicable Law;
- (g) an opinion of Borrowers' counsel substantially in the form and as to matters addressed in the opinion of Borrowers' Counsel delivered pursuant to Section 4.1 shall have been delivered to the Administrative Agent;
- (h) each of the covenants set forth in Section 7.3 shall be satisfied on an actual and PRO FORMA basis after giving effect to such transaction; and
- (i) no Default or Event of Default shall have occurred and be continuing or will occur as a result of such transaction.

Sections 11.12(a), (b) and (g) shall not apply to (i) the respective liquidation or dissolution of Celestica Ireland B.V. and Celestica Denmark A/S or (ii) the merger of Celestica Japan EMS K.K. with and into Celestica Japan K.K.

This Section 11.12 shall not apply to permit any consolidation, amalgamation or merger by or of Celestica unless, as the result thereof, the Successor Corporation is Celestica.

A Successor Corporation shall not be required to comply with Section 11.12(b) and (g) in respect of a Corporate Reorganization where one or more of the participants in the subject Corporate Reorganization is a Predecessor Corporation which is a Borrower or Restricted Subsidiary existing under the laws of an Exempted Jurisdiction and which, prior to the completion of such Corporate Reorganization, delivered a Guarantee in accordance with Section 7.1(m)(i) and the Guarantee delivered by such Predecessor Corporation (the "PREDECESSOR GUARANTEE") has not been terminated or released. In this paragraph, "EXEMPTED JURISDICTION" means:

- (i) the Province of Ontario, unless, following the date hereof, the laws of such Province change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation;
- (ii) Canada, unless following the date hereof, the laws of Canada or the laws of the Province of Canada which govern such Guarantee change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation; and

- (iii) the State of Delaware, unless, following the date hereof, the laws of such State change in a manner that would adversely affect the enforceability of the Predecessor Guarantee against the Successor Corporation.

11.13 LOCATION OF LENDERS

Unless otherwise agreed between the Administrative Agent and Celestica, each Lender shall be resident in Canada. In respect of any Lender which assigns or shares part of its Commitment with an Affiliate or Subsidiary, the provisions of Article 9 relating to the appointment and authorization of the Administrative Agent and the indemnification of the Administrative Agent shall apply equally to each such Affiliate and Subsidiary.

11.14 SET-OFF

If an Event of Default has occurred, the Administrative Agent and Lender shall have the right to set off against any accounts, credits or balances maintained by the Obligors with the Administrative Agent or any Lender, any amount due hereunder.

11.15 TIME OF THE ESSENCE

Time shall be of the essence in this Agreement.

11.16 ADVERTISEMENTS

The Administrative Agent and the Lenders agree that prior to any advertisement with respect to this transaction, the Administrative Agent shall obtain the written consent of Celestica as to the form and content of such advertisement, such consent not to be reasonably withheld and to be provided as soon as practicable.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

THE BANK OF NOVA SCOTIA,
AS ADMINISTRATIVE AGENT

By: /s/ ROBERT HOSIE

Name: Robert Hosie
Title: Managing Director

CELESTICA INC.

By: /s/ PAUL NICOLETTI

Name: Paul Nicoletti
Title: Vice President & Corporate
Treasurer

CELESTICA INTERNATIONAL INC.

By: /s/ PAUL NICOLETTI

Name: Paul Nicoletti
Title: Vice President & Corporate
Treasurer

SIGNATURE PAGE FOR THE BANK OF NOVA SCOTIA, AS LENDER

THE BANK OF NOVA SCOTIA

By: /s/ STEVE TORRENS

Name: Steve Torrens
Title: Managing Director, Corporate
Banking - Communications
& Technology

By: /s/ DEREK ORANGE

Name: Derek Orange
Title: Associate Director, Corporate
Banking - Communications
& Technology

SIGNATURE PAGE FOR BANK OF AMERICA, N.A., CANADA BRANCH, AS LENDER

BANK OF AMERICA, N.A., CANADA BRANCH

By: /s/ MEDINA SALES DE ANDRADE

Name: Medina Sales de Andrade
Title: Assistant Vice President

SIGNATURE PAGE FOR ROYAL BANK OF CANADA, AS LENDER

ROYAL BANK OF CANADA

By: /s/ NOEL V. CURRAN

Name: Noel V. Curran
Title: Vice President

By: /s/ SANDRA LOKOFF

Name: Sandra Lokoff
Title: Senior Manager

SIGNATURE PAGE FOR CANADIAN IMPERIAL BANK OF COMMERCE, AS LENDER

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ DAVID WHITE

Name: David White
Title: Managing Director

By: /s/ STEVE NISHIMURA

Name: Steve Nishimura
Title: Executive Director

SIGNATURE PAGE FOR CITIBANK N.A., CANADA BRANCH, AS LENDER

CITIBANK N.A., CANADA BRANCH

By: /s/ RODERICK J. SMITH

Name: Roderick J. Smith
Title: Managing Director

SIGNATURE PAGE FOR CREDIT SUISSE FIRST BOSTON, TORONTO BRANCH, AS LENDER

CREDIT SUISSE FIRST BOSTON,
TORONTO BRANCH

By: /s/ ALAIN DAoust

Name: Alain Daoust
Title: Director

By: /s/ PETER CHAUVIN

Name: Peter Chauvin
Title: Vice President

SIGNATURE PAGE FOR DEUTSCHE BANK AG, CANADA BRANCH, AS LENDER

DEUTSCHE BANK AG, CANADA BRANCH

By: /s/ ROBERT A JOHNSTON

Name: Robert A Johnston
Title: Vice President

By: /s/ MARIA GORZEN

Name: Maria Gorzen
Title: Vice President

SIGNATURE PAGE FOR THE BANK OF NOVA SCOTIA (ON ITS OWN ACCOUNT),
AS LENDER IN RESPECT OF THE COMMITMENT OF THE ROYAL BANK OF SCOTLAND PLC

THE BANK OF NOVA SCOTIA (ON ITS OWN
ACCOUNT, AND NOT AS AGENT), AS LENDER IN
RESPECT OF THE COMMITMENT OF THE ROYAL
BANK OF SCOTLAND PLC

By: /s/ STEVE TORRENS

Name: Steve Torrens
Title: Managing Director

SIGNATURE PAGE FOR NATIONAL BANK OF CANADA, AS LENDER

NATIONAL BANK OF CANADA

By: /s/ ED SUSTAR

Name: Ed Sustar
Title: Vice President

By: /s/ BRIAN SMITH

Name: Brian Smith
Title: Managing Director

SCHEDULE C

APPLICABLE MARGIN AND FACILITY FEE

INSERT FROM CREDIT AGREEMENT

- -----

- LEVEL I
 - LEVEL II
 - LEVEL III
 - LEVEL IV(1)
 - LEVEL V
 - LEVEL VI - -
- -----

Senior Debt
Rating(2) >
or =
BBB+/Baa 1
BBB/Baa2
BBB-/Baa3
BB+Ba1
BB/Ba2 <
BB/Ba2
(S&P/Moody's)

LIBOR Margin
57.5 bps
67.5 bps
77.5 bps
95.0 bps
120.0 bps
145.0
Applicable
Margin(3) -

Base Rate
Applicable
0.0 bps 0.0
bps 0.0 bps
0.0 bps 20.0
bps 45.0
Margin(3) -

Facility
Fee(4) 7.5
bps 20.0 bps
22.5 bps
30.0 bps
40.0 bps
50.0 -

NOTES:

1. Level IV will apply at closing.
2. In the event of a split rating, the higher rating shall apply, unless there are two or more gradations between ratings, in which case, the rating one level below the higher rating shall apply.
3. "Applicable Margin" expressed as basis points per annum.
4. Facility Fee is payable regardless of usage on the aggregate Commitments (after giving effect to any cancellation, reduction, or increase pursuant to Sections 2.6, 2.7, and 2.20).

SCHEDULE J

CALCULATION OF THE MANDATORY COST

1. The Mandatory Cost for a LIBOR Advance for each of its Interest Period is the rate determined by the Administrative Agent in accordance with the following formulae:

IN RELATION TO ANY LIBOR ADVANCE:

$F \times 0.01 \% \text{ per annum} = \text{Mandatory Cost}$

300

WHERE ON THE DAY OF APPLICATION OF THE FORMULA:

F is the charge payable by the Administrative Agent to the Financial Services Authority under paragraph 2.02 or 2.03 (as appropriate) of the Fees Regulations but where for this purpose, the figure in paragraph 2.02b and 2.03b will be deemed to be zero expressed in pounds per £1 million of the fee base of the Administrative Agent

2. For the purposes of this Schedule "J":
 - i. "FEE BASE" has the meaning given to it in the Fees Regulations;

"FEES REGULATIONS" means any regulations governing the payment of fees for banking supervision.
 - ii. "RELEVANT PERIOD" in relation to each Interest Period, means:
 - A. if it is three months or less, that Interest Period; or
 - B. if it is more than three months, each successive period of three months and any necessary shorter period comprised in that Interest Period.
3.
 - i. The formula is applied on the first day of each relevant period comprised in the relevant Interest Period.
 - ii. Each rate calculated in accordance with the formula is, if necessary, rounded upward to the nearest 1/16th of one percent.
4. If the Administrative Agent determines that a change in circumstances has rendered, or will render, the formula inappropriate, the Administrative Agent shall notify Celestica Inc. and Celestica International Inc. of the manner in which the Mandatory Cost will subsequently be calculated. The manner of calculation so notified by the Administrative Agent shall, in the absence of manifest error, be binding on all the parties.

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

STOCK PURCHASE AGREEMENT

DATED AS OF
JANUARY 8, 2002,

BETWEEN

NEC CORPORATION
- and -
NEC MIYAGI, LTD.

- and -
NEC YAMANASHI, LTD.

- and -
1325091 ONTARIO INC.

- and -
CELESTICA INC.

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement is entered into as of January 8, 2002, between Celestica Inc., an Ontario, Canada corporation ("Parent"), 1325091 Ontario Inc., an Ontario, Canada corporation and a wholly owned subsidiary of Parent ("Buyer") and NEC Corporation, a Japanese kabushiki kaisha, NEC Miyagi, Ltd., a Japanese kabushiki kaisha, and NEC Yamanashi, Ltd., a Japanese kabushiki kaisha (collectively, "Seller").

R E C I T A L S

WHEREAS, Buyer has created a wholly owned subsidiary as a Japanese kabushiki kaisha named Celestica EMS Kabushiki Kaisha ("Company");

WHEREAS, Buyer intends to cause the Company to issue shares of common stock of Company to the Predecessor Companies and the Predecessor Companies intend to acquire such shares from Company;

WHEREAS, Seller intends that, concurrently with the acquisition of such shares by the Predecessor Companies, the Predecessor Companies will transfer the Transferred Business to Company in accordance with the Corporate Separation Procedure of the Japanese Commercial Code;

WHEREAS, Predecessor Companies desire, after the completion of the foregoing, to sell, and Buyer desires to buy, the Stock for the consideration described herein, and to consummate the other transactions described herein; and

WHEREAS, Parent desires to guarantee all of Buyer's obligations to Seller hereunder.

A G R E E M E N T

In consideration of the mutual promises contained herein and intending to be legally bound the parties agree as follows:

ARTICLE I PURCHASE & SALE/CLOSING

1.1 TRANSFER OF THE TRANSFERRED BUSINESS.

(a) CREATION OF COMPANY. Promptly after execution of this Agreement, Buyer shall provide evidence of Company's incorporation and proper registration as a kabushiki kaisha having two hundred (200) issued and outstanding common shares and capitalization of ten million (10,000,000) Japanese yen with the Tokyo Legal Affairs Office of to Seller.

(b) SECURING OF GOVERNMENT PERMITS AND CONSENTS. Buyer shall take all actions reasonably required, and Seller shall provide such assistance as shall reasonably be required by Buyer, in order to obtain the Permits listed in Schedule 2.5(c).

(c) COMPLIANCE WITH KAISHA BUNKATSU PROCEDURES. Buyer, Seller, and Predecessor Companies, as appropriate, shall take, and Buyer shall cause Company to take all actions necessary to be taken on their respective parts in order to transfer the Transferred Business from Predecessor Companies to Company in accordance with the NEC Separation Agreement and otherwise to comply with the requirements of the Corporate Separation Procedure of the Japanese Commercial Code and other applicable laws in connection with the Kaisha Bunkatsu. Such actions shall include but not be limited to preparing and finalizing the NEC Separation Agreement and all related agreements, documents and certificates as soon as practicable, issuing all necessary notices, and making available documents in the respective head offices of Predecessor Companies and Company pursuant to the Corporate Separation Procedure of the Japanese Commercial Code. Buyer and Seller shall approve and execute the NEC Separation Agreement at least one month prior to the scheduled Bunkatsu Day.

(d) BUNKATSU DAY. The Bunkatsu Day shall be on March 1, 2002, provided that the conditions set forth below in Sections 1.1(e) and (f) have been satisfied or waived in writing, or on such later business day on or prior to September 1, 2002 as Seller and Buyer may agree.

(e) DELIVERY OF STOCK TO SELLER. Buyer shall cause Company to issue, sell and deliver 280,000 common shares of Company to each of the Predecessor Companies (202,000 shares to NEC Miyagi and 78,000 shares to NEC Yamanashi) on the Bunkatsu Day provided that Company shall not issue the Stock to the Predecessor Companies unless the following conditions are met;

(i) No Action shall have been instituted and remain pending or threatened on the Bunkatsu Day before any court or governmental entity that threatens in any way to prevent, enjoin or set aside the transfer of the Transferred Business by the Predecessor Companies to Company or the acquisition by the Predecessor Companies of the Company's shares, or the result of which could prevent or make illegal the consummation of such transfer or acquisition;

(ii) Each of the covenants and agreements of Seller in this Agreement to be performed by Seller in connection with the Kaisha Bunkatsu on or prior to the Bunkatsu Day shall have been duly performed in all material respects; and

(iii) All actions necessary to be taken by Seller to cause the Transferred Business to be transferred to Company on the terms and conditions of the NEC Separation Agreement shall have been completed.

(f) TRANSFER OF TRANSFERRED BUSINESS. Subject to satisfaction of the following conditions, the Predecessor Companies shall transfer the Transferred Business to Company in accordance with the NEC Separation Agreement on the Bunkatsu Day:

(i) No Action shall have been instituted and remain pending or threatened on the Bunkatsu Day before any court or governmental entity that threatens in any way to prevent, enjoin or set aside the transfer of the Transferred Business by the Predecessor Companies to Company or the acquisition by the Predecessor Companies of the Company's

shares, or the result of which could prevent or make illegal the consummation of such transfer or acquisition;

(ii) Each of the representations and warranties of Buyer set forth in Section 3.6 of this Agreement shall be true and correct; and

(iii) Each of the covenants and agreements of Buyer in this Agreement to be performed by Buyer in connection with the Kaisha Bunkatsu on or prior to the Bunkatsu Day shall have been duly performed in all material respects; and

(iv) All actions necessary to be taken by Company to carry out the transfer of the Transferred Business to Company shall have been completed.

On the Bunkatsu Day, upon transfer of the Transferred Business, the Predecessor Companies shall promptly file, and Buyer shall cause Company to promptly file appropriate registrations of alteration with their respective Legal Affairs Offices (homukyoku). Buyer shall cause the directors of Company who hold such offices on the date immediately prior to the Bunkatsu Day to resign from their offices as of the Bunkatsu Day. Buyer shall be responsible for all liabilities of Company incurred prior to the Bunkatsu Day.

(g) TRANSFER RESTRICTIONS. Until the Closing Date, neither Seller nor Buyer may directly or indirectly give, sell, assign, transfer, mortgage, hypothecate, bequeath, devise or otherwise transfer, or place in trust, create or permit an Encumbrance to exist on or otherwise encumber or dispose of any Equity Securities of Company held by such party.

(h) STOCK BUY BACK. If this Agreement is terminated after the Bunkatsu Day for any reason, Buyer shall sell and deliver to Seller and Seller shall purchase from Buyer all of the Equity Securities of Company held beneficially or of record by Buyer at an aggregate purchase price equal to Buyer's paid in capital of ten million (10,000,000) Japanese yen. Such purchase price shall be paid in cash promptly after termination of this Agreement in immediately available funds to an account designated by Buyer.

1.2 TRANSFER OF STOCK BY SELLER.

Subject to the terms and conditions of this Agreement and, in particular, the completion of the Kaisha Bunkatsu in accordance with the NEC Separation Agreement and in accordance with Section 1.1 hereof, Seller agrees to sell the Stock and deliver the Stock to Buyer at the Closing by delivering the certificates evidencing the Stock to Buyer and properly endorsing the certificates for transfer to Buyer or its nominee and otherwise in a form acceptable for transfer on the books of Company.

1.3 PURCHASE OF THE STOCK BY BUYER; PURCHASE PRICE.

(a) Subject to the terms and conditions of this Agreement, Buyer agrees to acquire the Stock from the Predecessor Companies and Buyer agrees to pay an aggregate amount equal to (i) (Y) 10.718 billion constituting the target net asset value of Company (the "TARGET NET ASSET VALUE" plus (ii) (Y)10.08 billion constituting the premium over such target net asset value (the "Premium") less (iii) the amount of the Company's Unfunded Pension Liabilities as determined in accordance with Schedule 4.4(b) (the sum of the Target Net Asset Value and the

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

Premium less the Unfunded Pension Liabilities being the "Purchase Price"). At the Closing, the Buyer shall pay to the Seller an amount (the "Initial Purchase Price") in cash equal to the Purchase Price amount less **** (the "Deferred Purchase Price"). The Initial Purchase Price shall be paid by wire transfer of immediately available funds to an account designated by Seller prior to the Closing. The paid up capital of the Company of (Y)10 million (less all liabilities incurred by Company prior to the Bunkatsu Date) shall be deducted from the Company's net asset value in determining the Initial Purchase Price.

(b) Within sixty (60) days following the first anniversary of the date on which the Purchase and Supply Agreement becomes effective (the year marked by such anniversary being referred to as the "Measurement Year"), the Buyer shall deliver to the Seller a notice setting forth, in Japanese yen, the total revenues (the "Received Revenues") recognized by Buyer during the Measurement Year pursuant to the Purchase and Supply Agreement in respect of the manufacture of Products (excluding, for greater certainty, "New Products" as defined therein) set forth in Schedule C to the Purchase and Supply Agreement. In the event that the Received Revenues are less than or equal to ****, the Seller shall not be entitled to receive any portion of the Deferred Purchase Price, the Seller's rights thereto shall be forever extinguished and the Buyer shall be released from any obligations to make such payment or any portion thereof. In the event that the Received Revenues are equal to or greater than ****, the Seller shall be entitled to receive and Buyer shall be required to pay the entire Deferred Purchase Price. In the event that the Received Revenues are greater than **** but less than ****, the Seller shall be entitled to receive a portion of the Deferred Purchase Price, determined in accordance with the following formula, and the Seller's rights to receive the balance of the Deferred Purchase Price and the Buyer's obligation to pay the balance of the Deferred Purchase Price shall be forever extinguished, cancelled and discharged:

(RECEIVED REVENUES - ****

Any amount payable to Seller as aforesaid shall be paid in immediately available funds no later than the ninetieth (90th) day following the end of the Measurement Year.

1.4 PURCHASE PRICE ADJUSTMENT.

(a) CLOSING DATE INITIAL PURCHASE PRICE ADJUSTMENT. Not less than five (5) days prior to the Closing Date, Seller shall deliver to Buyer (i) an estimated balance sheet of Company as of the Closing Date (the "Estimated Closing Date Balance Sheet") prepared in good faith in accordance with GAAP consistently applied (except to the extent that GAAP permits a deferred accrual of the Unfunded Pension Liabilities) (including a good faith estimate of the net assets of Company as of the Closing Date (adjusted to reverse the effect of purchase accounting rules that require the value of assets to be written up to their fair market value on the Bunkatsu Day on the determination of the book value of the Transferred Assets and to include the full amount of the Unfunded Pension Liabilities determined in accordance with Schedule 4.4(b)) (the "Estimated Closing Date Net Assets"). The Estimated Closing Date Balance Sheet shall reflect any dividends or other distributions declared on or prior to the Closing Date and payable on or after the Closing Date to Seller. The Initial Purchase Price payable on the Closing Date shall be adjusted yen for yen as follows: (i) if the Estimated Closing Date Net Assets exceeds Target Net Asset Value less the Unfunded Pension Liabilities, the Initial Purchase Price payable on the Closing Date shall be increased by the amount of such excess, or (ii) if the Estimated Closing

Date Net Assets is less than the Target Net Asset Value less the Unfunded Pension Liabilities, the Initial Purchase Price shall be decreased by the amount of such deficit.

(b) POST CLOSING INITIAL PURCHASE PRICE ADJUSTMENT. The Initial Purchase Price shall be subject to adjustment after the Closing Date according to this Section 1.4(b).

(i) As soon as practicable, but in no event later than forty-five (45) days after the Closing Date, Buyer shall prepare and shall deliver to Seller an audited balance sheet of the Company as of the Closing Date (the "Final Closing Date Balance Sheet"), including a calculation of the net assets of Company as of the Closing Date adjusted to reverse the effect of purchase accounting rules that require the value of assets to be written up to their fair market value on the Bunkatsu Day on such calculation and to include the full amount of the Unfunded Pension Liabilities determined in accordance with Schedule 4.4(b) (the "Closing Date Net Assets"), together with a report thereon from an internationally recognized firm of independent certified public accountants reasonably satisfactory to Seller stating that the Final Closing Date Balance Sheet fairly presents the value of the net assets of Company as of the Closing Date prepared in accordance with GAAP applied consistently with the preparation of the Estimated Closing Date Balance Sheet. In the event that Buyer fails to timely deliver the Final Closing Date Balance Sheet for any reason whatsoever, the Estimated Closing Date Balance Sheet shall be deemed to be and shall be final, binding and conclusive on Buyer and Seller and the Initial Purchase Price shall no longer be subject to adjustment.

(ii) Seller shall have a period commencing upon delivery of the Final Closing Date Balance Sheet to Buyer and expiring thirty (30) business days after such delivery date to review the Final Closing Date Balance Sheet. Seller and Seller's independent certified public accountants ("Seller's Accountants") shall have full access during regular business hours and upon reasonable notice to all relevant books and records and employees of Company to the extent necessary to complete their review of the Final Closing Date Balance Sheet. In the event Seller disputes that the Closing Date Net Assets was determined in accordance with GAAP consistently applied with the Estimated Closing Date Balance Sheet, Seller shall, within thirty (30) business days after delivery of the Final Closing Date Balance Sheet, deliver a notice to Buyer (the "Adjustment Dispute Notice"), setting forth in reasonable detail the component or components which are in dispute and the basis of such dispute. If the parties fail to resolve any such dispute within thirty (30) business days after receipt by Buyer of the Adjustment Dispute Notice, the parties shall submit the dispute to Deloitte Touche Tohmatsu (the "Reviewing Accountant") to review the Closing Date Net Assets set forth on the Final Closing Date Balance Sheet. Each party hereby represents and warrants that neither party nor any of its Affiliates uses the Reviewing Accountant as its accountant or has any material relationship therewith. The parties shall make available to the Reviewing Accountant all work papers and all other information and material in their possession relating to the matters in the Adjustment Dispute Notice. The Reviewing Accountant's authority shall be limited to determining whether the component or components of Closing Date Net Assets set forth on the Final Closing Date Balance Sheet which have been so disputed by the Seller were calculated in accordance with GAAP consistently applied with the Estimated Closing Date Balance Sheet and, if necessary, determining the adjustments required to such Closing Date Net Assets to cause it to be calculated in accordance with GAAP consistently applied with the Estimated Closing Date Balance Sheet. The Reviewing Accountant shall be instructed by the parties to use its best efforts to deliver to

the parties its determination as promptly as practicable after such submission of the dispute to the Reviewing Accountant. The parties hereby expressly agree that the determination of the Reviewing Accountant shall be considered to be an award made in an arbitration proceeding and shall be final and binding on the parties (absent fraud or manifest bad faith by the Reviewing Accountant). The Closing Date Net Assets on the Final Closing Date Balance Sheet as determined by Buyer (if not disputed), or as modified (if at all) by agreement of Buyer and Seller or by decision of the Reviewing Accountant, shall be the "Final Closing Date Net Assets". Each party shall bear its own expenses and the fees and expenses of its own representatives and experts, including its independent accountants, in connection with the preparation, review, dispute (if any) and final determination of the Final Closing Date Net Assets. The parties shall share equally in the costs, expenses and fees of the Reviewing Accountant.

(iii) Within five (5) days following determination of the Final Closing Date Net Assets, the Initial Purchase Price shall be adjusted yen for yen and payment shall become due as follows: (i) if the Final Closing Date Net Assets exceeds the Estimated Closing Date Net Assets, the Initial Purchase Price shall be increased by the amount of such excess and Buyer shall pay over such excess to Seller in accordance with Section 1.4(b)(iv) below, or (ii) if the Final Closing Date Net Assets is less than the Estimated Closing Date Net Assets, the Initial Purchase Price shall be decreased by the amount of such deficit and Seller shall pay over such deficit to Buyer in accordance with Section 1.4(b)(iv) below.

(iv) The payment of any adjustment provided for in this Section 1.4(b) shall be made by wire transfer of immediately available funds. Any such payment shall also include interest on the amount of such payment, calculated at the short term prime rate then offered by most Japanese city banks (toshi ginko) as according to the most recent financial and economic statistics (kinyu keizai toukei) reported by the Bank of Japan.

1.5 REPAYMENT OF INTERCOMPANY LOAN.

At the Closing, Buyer will, concurrently with paying the Initial Purchase Price, cause the Company to repay in full all amounts due under the Intercompany Loan, including all accrued interest thereon.

1.6 THE CLOSING.

(a) Subject to Section 1.6(b), the Closing shall take place on March 31, 2002, provided that the conditions in Article 5 have been satisfied or waived, or on such later business day on or prior to September 30, 2002 as Seller and Buyer may agree.

(b) In the event the Closing is scheduled to occur on a day in which banks in Japan are not open for business, (i) at least fifteen (15) days prior to the Closing Date, Buyer and Seller shall establish a joint account (RENMEI KOUZA) at Deutsche Bank AG, Tokyo Branch (the "Joint Account Bank") in which funds may be withdrawn only with the instructions of Buyer, NEC Corporation and the Predecessor Companies (the "Joint Account"); (ii) on or prior to the first business day preceding the scheduled Closing Date, Buyer shall deposit the Initial Purchase Price and the amount required to repay the Intercompany Loan (collectively, the "Deposit Amount") into the Joint Account to be held in escrow until the Closing; and (iii) at the Closing,

Buyer shall provide Seller with evidence reasonably satisfactory to Seller that the conditions set forth in clause (ii) above have been satisfied, place an appropriate corporate seal (GINKO-IN) (or if acceptable to the Joint Account Bank, an authorized signature) on an irrevocable written instruction to the Joint Account Bank to transfer on the first business day after the Closing Date the Deposit Amount in the Joint Account to an account designated by Seller, and deliver such written instruction to Seller. Buyer shall execute an assignment (the "Assignment") of its interest in the Joint Account to Seller in form and substance reasonably acceptable to both parties. Any interest accruing on the Deposit Amount in the Joint Account shall belong to Buyer. Buyer and Seller shall execute such documents and provide such information as may be reasonably requested by the Joint Account Bank in order to establish the Joint Account and consummate the transactions contemplated by this Section 1.6(b) and Section 1.6(c).

(c) In the event that, notwithstanding the fact that Buyer has deposited the Deposit Amount into the Joint Account pursuant to Section 1.6(b), the Closing does not take place on the scheduled Closing Date, Seller shall place an appropriate corporate seal (GINKO-IN) on an irrevocable written instruction to the Joint Account Bank to transfer on the first business day after the scheduled Closing Date the funds deposited in the Joint Account to an account designated by Buyer, and deliver such written instruction to Buyer, on the scheduled Closing Date. Seller shall execute an assignment of its interest in the Joint Account to Buyer in form and substance reasonably acceptable to both parties. Any interest accruing on the amount in the Joint Account shall belong to Buyer.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents, warrants and agrees as of the date hereof and as of the Closing Date (unless otherwise made as of a specific date) as follows:

2.1 ORGANIZATION, DIRECTORS, OFFICERS, RELATED MATTERS.

(a) As of the date hereof and the Closing Date, (i) each Seller is a corporation duly organized and validly existing under the laws of Japan; and (ii) each Seller has all necessary corporate power and authority to execute, deliver and perform this Agreement and any related agreements to which it is a party.

(b) Company is a corporation duly organized and validly existing under the laws of Japan. Company has all necessary corporate power and authority to own its properties and assets and to carry on the Transferred Business as currently conducted by NEC Yamanashi, and NEC Miyagi. SCHEDULE 2.1 correctly lists the current directors and executive officers of the Predecessor Companies as of the date hereof.

2.2 STOCK.

At the Closing, Predecessor Companies shall own all of the outstanding Stock beneficially and of record. Since the Bunkatsu Day, Company has not issued any Equity Securities to any person. As of the Closing Date, the Stock is owned free and clear of any Encumbrance. At the Closing, Buyer will acquire title to and complete ownership of the Stock,

free of any Encumbrance. The authorized capital stock of Company as of the Closing Date consists of 1,120,800 shares of common stock, without par value, of which 280,200 shares are issued and outstanding. There are no outstanding Contracts or other rights to subscribe for or purchase, or contracts or other obligations to issue or grant any rights to acquire, any Equity Securities of Company, or to restructure or recapitalize Company. There are no outstanding Contracts of Seller or Company to repurchase, redeem or otherwise acquire any Equity Securities of Company. All Equity Securities of Company are duly authorized, validly issued and outstanding and are fully paid and nonassessable. The share certificates which will be delivered by the Seller to the Buyer at the Closing shall be the sole, genuine and valid share certificates of the Company representing Stock.

2.3 FINANCIAL STATEMENTS; DIVIDENDS; LIABILITIES.

(a) HISTORICAL FINANCIAL STATEMENTS. Seller has delivered to Buyer unaudited selected balance sheet data for NEC Yamanashi and NEC Miyagi dated September 30, 2001 and the selected cost of goods sold data for the six (6) month period then ended (the "September 30, 2001 Financial Statements"). Except as set forth in Schedule 2.3(a), such balance sheet and cost of goods sold data have been prepared in conformity with GAAP applied on a basis consistent with Seller's past practice (except for changes, if any, required by GAAP and disclosed therein, and except for the absence of notes and normal recurring adjustments).

(b) PRO FORMA PROJECTED FINANCIAL STATEMENTS. Seller has delivered to Buyer certain unaudited PRO FORMA projected financial data, including selected cost of goods data for NEC Yamanashi and NEC Miyagi for the six month period ended March 31, 2002 and the fiscal year ended March 31, 2003 relating to the Transferred Business. The PRO FORMA Projected Financial Statements of the Transferred Business for the fiscal year ended March 31, 2003 (the "PRO FORMA Projected Financial Statements") have been prepared in good faith based on assumptions made in good faith and which are reasonable in the Seller's opinion. The preparation and content of the Pro Forma Projected Financial Statements have been reviewed by General Manager, Planning Division, and Optical Networks Operations Unit of NEC Corporation, for and on behalf of NEC Corporation.

(c) NO DIVIDENDS. Except as set forth in SCHEDULE 2.3(c), whether or not in the ordinary course of business, there has not been, occurred or arisen any declaration setting aside or payment of any dividend or other distribution (whether in stock, property or any combination thereof) since September 30, 2001, in respect of any of the Equity Securities, NEC Yamanashi or NEC Miyagi and since the Bunkatsu Day, in respect of Company.

(d) LIABILITIES. Company does not have any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with GAAP, whether accrued, absolute, contingent or otherwise, except such liabilities that (i) are reflected or disclosed in the financial statements referred to in Section 2.3(a) or (b), (ii) were incurred after September 30, 2001 in the ordinary course of business of the Transferred Business by NEC Yamanashi, NEC Miyagi or Company or are consented to by or approved by Buyer pursuant to Section 4.3 hereof or are set forth in SCHEDULE 4.3 and reflected in the Estimated Closing Date Balance Sheet or the Final Closing Date Balance Sheet. Except as otherwise disclosed herein (including the Schedules hereto) or the Estimated Closing Date Balance Sheet or Final Closing Date Balance

Sheet, the Predecessor Companies do not have, and the Company will not have on the Closing Date any other liabilities that are material to the Transferred Business of the Company; provided that this representation and warranty shall not apply to and there shall be no breach of this representation and warranty to the extent that any such liability is either disclosed or is not required to be disclosed or is a breach under the terms of another representation and warranty in Article II of this Agreement which specifically addresses the subject matter of such liability (which subject matters include, for illustration purposes, the following: litigation; compliance with law; Permits; taxes; consents and approvals; and Contracts).

2.4 LITIGATION.

Except as set forth in SCHEDULE 2.4, there are no Actions, judgements, orders, writs, decrees, injunctions, proceedings or investigations pending or, to Seller's Knowledge, threatened in writing, against Company or the Predecessor Companies in respect of the Transferred Business, in, before, or by, any court or governmental entity.

2.5 COMPLIANCE WITH LAW; PERMITS.

(a) Company has conducted its business in compliance in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority.

(b) As of the Closing Date, Company has all permits, governmental licenses, registrations and approvals (collectively "Permits") necessary or required by law or the rules and regulations of any governmental entity having jurisdiction over Company to carry on the Transferred Business except where the failure to obtain such Permit or Permits would not impede the operation of the Transferred Business in any material respect. All of the Permits are in full force and effect and no notice has been received by either of the Predecessor Companies, by the Seller or by the Company relating to, and to Seller's Knowledge, no grounds exist which would give rise to, termination, cancellation, withdrawal or amendment of any such Permits. Each of the Predecessor Companies and the Company is in material compliance with the terms and conditions of all such Permits.

(c) SCHEDULE 2.5(c) lists all Permits necessary or required by law or the rules and regulations of any governmental entity having jurisdiction over Company to carry on the Transferred Business except where the failure to obtain such Permit or Permits would not impede the operation of the Transferred Business in any material respect.

2.6 CONSENTS AND APPROVALS.

As of the date hereof and the Closing Date, except as set forth in SCHEDULE 2.6, the execution, delivery and performance of this Agreement and any related agreements by Seller, and the transfer of the Transferred Business contemplated to occur on or prior to the Closing Date pursuant to the NEC Separation Agreement, will not require any consent, waiver, authorization or approval of, or the making of any filing with or giving of notice to, any Person except for any consents, waivers, authorizations or approvals which are not material to the operation of the Transferred Business.

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

2.7 TAXES.

Except for that set forth in SCHEDULE 2.7 annexed hereto all tax returns required to be filed by any Predecessor Company, or the Company have been filed or will have been filed prior to the Closing Date, and all Taxes shown to be due and payable on such tax returns have been or will have been paid when required by law. Such tax returns and documents are materially correct and have been prepared in accordance with applicable laws, and each of the Predecessor Companies and the Company, as appropriate, has paid or challenged in each case on a timely basis, all taxes, including fees and contributions. Each of the Predecessor Companies and the Company, as appropriate, has withheld all taxes required to have been withheld and paid in connection with the amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

2.8 CONTRACTS.

SCHEDULE 2.8 lists each Contract related to the Transferred Business to which Company will become a party or to which it or any of its properties is subject or by which any thereof is bound that is deemed a Material Contract under this Agreement. The following Contracts shall be deemed to be "Material Contracts": any Contract that (a) obligates Company to pay more than **** in any fiscal year or entitles Company to receive more than **** in any fiscal year; (b) financing documents, loan agreements, capital leases or agreements providing for the guaranty of such obligations of any party other than Company in each case in excess of **** (c) is between Seller or any Affiliate of Seller, on the one hand, and Company on the other hand; (d) upon the consummation of the transactions contemplated by this Agreement requires a payment arising or becoming due from Company to Seller, any Affiliate of Seller or any other Person; or (e) involves a term of more than 12 months. Neither Company nor Seller is in default in any material respect under, or in violation in any material respect of, any Material Contract. True, correct and complete copies of all of the Material Contracts have been made available to Buyer. All such Material Contracts are legal, valid, binding and enforceable against the Predecessor Companies and will, at the Closing, be enforceable against the Company and are in full force and effect.

2.9 REAL AND PERSONAL PROPERTY.

(a) The Predecessor Companies have, and, effective on or before Closing, Company will have title to or other right to use, free of Encumbrances, all items of Real Property, including fees, leaseholds and all other interests in real property, and such other assets and properties that are required for the conduct of the Transferred Business, except for (a) Encumbrances that: (i) secure the Intercompany Loan and will be discharged forthwith upon repayment of the Intercompany Loan on Closing; (ii) are incidental to the conduct of the Transferred Business and do not materially adversely detract from the value of properties, rights or assets used in the conduct of the Transferred Business; (iii) constitute statutory liens of landlords, carriers, warehousemen, mechanics, repairman, workmen and materialmen and other liens imposed by law, in each case in the ordinary course of business; (iv) are liens for taxes, assessments, water or sewer rents or governmental charges or claims which are not yet delinquent or can be paid without penalty or are being contested in good faith and by appropriate proceedings; (v) are covenants, easements, rights of ways, restrictions, encroachments and other

imperfections or defects in title, in each case which do not interfere in any material respect with the conduct of the Transferred Business as presently conducted or result in a material diminution in value of such assets; or (vi) are set forth on SCHEDULE 2.9, (collectively, "Permitted Encumbrances") and (b) assets and properties not material to or required for the Transferred Business that were disposed of since September 30, 2001 in the ordinary course of business.

(b) The Predecessor Companies have maintained, and up to the Closing will continue and Seller will cause the Company to continue to maintain, all such assets in all material respects in accordance with good and prudent maintenance practices. All buildings, structures, improvements and appurtenances situated on the Real Property relating to the Transferred Business are in good operating condition and in a state of good maintenance and repair except for routine maintenance and repair and ordinary wear and tear, are adequate and suitable for the purposes for which they are currently being used and, at Closing, the Company will have adequate rights of ingress and egress for the operation of the Transferred Business in the ordinary course. None of such buildings, structures, improvements or appurtenances (or any equipment therein), nor the operation or maintenance thereof, violates any restrictive covenant or encroaches on any property owned by others in any material respect. Without limiting the generality of the foregoing:

(i) no alteration, repair, improvement or other work has been ordered, directed or requested in writing to be done or performed to or in respect of the Real Property or to any of the plumbing, heating, elevating, water, drainage or electrical systems, fixtures or works by any government agency with authority, which alteration, repair, improvement or other work has not been completed, and to Seller's Knowledge, no written notification having been given to it, or to the Company of any such outstanding work being ordered, directed or requested, other than those which have been complied with;

(ii) all accounts for work and services performed and materials placed or furnished upon or in respect of the Real Property have been fully paid and satisfied and no person is entitled to claim a lien against the Real Property, or any part thereof, other than in respect of current accounts in respect of which the payment due date has not yet passed and Permitted Encumbrances under Section 2.9(a)(ii);

(iii) the Real Property is fully serviced, there are no outstanding levies, charges or fees assessed against the Real Property by any public authority (including development or improvement levies, charges or fees) and there is nothing owing in respect of the Real Property to any municipality or to any other commission or entity owning or operating a public utility for water, gas, electrical power or energy, steam or hot water, or for the use thereof, other than current accounts in respect of which the payment due date has not yet passed and Permitted Encumbrances under Section 2.9(a)(iii); and

(iv) no part of the Real Property has been taken or expropriated by any competent authority nor, to Seller's Knowledge, has any notice or proceeding in respect thereof been given or commenced.

(c) Except as otherwise disclosed in Schedule 2.9(c), other than the Yamanashi Property and the Miyagi Property, there are no other real properties owned, leased, operated or

used, now or in the past, by the Predecessor Companies for which liability would result to the Company or Buyer under Environmental Law and none of the properties described in Schedule 2.9(c) are or were used in connection with the Transferred Business.

2.10 AUTHORIZATION; NO CONFLICTS.

The execution, delivery and performance of this Agreement and any related agreements by Seller have been duly and validly authorized as of the date hereof by all necessary corporate action on the part of Seller. As of the date hereof and the Closing Date, this Agreement and any related agreements constitute the legally valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or limiting creditors rights generally. Neither the execution and delivery by Seller of this Agreement or any related agreements nor the consummation of the transactions contemplated hereby or thereby violate any provision of the organizational documents of any Seller, or Company or any law, statute or regulation or any injunction, order or decree of any government entity or court to which any Seller or Company is subject or any Material Contract to which any Seller or Company is a party or by which it is bound nor will they result in a creation of any Encumbrance upon any of the Shares or the Transferred Assets.

2.11 INSURANCE.

SCHEDULE 2.11 lists all insurance policies which will be held by Company on the Closing Date. All such insurance policies are and will remain until the Closing Date, in full force and effect and neither any Seller nor the Company is on or prior to the Closing Date in default under any such policy. Seller has provided copies of all such insurance policies to Buyer.

2.12 LABOR MATTERS.

(a) Except as set forth in SCHEDULE 2.12(a), neither of the Predecessor Companies is, and Company will not be, a party to any collective bargaining agreement or any employment agreement or other agreement, plan or arrangement providing for severance payments to any employee upon termination of employment or which provide benefits upon a change in control of the Company. As of the date hereof, there is no organized labor strike pending, or to the Seller's Knowledge, threatened in writing against any of the Predecessor Companies, Seller or the Company. There is no work stoppage, slow down or lockout pending involving the general employee population at any of the facilities of the Transferred Business or, to the Seller's Knowledge, threatened in writing involving any one or more of Seller, the Predecessor Companies, the Transferred Business or the Company.

(b) Except as set forth in Schedule 2.12(b) there are no claims pending or, to Seller's Knowledge, threatened relating to the Affected Employees for compensation for any injury, disability or illness resulting from their employment.

(c) Schedule 2.12(c) contains the name, job title, current monthly gross rate of pay and date and amount of last salary increase of each of the Affected Employees as at November 30, 2001. All benefits, in cash or in kind, routinely provided to the Affected Employees as at November 30, 2001 are also described in Schedule 2.12(c). Except with respect

to the number of Affected Employees since November 30, 2001, there has been no material change to the information contained in Schedule 2.12(c) and the information contained in Schedule 2.12(c) remains true and correct in all material respects. The Predecessor Companies have been and, from and after the Bunkatsu Day, the Company and the Predecessor Companies will be, in full compliance with all statutory or regulatory requirements with respect to the Affected Employees. There are no complaints, claims or charges outstanding, or, to the Seller's Knowledge, anticipated, nor are there any orders, decisions, judgments or convictions against or in respect of the Predecessor Companies, the Company or Seller in connection with the Transferred Business or the Affected Employees under any employment legislation. All required accruals for salaries and benefits (including pension benefits) have been accurately reflected on the books and records of the Predecessor Companies and the Company in respect of the Transferred Business.

2.13 ENVIRONMENTAL

(a) Except as disclosed in Schedule 2.13 (a), to Seller's Knowledge, the Predecessor Companies, Company and the Transferred Business are and at all relevant times have been in compliance in all material respects with all applicable laws, statutes, regulations, orders, codes, decrees, rules, rulings, requirements, Environmental Permits (as defined below) and Special Governmental Requests (as defined below) of any government, court or governmental authority in each case relating to pollution, Hazardous Materials (as defined below), protection of human health or safety or the environment (including, without limitation, ambient air, surface water, groundwater or land surface) or protection of worker health or safety (including, without limitation those that may come into effect from time to time hereafter on or before the tenth anniversary of the Closing Date) (collectively, "Environmental Laws"), (including, without limitation all permits, registrations, approvals, consents, filings or other authorizations whatsoever required under applicable Environmental Laws ("Environmental Permits") and issued in connection with the Transferred Business or any asset used in the operation thereof, all of which issued Permits are listed in Schedule 2.13(a) under the heading "Environmental Permits"). "Special Governmental Requests" shall mean written administrative guidance and requests specifically addressed to the Company and guidelines, in each case, which, if also specifically addressed to other comparable manufacturing businesses in Japan, are generally followed or reasonably expected to be generally followed by a reasonably significant number of such businesses.

(b) Except as disclosed in Schedule 2.13(b), to Seller's Knowledge, none of the Seller, the Predecessor Companies, Company or any agent of any of them has received any formal governmental or written third party complaint, notice of violation, notice of investigation or notice of potential liability or other notification or request pursuant to Environmental Laws or otherwise with respect to matters relevant to the protection of the environment, Hazardous Materials, protection of human (including worker) health or safety or pollution with regard to the Transferred Business.

(c) Except as disclosed in Schedule 2.13(c), to Seller's Knowledge, there are no governmental or administrative actions or requests or judicial proceedings pending or threatened under any Environmental Laws to which Company, the Predecessor Companies or (with respect to the Transferred Business) Seller is named as a party or with respect to Company, the

Predecessor Companies or Seller, with respect to the Transferred Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, under any Environmental Law (pending or threatened) with respect to Company, the Predecessor Companies or the Transferred Business. To Seller's Knowledge, no conditions or circumstance exist and no acts or omissions have occurred at, on, from, either of the Yamanashi Property or the Miyagi Property or affecting either such Property, the Company, the Predecessor Companies or the Transferred Business which could reasonably be expected to result in any material investigation, lawsuit, arbitration or regulatory suit or action alleging harm, injury or non-compliance with any Environmental Laws, rules or regulations or requiring any cleanup or other action with respect to the presence of, release of or liability relating to Hazardous Materials.

(d) Except as disclosed in Schedule 2.13(d), to Seller's Knowledge, there is no past or present action or condition with respect to Company, the Predecessor Companies, or the Transferred Business that could reasonably form the basis of a claim that such operations or facilities are not in compliance in all material respects with applicable Environmental Laws.

(e) Except as disclosed in Schedule 2.13(e), to the Seller's Knowledge, there has been no spill of, and there is not present except in compliance with Environmental Law, any Hazardous Materials at, on, under, in or from either of the Yamanashi Property or the Miyagi Property. Hazardous Materials means all contaminants, pollutants, wastes, chemicals and other hazardous materials and includes all materials and substances controlled or regulated under or by any Environmental Law or with respect to which any liability may arise or be imposed under any Environmental Law;

(f) Except as disclosed in Schedule 2.13(f), to the Seller's Knowledge, there are and have been no polychlorinated biphenyls ("PCBs"), asbestos-containing materials, mercury, lead paint or painted surfaces, underground or above ground storage tanks or wetlands, at, on, under, in or from the Yamanashi Property or the Miyagi Property;

(g) Each of the Seller, the Predecessor Companies and the Company has provided or made available to Buyer a copy of all documents, reports, studies, and its data relevant to environmental or occupational health or safety matters at or in connection with the Company, the Predecessor Companies or the Transferred Business and have provided a description of all information with respect to such matters to the extent such are in the possession of the Seller, the Predecessor Companies or the Company;

(h) All wastes from the Transferred Business or otherwise generated by the Predecessor Companies or the Company have been disposed of in accordance with all Environmental Laws and all documents relating to the disposal of such wastes currently in place, or in place at any time in the past and which Seller currently has in its possession including the waste hauler, the disposal site and the nature of the wastes hauled by and to the same have been provided or made available to Buyer.

2.14 ABSENCE OF CHANGES

Except as set forth in Schedule 2.14, since September 30, 2001, the Predecessor Companies or the Company, as the case may be, have carried on the Transferred Business in the ordinary course of business consistent with past practices.

2.15 INVENTORY, MACHINERY AND EQUIPMENT.

(a) The September 30, 2001, Financial Statement accurately reflects the value of the inventory determined in accordance with GAAP used by the Predecessor Companies in the Transferred Business as of such date and represents all of the inventory of the Transferred Business on such date.

(b) At the Closing Date, Company will have no Obsolete Material or Excess Material (in each case, as defined in the Purchase and Supply Agreement) or finished goods inventory.

(c) The Transferred Assets will include all machinery and equipment that is necessary for the conduct of the Company of the Transferred Business.

2.16 NO OTHER REPRESENTATIONS OR WARRANTIES.

Seller has invited Buyer and Parent to perform, and Buyer and Parent have performed certain due diligence and business investigations with respect to the Predecessor Companies, with the intention that Buyer and Parent form their own conclusions regarding the condition and value of the Predecessor Companies, pursuant to the parties' express intention that the sale of the Stock be without representation or warranty by Seller, express or implied, except as expressly set forth herein and in any agreements, certificates, documents or instruments delivered pursuant hereto. Each of Buyer and Parent has been given such access to the premises, books, records and officers of Company and NEC Yamanashi and NEC Miyagi and has had the opportunity to review such other data and other information with respect to the business and properties of Company and NEC Yamanashi and NEC Miyagi as each of Buyer and Parent has deemed necessary in its sole judgment to evaluate the transactions with Seller contemplated by this Agreement it being understood and agreed that such access and review and the knowledge resulting therefrom should not be construed to amend, modify or mitigate any of the representations and warranties contained herein or in any agreements, certificates, documents or instruments delivered pursuant hereto which remains in full force and effect in accordance with the terms thereof. Except for the representations and warranties contained in this Article 2, none of Seller, any Affiliate of Seller, or any other Person makes or has been authorized to make any express or implied representation or warranty, and Seller and its Affiliates hereby disclaim any express or implied representation or warranty, whether by Seller or any of its Affiliates or any of their respective officers, directors, employees, agents, stockholders, subsidiaries (direct or indirect), partners, advisors, or representatives or any other Person, in connection with the delivery or disclosure to Buyer, Parent or any of their respective officers, directors, employees, agents, advisors or representatives or any other Person of any documentation or other information regarding Seller or Company. Without limiting the generality of the foregoing, except as otherwise provided in Article 2 of this Agreement, Seller and its Affiliates have not

made, and shall not be deemed to have made, any representations or warranties (i) in the Confidential Information Memorandum relating to the sale of Company prepared by Deutsche Banc Alex. Brown on behalf of Seller and supplied to Buyer prior to the date hereof (the "Confidential Information Memorandum"), (ii) in any presentation of the business of Company in connection with the transactions contemplated hereby, whether written or oral, (iii) in any financial projection or forecast relating to Company, or (iv) in any other documents or information, whether written or oral, with respect to Company. No statement contained in the Confidential Information Memorandum, or made in any such presentation or contained in any such financial projection or forecast or other documents or information shall be deemed a representation or warranty hereunder or otherwise unless provided for in Section 2 of this Agreement. With respect to any such projection or forecast delivered to Buyer, each of Buyer and Parent acknowledges that (i) there are uncertainties inherent in attempting to make such projections and forecasts, (ii) it is familiar with such uncertainties, (iii) it is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts so furnished to it, and (iv) unless otherwise contemplated in this Agreement, it shall have no claim against Seller with respect thereto.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents, warrants and agrees as follows as of the date hereof and as of the Closing Date:

3.1 ORGANIZATION, DIRECTORS, OFFICERS, RELATED MATTERS.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the Province of Ontario, Canada. Parent is a corporation duly organized, validly existing and in good standing under the laws of the Province of Ontario, Canada. Each of Buyer and Parent has the necessary corporate power and authority to execute, deliver and perform this Agreement and any related agreements to which it is a party.

3.2 LITIGATION.

There are no Actions, judgments, orders, writs, decrees, injunctions, proceedings or investigations pending or, to Buyer's knowledge, overtly threatened in writing, against Buyer or Parent at law, in equity or otherwise, in, before, or by, any court or governmental agency or authority which could reasonably be expected to prohibit or to have a material adverse effect on Buyer's or Parent's ability to perform its obligations under this Agreement or any related agreements and consummate the transactions contemplated hereby or thereby.

3.3 CONSENTS AND APPROVALS.

Except as set forth in SCHEDULE 3.3, the execution, delivery and performance of this Agreement and any related agreements by Buyer and Parent, will not require any consent, waiver, authorization or approval of, or the making of any filing with or giving of notice to, any Person, except for any consents, waivers, authorizations or approvals which are not material to the operation of the Transferred Business.

3.4 AUTHORIZATION; NO CONFLICTS.

The execution, delivery and performance of this Agreement and any related agreements by Buyer and Parent have been duly and validly authorized by all necessary corporate action on the part of Buyer and Parent. This Agreement and any related agreements constitute the legal, valid and binding obligation of Buyer and Parent, enforceable against such party in accordance with their respective terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles relating to or limiting creditors' rights generally. Neither the execution and delivery by Buyer or Parent of this Agreement or any related agreements nor consummation of the transactions contemplated hereby or thereby will violate any material provision of the organizational documents of Buyer or Parent or any law, statute or regulation or any injunction, order or decree of any government entity or court to which Buyer or Parent is subject except to the extent, in each case, that such a violation would not prohibit or materially impair Buyer's or Parent's ability to perform its obligations under this Agreement.

3.5 FINANCIAL CAPABILITY.

Buyer has access to sufficient funds to purchase the Stock and repay in full all amounts due under the Intercompany Loan, on the terms and conditions contained in this Agreement and will have such funds on the Closing Date.

3.6 COMPANY.

Buyer represents, warrants and agrees that (unless otherwise made as of a specific date) as of the date hereof and the Bunkatsu Day:

(a) Company is a corporation duly organized and validly existing under the laws of Japan and has all necessary corporate power and authority to own its properties and assets and to carry on the Transferred Business;

(b) The authorized capital stock of Company consists of 800 shares of common stock, without par value, of which 200 shares are issued and outstanding, all of which are duly authorized and validly issued and are fully paid and nonassessable; all of such Equity Securities of Company are owned by Buyer free and clear of any Encumbrance, except as contemplated in this Agreement there are no outstanding Contracts or other rights to subscribe for or purchase, or contracts or other obligations to issue or grant any rights to acquire, any Equity Securities of Company, or to restructure or recapitalize Company and there are no outstanding Contracts of Company to repurchase, redeem or otherwise acquire any Equity Securities of Company. At the Bunkatsu Day, if the Kaisha Bunkatsu becomes effective, Seller will acquire title to and complete ownership of the Stock, free of any Encumbrance;

(c) Whether or not in the ordinary course of business, there has not been, occurred or arisen any declaration setting aside or payment of any dividend or other distribution (whether in stock, property or any combination thereof) in respect of any of the Equity Securities of Company;

(d) Company does not have any liabilities of any type whether accrued, absolute, contingent or otherwise, other than up to 10 million yen of liabilities arising from or in connection with the actions contemplated to be taken by Company hereunder and under the NEC Separation Agreement;

(e) Company has complied in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over Company. As of the Bunkatsu Day: (i) Company shall have obtained all Permits listed in SCHEDULE 2.5(c); (ii) Company shall be in material compliance with the terms and conditions of all such Permits; and (iii) all such Permits shall be in full force and effect and no notice shall have been received by Company relating to, and to Buyer's knowledge, no grounds exist which would give rise to, termination, cancellation, withdrawal or amendment of any such Permits; and

(f) Prior to the Bunkatsu Day, Company shall not have entered into any agreement other than the NEC Separation Agreement and Company's business shall have been limited to performing those acts necessary to (i) obtain the Permits listed in Schedule 2.5(c), and (ii) to perform its obligations under Section 1.1 hereof.

Buyer agrees and acknowledges that Seller shall rely upon the representations and warranties provided in this Section 3.6 where necessary to support for representations and warranties it makes in Article II regarding the Company which, by their terms, are dependent for their truth and accuracy on the truth and accuracy of these representations and warranties.

ARTICLE IV
COVENANTS OF SELLER AND BUYER

4.1 ACCESS OF BUYER.

(a) Until the Closing, Seller shall cause NEC Yamanashi and NEC Miyagi, and from and after the Bunkatsu Day, Seller shall cause Company to, authorize and permit Buyer and its representatives (which term shall be deemed to include its independent accountants, environmental consultants, occupational health and safety consultants and its counsel) to have reasonable access during normal business hours, upon reasonable notice and in such manner as will not unreasonably interfere with the conduct of their respective businesses, to all of their respective properties (other than NEC Yamanashi's facilities in Otsuki, Japan), books and records and all other information with respect to the Transferred Business as Buyer may from time to time reasonably request.

(b) In the event of the termination of this Agreement, Buyer shall promptly deliver (without retaining any copies thereof) to Seller, or (at Buyer's option) certify to Seller that it has destroyed, all documents, workpapers and other material obtained by Buyer or on its behalf from Seller, Company, NEC Yamanashi or NEC Miyagi, or from any of their respective advisors, agents, employees or representatives as a result hereof or in connection with the matters contemplated by this Agreement, and all documents, workpapers and other materials prepared by Buyer or its advisors, agents, employees or representatives in connection with the matters contemplated by this Agreement, in each case whether so obtained or prepared before or after the execution hereof. Buyer and Parent shall at all times prior to the Closing Date, and in the event

of termination of this Agreement, cause any information so obtained or prepared to be kept confidential and will not use, or permit the use of, such documents, workpapers and other materials in its business or in any other manner or for any other purpose except as contemplated hereby. All information provided to, obtained by or prepared by Buyer or Parent and their respective advisors, agents, employees or representatives shall be held by Buyer and Parent in accordance with and subject to the terms of the Confidentiality Agreement dated July 21, 2000, between Parent and NEC Corporation (the "Confidentiality Agreement").

4.2 ACCESS OF SELLER.

(a) Until the Closing, Buyer and Parent shall permit, and until the Bunkatsu Day cause Company to permit, Seller and its representatives (which term shall be deemed to include its independent accountants and counsel) to have reasonable access during normal business hours, upon reasonable notice and in such manner as will not unreasonably interfere with the conduct of their respective businesses, to all of their respective properties, as Seller may from time to time reasonably request.

(b) In the event of the termination of this Agreement, Seller shall promptly deliver (without retaining any copies thereof) to Buyer, or (at Buyer's option) certify to Buyer that it has destroyed, all documents, workpapers and other material obtained by Seller or on its behalf from Buyer or Parent, or from any of their respective advisors, agents, employees or representatives as a result hereof or in connection with the matters contemplated by this Agreement, and all documents, workpapers and other materials prepared by Seller or its advisors, agents, employees or representatives in connection with the matters contemplated by this Agreement, in each case whether so obtained or prepared before or after the execution hereof. Seller shall at all times prior to the Closing Date, and in the event of termination of this Agreement, cause any information so obtained or prepared to be kept confidential and will not use, or permit the use of, such documents, workpapers and other materials in its business or in any other manner or for any other purpose except as contemplated hereby.

4.3 CONDUCT OF BUSINESS.

Prior to the Closing and except as (i) otherwise expressly contemplated by this Agreement, (ii) set forth on SCHEDULE 4.3, or (iii) consented to or approved by Buyer, Seller covenants and agrees that Seller shall cause Company (from and after the Bunkatsu Day), NEC Yamanashi and NEC Miyagi to operate their respective businesses in the ordinary course consistent with past practices.

4.4 EMPLOYEE MATTERS.

(a) During the period commencing on the Bunkatsu Day and ending on the Closing Date, Seller shall cause the Predecessor Companies, at no margin or other additional cost to Company, to second the Affected Employees to Company. Prior to the Closing Date, Seller shall use best efforts to obtain written consent of each of the Affected Employees (two original copies, with one delivered to Seller and the other delivered to Company) with respect to (i) the transfer of employment as of the Closing Date from their respective Predecessor Company to Company and (ii) the terms and conditions of their employment by Company (the "New

Employment Conditions"). Buyer shall reasonably cooperate with Seller in obtaining such consent from each of the Affected Employee. Seller shall also use its best efforts to ensure that no Affected Employee will make an objection under Article 4 of the Law Concerning Succession of Employment Contracts upon Corporate Separation. The New Employment Conditions shall be determined by Buyer with Seller's approval, each party acting reasonably prior to not less than 15 days before the scheduled Closing Date; provided, however, that (1) the New Employment Conditions for each Transferred Employee shall be substantially similar in the aggregate to those applicable to such Transferred Employees in effect on the day immediately preceding the Closing Date, including, without limitation, those relating to compensation and benefits (except with respect to Pension Plans provided to Transferred Employees and health benefits provided by Predecessor Companies and NEC Corporation), and (2) the terms of the New Employment Conditions shall comply with SCHEDULE 4.4(a). In the aggregate, the benefits provided by Company under Pension Plans for the Transferred Employees after Closing will be substantially similar to those applicable to Transferred Employees in effect on the day immediately preceding the Closing Date. Buyer agrees to comply with the terms of the New Employment Conditions for each Transferred Employee on the terms set forth in Schedule 4.4(a). Seller shall take all necessary procedures to transfer the Transferred Employees to Company on the Closing Date. Buyer shall cause Company not to terminate the employment of any Transferred Employee on the Closing Date. Notwithstanding the foregoing, the New Employment Conditions shall be sufficient to comply with the terms of any applicable law, collective bargaining agreement or similar labour agreement or arrangement, if any, applicable to any Transferred Employees. Buyer shall continue the seniority (based on years of service) of each of the Transferred Employees (as if such employees had been employed by Company since their individual dates of hire by Seller or its Affiliates) whose employment is continued by Company and while they remain employed by Company for the purposes of retirement benefit, pension, vacation, sick leave and other time off policies. Notwithstanding anything to the contrary herein, subject however to Section 4.4(c) below, Buyer shall not be obligated to continue to employ any Transferred Employee after the Closing Date.

(b) Seller shall be responsible for all obligations and liabilities under the Pension Plans and other employee benefits currently provided by NEC Yamanashi and NEC Miyagi to their employees (any of which shall be referred to as a "Benefit Plan") in respect of (i) each employee or former employee of Company or of Seller or its Affiliates (including any beneficiary or dependent thereof), if any, who is not a Transferred Employee and (ii) EPF. Seller shall ensure that as of the Closing Date, EPF payments will be made in accordance with terms and conditions applicable thereto with respect to the Transferred Employees. The allocation of liability between and the respective obligations of Seller and Buyer with respect to Pension Plans and the bonus payable to Transferred Employees in June 2002 shall be as set out in Schedule 4.4(b).

(c) Buyer agrees that for a period of five years after the Closing Date Buyer shall consult with Seller prior to laying-off or otherwise terminating the employment of any significant number of employees of Company.

4.5 RETENTION OF BOOKS AND RECORDS.

After the Closing Date, Buyer shall cause Company to retain all books, records and other documents pertaining to the Transferred Business or the Company in existence on the Closing Date and to make the same available after the Closing Date for inspection and copying by Seller or its agents at Seller's expense, upon reasonable request and upon reasonable notice, for a period of three years after the Closing Date (or such longer period as may be required by the Purchase and Supply Agreement). No such books, records or documents shall be destroyed by Buyer or Company without first advising Seller in writing and giving Seller a reasonable opportunity to obtain possession thereof.

4.6 COOPERATION IN AUDITS.

After the Closing, Buyer will cause Company to cooperate fully in an audit by Seller's independent accountants of the financial statements of Company through periods commencing before but ending on or prior to the Closing Date. Without limiting the foregoing, such cooperation shall include in providing access to records and personnel and such access to the premises of Company as is customary in an audit.

4.7 REGISTRATIONS, FILINGS AND CONSENTS.

Prior to the Closing, Seller and Buyer shall cooperate and use their respective best efforts to make all registrations, filings and applications, to give all notices and to obtain any governmental or other consents (including the consent of unions to which employees of Company belong), transfers, approvals, orders, qualifications and waivers necessary or desirable for the consummation of the transactions contemplated hereby. In the event all such consents, transfers, approvals, orders, qualifications or waivers are not obtained on or prior to the Closing, to the extent permitted by applicable law, Seller, Buyer and Parent shall take all reasonable action necessary in order to provide Buyer and Company with the benefits of such consents, transfers, approvals, orders, qualifications and waivers, and so long as Buyer and Company are provided such benefits in all material respects, the conditions of Section 5.2(c) and 5.3(b) shall be deemed satisfied.

4.8 TAXES.

Except as otherwise provided herein, Buyer shall be responsible for all sales, use, gross receipts, registration, business and occupation, transfer, stamp duty, securities transactions, real estate, and similar Taxes (excluding income Taxes for greater certainty) and notarial fees assessed or payable in connection with the transfer of the Stock the transfer of the Transferred Assets from the Predecessor Companies to the Company, the issuance of stock by Company contemplated hereby and other transactions contemplated hereby, regardless of whether such taxes become due or payable on or after the Closing Date and shall be responsible for interest, penalties and additions to Taxes related to such Taxes; provided, however, that the Buyer and Seller shall be equally responsible for, and pay in a timely manner for and on behalf of Company, any Real Property Acquisition Tax (fudosan shutoku zei) and any Regulation Tax (toroku menkyo zei) imposed on the transfer of real property in the Kaisha Bunkatsu.

4.9 ENVIRONMENTAL INVESTIGATION

(a) At its sole cost and expense, Buyer will cause an environmental investigation (the "Investigation") to be conducted by a consultant suggested by Buyer and satisfactory to Seller, acting reasonably (it being agreed by Seller that Golder Associates Ltd. and/or any of its Affiliates and/or Taisei Corporation are satisfactory)(the "Consultant") in, on, under and, to the extent reasonably practicable, about each of the Yamanashi Property and the Miyagi Property (the "Properties") with a view to discovering and recording the environmental condition of the Properties and of other lands to the extent affected by activities on or in connection with the Properties (including, without limitation, offsite waste disposal) as well as any violations of or non-compliance with Environmental Laws relating to either of the Properties or operations at or connected with the Properties occurring at or before the time of Closing. The Consultant will execute a confidentiality agreement with respect to any information received or produced in connection with its engagement pursuant to this Agreement. The Investigation will commence as soon as possible with the intention that the Investigation be completed on or before March 15, 2002. The Investigation will include the completion of a Phase I Environmental Site Assessment process complying with ASTM Standard E1527-97, enhanced to address asbestos and asbestos containing materials and wetlands issues, with such changes as are necessary to accommodate the fact that the Properties are located where they are in Japan, and a Phase II Environmental Site Assessment designed to address, confirm and delineate all potential environmental conditions identified in the said Phase I Environmental Site Assessment. The reports to be produced recording matters relevant to the Phase I and Phase II Environmental Site Assessments (the "Reports") shall, among other things, determine and set out the location, extent and concentration of each Hazardous Material on or from each of the Properties. Each of Seller and Company will make available to the Consultant all environmental information in its possession or under its control (or which with reasonable efforts could be in the possession or under the control) of the Seller and any of its Affiliates. Seller and Seller's Affiliates will co-operate reasonably with Buyer in connection with the conduct of the Investigation, including, without limitation, making personnel reasonably available. The information set forth in the Reports will constitute the Baseline Condition for the Properties. Buyer will provide a copy of the Reports to the Seller promptly upon them becoming available. Each of Seller and Buyer agree to keep the Reports confidential except that each party will be entitled to provide copies of the Reports to its Affiliates and advisors subject to their agreement to keep the Reports confidential. In addition, Buyer shall have the right to deliver the Report to those investment dealers, lenders and others providing financial or other services to or in connection with the Buyer or any of its Affiliates and, on a basis reasonably preserving confidentiality, to those included in acquiring or occupying all or part of either of the Properties and either the Buyer or the Seller may use or provide the Reports as is required by law, by securities regulatory authorities and exchanges or in connection with any dispute relating hereto. The confidentiality provisions of this paragraph shall survive the Closing or any termination of this Agreement. Seller will be liable for all action required by Environmental Law to remediate or otherwise prudently deal with any environmental conditions, violations of or non-compliance with Environmental Law connected to either of the Properties identified in the said Reports and will retain responsibility for those conditions, violations and other non-compliances included or referred to in the Baseline Condition to the extent required by Environmental Law. Seller shall indemnify, protect and defend Buyer Indemnified Parties against and save and hold Buyer Indemnified Parties harmless from all Losses incurred or suffered by Buyer Indemnified Parties as a result of, based upon, in connection with or arising

from (i) the remediation of or prudent dealing with all such environmental conditions, violations or non-compliances or (ii) Seller's failure to comply with its obligations under this Section 4.9(a).

(b) Seller shall and shall cause its employees and agents, to and shall, where appropriate, cause the Company and the Company's employees and agents to, authorize and permit Buyer and its representatives (including environmental consultants, occupational health and safety consultants and its counsel) to have reasonable access during normal business hours, upon reasonable notice and in such manner as will not unreasonably interfere with the conduct of the business of Seller to all of their respective properties and shall provide all authorizations and other documents reasonably requested by Buyer in connection with the Investigation. Seller shall have the right to have a representative of Seller accompany Buyer or its representatives (including environmental consultants, occupational health and safety consultants and its counsel) while they are on the Properties. In connection with the Investigation, Buyer shall provide Seller with a proposed work plan for any proposed physical testing or drilling on or beneath the Properties and Buyer will use reasonable efforts to accommodate any reasonable concerns or objections of Seller. Buyer will indemnify, defend and hold Seller and the Predecessor Companies harmless for, from and against any and all material claims, damages, costs, liabilities and losses (including mechanics' liens) solely to the extent caused by or arising out of the conduct of the Investigation or any entry in connection therewith as authorized under this Section 4.9 by Buyer or its representatives (including environmental consultants, occupational health and safety consultants and its counsel), and if this Agreement is terminated, Buyer will restore and repair any material damages caused by the Investigation and said entry. The foregoing indemnification shall survive the Closing or any termination of this Agreement.

(c) The Seller and Buyer agree that Buyer shall be entitled to prove the existence of any environmental conditions of or relating to the Properties or of other lands affected by activities on or in connection with the Properties (including, without limitation, offsite waste disposal) as well as any violations of or non-compliance with Environmental Laws relating to either of the Properties or operations at or connected with the Properties occurring at or before the time of Closing not otherwise in the Baseline Condition and the Seller shall be liable for all actions required by Environmental Law to remediate or otherwise prudently deal with any such environmental conditions, violations or non-compliances. Seller shall indemnify, protect and defend Buyer Indemnified Parties against and save and hold Buyer Indemnified Parties harmless from (i) all Losses incurred or suffered as a result of, based upon, in connection with or arising from any or all such environmental conditions, violations or non-compliances to the extent required by Environmental Laws except to the extent such environmental conditions, violations or non-compliances result from the acts of Buyer, its Affiliates, or its or their representatives, employees or agents, including, without limitation, the Consultant or (ii) Seller's failure to comply with its obligations under this Section 4.9(c).

(d) Seller's obligation under Sections 4.9(a) and (c) shall be governed by the following:

(i) Buyer shall inform Seller as soon as practicable upon receipt of any Special Governmental Request, and provide to Seller the right to participate in all material meetings and hearings, and to receive copies of material communications with the applicable

government, court or governmental authority in connection with the investigation, fact-finding, formulation, determination and remediation (including without limitation the type, manner and scope of such remediation) of any Special Governmental Request or proposed Special Governmental Request.

(ii) Seller shall indemnify Buyer Indemnified Parties for the cost to remediate the condition on the Properties giving rise to the alleged Losses as required by applicable Environmental Laws. Buyer shall select the environmental consultant or agent (subject to Seller's consent not to be unreasonably withheld) used for any environmental assessment and remediation work, and Seller shall have the right, acting reasonably in good faith and on a timely basis (so as to avoid the possibility of increased liability), to approve the remediation plan required (including without limitation requiring that the work be completed in the most cost-effective manner, provided such plan complies with applicable Environmental Laws), and to monitor the environmental assessment and remediation work.

(iii) In the event that any remediation of or prudent dealing with environmental conditions, violations or non-compliances for which the Seller is liable under Section 4.9(a) or (c) is not completed prior to Closing, Seller shall have the right of access to the Properties after the Closing on reasonable notice and at reasonable times for the purpose of confirming that the subject environmental conditions, non-compliances or violations were existing on or before the Closing (where such conditions, violations or non-compliances are not reflected with the Baseline Condition, it being agreed that any disagreement between the parties on that issue will be dealt with in accordance with Section 8.14 hereof) and monitoring any remediation and ancillary work under this Section 4.9. In such circumstances, representatives of Seller would, if required by Company, be accompanied by a Company representative and Seller will be subject to other reasonable conditions in connection with such access relating to matters such as confidentiality, indemnity and insurance.

(iv) Buyer and Company shall as soon as reasonably practicable notify Seller of any circumstances that may give rise to Seller's obligation to indemnify or remediate in this Section 4.9.

(e) In addition to the foregoing, Seller shall have the right, but not the obligation, to elect in writing to remediate or undertake preventative action ("Anticipatory Remediation") with respect to any environmental conditions that Seller determines may give rise to Seller's obligation to indemnify or remediate under this Section 4.9 even if such environmental conditions do not then constitute a violation or non-compliance with Environmental Laws or are not otherwise required to be remediated or dealt with under Environmental Laws, such election to be made by notice to Buyer specifying the environmental conditions to be subjected to Anticipatory Remediation (an "AR Notice"). If Seller so elects to undertake such Anticipatory Remediation, Seller and Buyer (each acting reasonably) shall jointly select the environmental consultant and contractors to be used in connection therewith and create a plan for such Anticipatory Remediation. In connection with such Anticipatory Remediation work, Seller shall have the right to access the Properties after the Closing in accordance with Section 4.9(d) (iii) above except as set out below. Under no circumstances shall Seller's right to undertake Anticipatory Remediation be construed to expand Seller's obligations under this Section 4.9, to impose upon Seller the duty to undertake Anticipatory Remediation, or give rise to liability on

the part of Seller for failing, or electing not, to undertake Anticipatory Remediation; provided that if Seller delivers an AR Notice, Seller shall be obligated to proceed with the Anticipatory Remediation to completion unless the Buyer agrees otherwise, such agreement not to be unreasonably withheld.

(f) Seller's obligations to Buyer Indemnified Parties hereunder shall not be assigned by Buyer Indemnified Parties (except to other wholly-owned subsidiaries of Parent and their respective Affiliates, directors, officers, employees, agents and assigns) and no person other than Buyer, Buyer Indemnified Parties or their respective permitted assigns shall be entitled to make any claims against Seller under this Section 4.9.

4.10 CHANGES IN PRO FORMA PROJECTED FINANCIAL STATEMENTS.

Seller will notify Buyer immediately of any change that would, in Seller's judgement, exercised in good faith, require a material change to be made to the PRO FORMA Projected Financial Statements applying the principles used in the preparation of the PRO FORMA Projected Financial Statements and will immediately prepare and, forthwith upon their preparation, provide a copy of such revised Pro Forma Projected Financial Statements to Buyer. In any event, Seller will, no later than 10 days before the Closing Date, deliver to Buyer updated Pro Forma Projected Financial Statements dated not more than 16 days before the Closing Date.

4.11 FUTURE BUSINESS.

On or before the 10th day preceding the Closing Date, Buyer shall deliver to Seller its good faith estimate of the additional third party revenue that Buyer believes, based on good faith assumptions which are reasonable in Buyer's opinion, can be introduced within a specified time frame after the Closing into the manufacturing facilities to be owned by the Company as a result of the NEC Separation Agreement.

ARTICLE V CONDITIONS OF PURCHASE

5.1 GENERAL CONDITIONS.

The obligations of the parties to effect the Closing shall be subject to the following conditions unless waived in writing by both parties:

(a) NO ORDERS; LEGAL PROCEEDINGS. No Action shall have been instituted and remain pending or threatened on the Closing Date before any court or governmental entity pertaining to the acquisition by Buyer of the Stock or the repayment of the Intercompany Loan, or the result of which could prevent or make illegal the consummation of such acquisition or repayment.

(b) PHASE II ENVIRONMENTAL SITE ASSESSMENT. The Reports with respect to the Properties contemplated in Section 4.9(a) shall have been completed and delivered to Buyer and Seller.

5.2 CONDITIONS TO OBLIGATIONS OF BUYER.

The obligations of Buyer to effect the Closing shall be subject to the following conditions except to the extent waived in writing by Buyer:

(a) REPRESENTATIONS AND WARRANTIES AND COVENANTS OF SELLER.

(i) Each of the representations and warranties of Seller contained in this Agreement (A) which are qualified by materiality shall be true and (B) which are not qualified by materiality shall be true in all material respects, in each case when made and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date (except representations and warranties that are made as of a specific date need be true or true in all material respects, as the case may be, only as of such date); and

(ii) each of the covenants and agreements of Seller and the Predecessor Companies in this Agreement and the Schedules hereto to be performed on or prior to the Closing Date (A) which are qualified by materiality, shall have been duly performed and (B) which are not qualified by materiality, shall have been duly performed in all material respects.

(b) CORPORATE SEPARATION (KAISHA BUNKATSU) PROCEEDINGS. Seller shall have taken all actions required to be taken by it to effect the Kaisha Bunkatsu in accordance with the Corporate Separation Procedure of the Japanese Commercial Code and the procedures set forth in the NEC Separation Agreement. The transfer of the Transferred Business shall be properly registered (bunkatsu toki) with the Legal Affairs Bureau (homukyoku).

(c) CONSENTS. Subject to Section 4.7, all required consents, waivers, authorizations, and approvals of third parties disclosed on Schedule 2.6 shall have been obtained or deemed obtained or no longer required pursuant to the Corporate Separation Procedure of the Japanese Commercial Code.

(d) DELIVERIES. Seller and Company shall have executed and delivered to Buyer (i) the Purchase and Supply Agreement, (ii) the Shared Services Agreement, (iii) the Intellectual Property Agreement, (iv) all other related agreements required to give effect to this transaction, (v) certified copies of all documents evidencing the due incorporation, organization and authority of the Seller, the Predecessor Companies and the Company to enter into this Agreement, the agreements referred to above and all other agreements, documents and instruments related thereto and to perform their respective obligations thereunder in accordance with the terms thereof, including, without limitation, certified copies of articles of incorporation, authorizing resolutions and certificates of incumbency of the Seller, the Predecessor Companies and the Company, (vi) copies of all required consents, registrations, approvals and waivers obtained in connection with the transfer by the Predecessor Companies of the Transferred Business to the Company and the completion by the Seller and the Company of the transaction of purchase and sale contemplated hereby (including without limitation the consents of all Transferred Employees provided in accordance with Section 4.4(a)), (vii) if requested by Buyer in writing prior to Closing, the resignations of the current directors of the Company; and (viii) a legal opinion of counsel to the Seller and the Company substantially in the form of Exhibit E annexed hereto.

(e) NO MATERIAL CHANGE. There has not been any material adverse change in the condition (financial or otherwise), assets, liabilities or business of the Transferred Business; provided that general economic changes and/or changes affecting generally an industry in which Company operates shall not be deemed to result in a material adverse change for purposes hereof unless any such change or changes disproportionately affect the Company or the Transferred Business.

(f) EMPLOYEE CONSENT. Seller shall have obtained the consent referred to in Section 4.4(a) from a sufficient number (determined by Seller and Buyer acting reasonably and in good faith) of the Affected Employees who are listed in Schedule 2.12(c) and hold a position of manager (kacho) or higher.

5.3 CONDITIONS TO OBLIGATIONS OF SELLER.

The obligations of Seller to effect the Closing shall be subject to the following conditions, except to the extent waived in writing by Seller:

(a) REPRESENTATIONS AND WARRANTIES AND COVENANTS OF BUYER.

(i) Each of the representations and warranties of Buyer contained in this Agreement (A) which are qualified by materiality, shall be true and (B) which are not qualified by materiality, shall be true in all material respects when made and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date (except representations and warranties that are made as of a specific date need be true or true in all material respects, as the case may be, only as of such date);

(ii) Each of the covenants and agreements of Buyer in this Agreement and the Schedules hereto to be performed on or prior to the Closing Date (A) which are qualified by materiality, shall have been duly performed and (B) which are not qualified by materiality, shall have been duly performed in all material respects.

(b) CONSENTS. Subject to Section 4.7, any required consents, waivers, authorizations, and approvals of third parties disclosed on Schedule 2.6 and Schedule 3.3 and shall have been obtained or deemed obtained or no longer required pursuant to the Corporate Separation Procedure of the Japanese Commercial Code; and

(c) DELIVERIES. Buyer, the Parent and Celestica AG (as applicable) shall have executed and delivered to Seller (i) the Purchase and Supply Agreement, (ii) the Shared Services Agreement, (iii) Intellectual Property Agreement, (iv) all other related agreements required to give effect to this transaction, (v) certified copies of all documents evidencing the due incorporation, organization and authority of the Buyer and the Parent to enter into this Agreement, the agreements referred to above and all other agreements, documents and instruments related thereto and to perform their respective obligations thereunder in accordance with the terms thereof, including, without limitation, certified copies of articles of incorporation, by-laws, authorizing resolutions and certificates of incumbency of the Buyer and the Parent, (vi) copies of all required consents, registrations, approvals and waivers obtained in connection with the completion by the Buyer of the transaction of purchase and sale contemplated hereby and

(vii) a legal opinion of counsel to the Buyer and Parent substantially in the form of Exhibit E annexed hereto.

(d) CORPORATE SEPARATION (KAISHA BUNKATSU) PROCEDURE. Buyer shall have taken all action required to be taken by it to effect the Kaisha Bunkatsu in accordance with the Corporate Procedure of the Japanese Commercial Code and the procedures set forth in the NEC Separation Agreement. Company shall have issued shares of its capital stock in accordance with Section 1.1(e) hereof.

ARTICLE VI
TERMINATION OF OBLIGATIONS

6.1 TERMINATION OF AGREEMENT.

Anything herein to the contrary notwithstanding, this Agreement and the transactions contemplated by this Agreement shall terminate if the Closing does not occur on or before the close of business on September 30, 2002 unless extended by mutual consent in writing of Buyer and Seller and otherwise may be terminated at any time before the Closing as follows and in no other manner:

(a) MUTUAL CONSENT. By mutual consent in writing of Buyer and Seller.

(b) CONDITIONS TO BUYER'S PERFORMANCE NOT MET. By Buyer by written notice to Seller if any event occurs or condition exists which would render impossible the satisfaction of one or more conditions to the obligations of Buyer to consummate the transactions contemplated by this Agreement as set forth in Section 5.1 or 5.2.

(c) CONDITIONS TO SELLER'S PERFORMANCE NOT MET. By Seller by written notice to Buyer if any event occurs or condition exists which would render impossible the satisfaction of one or more conditions to the obligation of Seller to consummate the transactions contemplated by this Agreement as set forth in Section 5.1 or 5.3.

(d) MATERIAL BREACH. By Buyer or Seller if there has been a material misrepresentation or other material breach by Buyer, in the case of termination by Seller, or by Seller, in the case of termination by Buyer, in its representations, warranties, and covenants set forth herein; PROVIDED, HOWEVER, that if such breach is susceptible to cure, the breaching party shall have ten business days after receipt of notice from the other party of its intention to terminate this Agreement if such breach continues in which to cure such breach.

6.2 EFFECT OF TERMINATION.

If this Agreement shall be terminated pursuant to Section 6.1, except as may otherwise be agreed in writing by the parties, all further obligations of the parties under this Agreement shall terminate without further liability of any party to another; provided that the obligations of the parties contained in Section 1.1(h), Section 4.1(b), Section 4.2(b), the confidentiality provisions in Section 4.9(a)(Confidentiality), this Section 6.2, and Section 8.12 (Expenses) shall survive any such termination.

ARTICLE VII
INDEMNIFICATION

7.1 OBLIGATIONS OF SELLER.

Subject to Section 7.3 and 7.6, effective as of the Closing, Seller agrees to indemnify and hold harmless Buyer, Parent, Company and their respective Affiliates, directors, officers, employees, agents and assigns (each, a "Buyer Indemnified Party") from and against any and all losses, liabilities, claims, damages, judgements, costs and expenses (including reasonable attorney's fees) actually incurred or suffered (collectively, "Losses") as a result of, or based upon or arising from:

(i) the breach or inaccuracy of any of the representations and warranties made by Seller in Article 2 of this Agreement;

(ii) any breach of any of the covenants made by Seller in this Agreement; and

(iii) liabilities arising out of or in connection with any business carried on or engaged in by Seller or its Affiliates at any time (whether on, prior to or after the Closing Date) other than the Transferred Business;

(iv) liabilities arising out of or in connection with any claims based on defects in the manufacturing or design of products by Seller or any of its Affiliates prior to the Closing Date;

provided that Seller shall not be required to indemnify or hold harmless any Buyer Indemnified Party for any such Losses to the extent the Purchase Price has been adjusted pursuant to Section 1.4 in connection therewith.

7.2 INDEMNIFICATION OBLIGATIONS OF BUYER.

For a period commencing as of the Closing Date and (x) ending upon the expiration of the period specified in Section 7.3 with respect to 7.2(i) and Section 7.2(ii) and (y) continuing indefinitely with respect to Section 7.2(iii), Buyer shall indemnify Seller, its Affiliates and their respective directors, officers, employees, agents and assigns from and against any Losses as a result of, or based upon or arising from:

(i) the breach or inaccuracy of any of the representations and warranties made by Buyer in Article 3 of this Agreement;

(ii) any breach of any of the covenants made by Buyer in this Agreement; and

(iii) the ownership of Company (including without limitation the operation of the Transferred Business and the payment of liabilities of the Transferred Business assumed by Company and in respect of which Seller is not required to indemnify Buyer Indemnified

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AND EXCHANGE COMMISSION.
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Parties pursuant hereto other than by reason of Sections 7.3 or 7.6) from and after the Closing Date.

7.3 SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND ENVIRONMENTAL
INDEMNITY; KNOWLEDGE OF BREACH.

(a) Notwithstanding any otherwise applicable statute of limitations, the representations and warranties included in Articles 2 and 3 shall survive the Closing for a period of **** after the Closing Date except that (i) the representations and warranties contained in Sections **** shall survive the Closing and shall remain in full force and effect ****, (ii) the representations and warranties contained in Section **** shall survive until **** set forth in the applicable **** or until the **** within the period of the relevant **** and (iii) the representations and warranties contained in Sections **** and **** shall survive until the **** of the Closing Date. In addition, the indemnity contained in Sections **** shall survive the Closing only until the **** of the Closing Date. If a claim or notice is given under Article 7 with respect to any representation or warranty or with respect to the indemnity in Section **** prior to the applicable expiration date, such representation or warranty and/or indemnity shall continue ****.

(b) No party hereto shall be deemed to have breached any representation, warranty, or covenant if (i) such party shall have expressly notified the other party hereto in writing, of the particulars of the breach of, or, such representation, warranty or covenant, or such breach is expressly referred to in any Schedules hereto and (ii) such other party has permitted the Closing to occur, and, for purposes of this Agreement, is thereby deemed to have waived such breach or inaccuracy; provided, however, that a disclosure pursuant to this Section 7.3(b) shall not prejudice the rights of the parties pursuant to Article 6 hereof not to consummate the transactions contemplated by this Agreement.

7.4 PROCEDURES

For purposes of this Section 7.4, any party with an indemnification obligation under this Article 7 or Section 4.9 shall be referred to herein as an "Indemnifying Party" and any party entitled to indemnification under this Article 7 shall be referred to as an "Indemnified Party". All claims for indemnification by any Indemnified Party hereunder shall be asserted and resolved as set forth in this Section 7.4. In the event that any written claim or demand for which an Indemnifying Party would be liable to any Indemnified Party hereunder is asserted against or sought to be collected from any Indemnified Party by a third party, such Indemnified Party shall promptly, but in no event more than 15 days following such Indemnified Party's receipt of such claim or demand, notify the Indemnifying Party of such claim or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim and demand) (the "Claim Notice"). The Indemnifying Party shall have 30 days from the personal delivery or receipt of the Claim Notice (the "Notice Period") to

notify the Indemnified Party (a) whether or not the Indemnifying Party disputes the liability of the Indemnifying Party to the Indemnified Party hereunder with respect to such claim or demand and (b) whether or not it desires to defend the Indemnified Party against such claim or demand. All costs and expenses incurred by the Indemnifying Party in defending such claim or demand shall be a liability of, and shall be paid by, the Indemnifying Party, subject to the limitations set forth in Section 7.6 hereof. In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against such claim or demand and except as hereinafter provided, the Indemnifying Party shall have the right to defend the Indemnified Party (i) by appropriate proceedings and (ii) use or retain counsel in connection with such defense that is reasonably acceptable to the Indemnified Party. The Indemnified Party shall make available to the Indemnifying Party all information reasonably available to such Indemnified Party relating to such claim or demand. In addition, the Indemnified Party and the Indemnifying Party shall render to each other such assistance as may reasonably be requested in order to ensure the proper and adequate defense of any such claim or demand, or to prosecute claims against third parties for contribution or on other theories of recovery related to such claim or demand. The party in charge of the defense shall keep the other party fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. If any Indemnified Party desires to participate in, but not control, any such defense or settlement it may do so at its sole cost and expense. In the event that the Indemnifying Party does not elect to defend the claim, the Indemnified Party shall not settle a claim or demand without the consent of the Indemnifying Party (which consent will not be unreasonably withheld). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any such claim or demand (i) on a basis which would result in the imposition of a consent order, injunction or decree which would restrict the future activity or conduct of the Indemnified Party or any subsidiary or Affiliate thereof without the written consent of the Indemnified Party (which consent will not be unreasonably withheld) and (ii) without obtaining (a) a release with respect to such claim or demand and (b) the dismissal with prejudice of any litigation or other proceeding with respect to such claim or demand, in each case for the benefit of and in form and substance reasonably satisfactory to the Indemnified Party. If the Indemnifying Party elects not to defend the Indemnified Party against such claim or demand, whether by not giving the Indemnified Party timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same be contested by the Indemnified Party, then that portion thereof as to which such defense is unsuccessful (and the reasonable costs and expenses pertaining to such defense) shall be the liability of the Indemnifying Party hereunder, subject to the limitations set forth in Section 7.6 hereof. To the extent the Indemnifying Party shall control or participate in the defense or settlement of any third party claim or demand, the Indemnified Party will give to the Indemnifying Party and its counsel access to, during normal business hours, the relevant business records and other documents, and shall permit them to consult with the employees and counsel of the Indemnified Party. The Indemnified Party shall use its commercially reasonable best efforts in the defense of all such claims.

7.5 ADJUSTMENTS TO LOSSES.

The amount of any Loss entitling a party to indemnification under this Article 7 shall be reduced by (i) the amount of any insurance proceeds actually recovered by the Indemnified Party for such Loss, net of all costs and expenses incurred in collecting such

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AND EXCHANGE COMMISSION.
ASTERISKS DENOTE OMISSIONS.

insurance proceeds (including, without limitation, reasonable attorneys' fees) and (ii) the net tax benefit realized by the Indemnified Party in connection with the Loss as a result of any reduction in taxable income resulting from the deduction of the Loss.

7.6 LIMITATION ON INDEMNIFICATION BY SELLER.

In no event shall Seller be liable to any Buyer Indemnified Party for any indemnity claim under Section 7.1(i) or (ii) (except for claims made for breaches of the representations and warranties in Sections **** or for breaches of the covenants and indemnities in Sections **** and **** which in each case shall not be subject to any threshold) unless and until all such claims for which indemnification is recoverable hereunder by all Buyer Indemnified Parties exceed in aggregate **** of the **** (the "Threshold"); at which time Seller shall be liable for all Losses which are the subject of such claims, including those within the Threshold.

Notwithstanding anything to the contrary herein, in no event shall Seller be liable to Buyer Indemnified Parties for any claims made under Section 7.1(i) or (ii) (except for claims made for breach of the representations and warranties in Sections **** and the covenants in Sections **** in an aggregate amount that exceeds **** of the ****. Any increase or decrease to the **** pursuant to Section **** shall be deemed to have no effect on the previous sentence.

7.7 LIMITATION ON INDEMNIFICATION BY BUYER

In no event shall Buyer be liable to Seller Indemnified Parties for any indemnity claim under Section 7.2(i) or (ii) (except for claims under Sections **** unless and until all such claims for which damage are recoverable hereunder by Seller Indemnified Parties exceed the Threshold at which time Buyer shall be liable for all Losses which are the subject of such claims, including those within the Threshold. Notwithstanding anything to the contrary herein, in no event shall Buyer be liable to Seller Indemnified Parties for any claims made under Section 7.2(i) or (ii) (except for claims under Sections **** in an aggregate amount that exceeds **** of the ****.

7.8 EXCLUSIVE REMEDY.

This Article 7 and Sections 4.9(a), (b) and (c) shall be the exclusive remedies of the parties hereto for damages under this Agreement and shall be deemed to preclude the exercise of any other rights and the pursuit of other remedies (whether in contract, tort or otherwise) in damages for the breach (or alleged breach) of any representation, warranty, covenant or agreement contained herein or made pursuant hereto (excluding the Ancillary Agreements); provided, however, that these exclusive remedies for damages will not be construed to preclude a party from bringing an action for specific performance or other equitable remedy to require the other parties to perform its or their obligations under this Agreement.

7.9 TREATMENT OF PAYMENTS.

All payments made pursuant to this Article 7 and Sections 4.9(a) and (c) shall be treated as adjustments to the purchase price for the Stock. Notwithstanding anything in this Agreement to the contrary, neither Buyer nor Parent shall be indemnified or reimbursed for any tax consequences arising from the receipt or accrual of an indemnity payment hereunder, including, without limitation, any such consequences arising from adjustments to the basis of any asset resulting from an adjustment to the Purchase Price, or any additional Taxes resulting from any such basis adjustment.

ARTICLE VIII
MISCELLANEOUS

8.1 AMENDMENTS; WAIVERS.

This Agreement and any schedule or exhibit attached hereto may be amended only by agreement in writing of all parties. No waiver of any provision nor consent to any exception to the terms of this Agreement shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

8.2 SCHEDULES; EXHIBITS; INTEGRATION.

Each schedule and exhibit delivered pursuant to the terms of this Agreement shall be in writing and shall constitute a part of this Agreement, although schedules need not be attached to each copy of this Agreement. This Agreement, together with such schedules and exhibits, and the Confidentiality Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith. The inclusion of any matter in any schedule to this Agreement shall be deemed to be an inclusion for all purposes of this Agreement, including each representation to which it may relate, but shall expressly not be deemed to constitute an admission by Seller, or otherwise imply, that any such matter is material for the purposes of this Agreement.

8.3 BEST EFFORTS; FURTHER ASSURANCES.

(a) COMMITMENT TO BEST EFFORTS. Subject to the rights of Seller or Buyer, as the case may be, under Section 6.1, (i) each party hereto shall use its best efforts to cause all conditions to its obligations hereunder to be timely satisfied and to perform and fulfil all obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be effected substantially in accordance with its terms as soon as reasonably practicable, (ii) each party shall cooperate with the other party in such actions and in securing all requisite consents, and (iii) each party shall promptly execute and deliver such further documents and take such other actions as may be necessary or appropriate to consummate or implement the transactions contemplated hereby or to evidence such events or matters.

(b) LIMITATION. As used in this Agreement, the term "best efforts" shall not mean efforts which require the performing party to do any act that is commercially unreasonable under the circumstances, to make any capital contribution or to expend any funds other than in payment of reasonable out-of-pocket expenses incurred in satisfying obligations hereunder, including but not limited to the fees, expenses and disbursements of its accountants, actuaries, counsel and other professional advisors.

(c) DISCUSSION WITH THIRD PARTIES. Notwithstanding anything to the contrary contained herein, Seller may discuss and/or negotiate the sale of all or a portion of the Stock of Company, the equity of NEC Yamanashi or NEC Miyagi, or the Transferred Business, on terms similar or different to those contained in this Agreement with third parties at any time after Seller has lawfully terminated this Agreement pursuant to Section 6.1(c) or Section 6.1(d).

8.4 GOVERNING LAW.

This Agreement shall be governed by, and construed in accordance with, the laws of Japan, without regard to conflicts of law principles.

8.5 NO ASSIGNMENT.

Neither this Agreement nor any rights or obligations under it may be assigned by either party, by operation of law or otherwise. Notwithstanding the foregoing, Buyer may assign, delegate or otherwise transfer any or all of its rights or obligations under this Agreement and each of the related agreements to any other directly or indirectly wholly owned subsidiary of Celestica Inc., provided that (i) Buyer gives to Seller at least five (5) days' prior written notice thereof, including details of such transfer and financial information of the transferee; (ii) prior to such transfer, the transferee expressly assumes in writing all obligations and liabilities of Buyer hereunder and under each of the related agreements pursuant to an assumption document that is in form and substance reasonably satisfactory to Seller; (iii) prior to such transfer, Buyer executes and delivers to Seller an unconditional guarantee of all of the transferee's obligations under this Agreement and each of the related agreements in form and substance reasonably satisfactory to Seller; and (iv) such transfer would not have adverse Tax consequences for Seller or its Affiliates. No such transfer shall release Buyer from liability for any breach by any transferee.

8.6 HEADINGS.

The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

8.7 COUNTERPARTS.

This Agreement and any amendments hereto may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.

8.8 PUBLIC DISCLOSURE.

Each of the parties to this Agreement hereby agrees with the other parties hereto that, except as may be required to comply with the requirements of applicable law, no press release or similar public announcement or communication will be made or caused to be made concerning the execution or performance of this Agreement unless specifically approved in advance by all parties hereto.

8.9 NO CONSEQUENTIAL DAMAGES.

Notwithstanding anything to the contrary elsewhere in this Agreement, no party (or its Affiliates) shall, in any event, be liable to the other party (or any other Person) for any punitive, indirect or consequential damages, including, but not limited to, lost profits, loss of revenue, cost of capital or loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement.

8.10 PARTIES IN INTEREST.

This Agreement shall be binding upon and inure to the benefit of each party, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement except for Sections 7.1 and 7.2 (which are intended to be for the benefit of the Persons provided for therein and may be enforced by such Persons). Nothing in this Agreement is intended to relieve or discharge the obligation of any third person to any party to this Agreement.

8.11 NOTICES.

Any notice or other communication hereunder must be given in writing and (a) delivered in person, (b) transmitted by facsimile, (c) mailed by certified or registered mail, postage prepaid, receipt requested, or (d) delivered by an international courier service, receipt requested, as follows:

IF TO BUYER, ADDRESSED TO:
1325091 Ontario Inc.
12 Concorde Place, 7th Floor
Toronto, Ontario M3C 2R8
Attention: Vice President and General Counsel
Facsimile: (416) 448-5444

WITH A COPY TO:
Celestica Inc.
12 Concorde Place, 7th Floor
Toronto, Ontario M3C 2R8
Attention: Senior Vice President, Mergers and Acquisitions
Facsimile: (416) 448-5444

IF TO PARENT, ADDRESSED TO:
Celestica Inc.
12 Concorde Place, 7th Floor

Toronto, Ontario M3C 2R8
Attention: Vice President and General Counsel
Facsimile: (416) 448-5444

WITH A COPY TO:
Celestica Inc.
12 Concorde Place, 7th Floor
Toronto, Ontario M3C 2R8
Attention: Senior Vice President, Mergers and Acquisitions
Facsimile: (416) 448-5444

IF TO SELLER, ADDRESSED TO:
Mr. Yoshiaki Ogawa
Chief Manager, Optical Network Planning Division,
Optical Network Operations Unit, NEC Networks, NEC Corporation
1753 Shimonumabe, Nakahara-ku
Kawasaki, Kanagawa 211-8666, Japan
Facsimile: 044-435-5455

WITH A COPY TO:
Mr. Kazuiki Watariya
Senior Manager, Business Strategy
Planning Division, NEC Networks, NEC Corporation
7-1, Shiba 5-chome, Minato-ku
Tokyo 108-8001, Japan
Facsimile: 03-3798-0561

or to such other address or to such other Person as either party shall have last designated by such notice to the other party. Each such notice or other communication shall be effective (i) if given by facsimile, when transmitted to the applicable number so specified in (or pursuant to) this Section 8.11, (ii) if given by mail, seven days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, (iii) if given by courier, three days after such communication is delivered to the courier service, addressed as aforesaid, or (iv) if given by any other means, when actually received at such address.

8.12 EXPENSES AND ATTORNEYS FEES.

Seller, Buyer and Parent shall each pay their own expenses incident to the negotiation, preparation and performance of this Agreement and the transactions contemplated hereby, including but not limited to the fees, expenses and disbursements of their respective investment bankers, accountants and counsel.

8.13 GOVERNING LANGUAGE.

This Agreement (except for the NEC Separation Agreement and certain Schedules) is in the English language, which language shall be controlling in all respects.

8.14 DISPUTE RESOLUTION.

(a) All disputes that may arise under or in relation to this Agreement between either party hereto, that cannot be resolved amicably between the parties within thirty (30) days of written notice of such dispute, shall be submitted to arbitration in Tokyo, Japan under the Commercial Arbitration Rules of the Japan Commercial Arbitration Association (the "JCAA").

(b) The arbitral tribunal for any such arbitration shall be comprised of three arbitrators. Each of the claimant and respondent shall nominate one arbitrator (provided that Buyer and Parent shall together only be permitted to nominate one arbitrator). If either party fails to nominate an arbitrator in accordance with the Commercial Arbitration Rules of the JCAA, such arbitrator shall be appointed by the JCAA. The two arbitrators so nominated shall nominate the third arbitrator. If for any reason an arbitrator resigns, is removed or otherwise is no longer serving on the arbitral tribunal, his or her replacement must be nominated in accordance with the Commercial Arbitration Rules of the JCAA by the party originally nominating him or her. Any failure by a party to appoint such replacement shall cause the replacement arbitrator to be appointed by the JCAA.

(c) Where any remedy at law or damages is inadequate for any particular dispute, and without prejudice to the power of arbitrators to award any specific performance or injunctive or similar equitable relief, any legal action for specific performance or injunctive or similar equitable relief against either party may be brought in any court of competent jurisdiction by either party.

(d) Neither the existence of any dispute, controversy or claim nor the fact that any arbitration is pending thereunder shall relieve any party of its respective obligations under this Agreement.

(e) Judgment upon awards or orders for enforcement may be entered by all courts to which an award is presented.

(f) The unsuccessful party in an arbitration shall pay and discharge all costs and expenses (including reasonable attorneys' fees) which are incurred by the other party in enforcing this Agreement.

(g) Any arbitration under this Section 8.14 shall be conducted in English.

8.15 PARENT GUARANTY

(a) Parent hereby irrevocably and unconditionally agrees to guaranty to Seller, jointly and severally with Buyer, the performance by Buyer of its obligations under the terms of this Agreement, including but not limited to the obligation to pay the Purchase Price and to repay the Intercompany Loan hereunder. In the event that all or any portion of the obligations is paid or performed by Buyer, the obligations of Parent hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment is rescinded or recovered directly or indirectly from Seller as a preference, fraudulent transfer or otherwise, and any such payment or performance that is rescinded or recovered shall also constitute obligations.

(b) Seller shall not be required to give any notice to, or make any demand on, the Buyer or to proceed against the Buyer's assets prior to the performance by the Parent of its obligations under this Section 8.15. The Parent agrees that the Parent's obligations under this Section 8.15 will not be discharged except by complete performance of all obligations set forth in this Agreement.

(c) Parent hereby agrees, in furtherance of the foregoing and not in limitation of any other right which the Seller may have against the Parent by virtue hereof, that upon the failure of Buyer to pay or perform any of the obligations when and as the same shall become due hereunder, Parent will, upon demand, pay, perform or cause to be paid or performed all obligations then due as aforesaid.

(d) Parent agrees that it will not exercise any rights of indemnification or subrogation which it may have under or by virtue of any contract or law against the Buyer, as a result of or in relation to the performance of the obligations of the Parent hereunder, unless and until the guaranteed amounts have been paid in full and all obligations have been performed in full.

(e) Parent agrees to pay, or cause to be paid, on demand, and to indemnify Seller from and against liability for, any and all costs and expenses (including reasonable fees and disbursements of counsel) incurred or expended by Seller in connection with the enforcement of or preservation of any rights under this Section 8.15.

(f) The rights, powers and remedies given to Seller by this Section 8.15 are cumulative and shall be in addition to and independent of all rights, powers and remedies given to Seller by virtue of any statute or rule of law. Any forbearance or failure to exercise, and any delay by Seller in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

ARTICLE IX DEFINITIONS

9.1 DEFINITIONS.

For all purposes of this Agreement, except as otherwise expressly provided,

(a) the terms defined in this Article 9 have the meanings assigned to them in this Article 9 and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned under GAAP;

(c) all references in this Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of the body of this Agreement;

(d) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms;

(e) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; and

(f) the use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

As used in this Agreement and the Exhibits, Schedules or certificates delivered pursuant to this Agreement, the following definitions shall apply.

"ACTION" means any action, suit or other legal proceeding, whether civil or criminal, in law or in equity, before any court, arbitrator or governmental entity.

"AFFECTED EMPLOYEES" means all the employees of NEC Corporation and the Predecessor Companies who are employed in connection with the Transferred Business.

"AFFILIATE" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person.

"AGREEMENT" means this Stock Purchase Agreement as amended or supplemented together with all exhibits and schedules attached or incorporated by reference.

"ANCILLARY AGREEMENTS" means collectively, the Intellectual Property Agreement, the Shared Services Agreement, the Purchase and Supply Agreement and the NEC Separation Agreement.

"BUNKATSU DAY" means the day on which the Transferred Assets are transferred to Company and the Stock is issued to the Predecessor Companies pursuant to the NEC Separation Agreement.

"BUSINESS" means the business of the Predecessor Companies until the consummation of the transactions contemplated by the NEC Separation Agreement, and, thereafter, the business of Company.

"CLOSING" means the consummation of the purchase and sale of the Stock, and the repayment of the Intercompany Loan and all interest accrued thereon, under this Agreement.

"CLOSING DATE" means the date of the Closing.

"COMPANY" has the meaning set forth in the preamble to this Agreement.

"CONTRACT" means any agreement, arrangement, bond, commitment, franchise, indemnity, indenture, instrument or lease.

"CORPORATE SEPARATION PROCEDURE OF THE JAPANESE COMMERCIAL CODE" means the provisions of the Commercial Code of Japan (Section 6-3, Articles 374-16 through 374-31) governing the Corporate Separation Procedure (kaisha bunkatsu).

"ENCUMBRANCE" means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or other restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by agreement, understanding or law, except for any restrictions on transfer generally arising under any applicable securities law.

"EPF" shall mean the NEC employee pension fund (NEC Kousei Nenkin Kikin) applicable to the Affected Employees, including the first additional pension (Dai-Ichi Kasan Nenkin), the second additional pension (Dai-Ni Kasan Nenkin) and the supplemental pension (Fuka Nenkin).

"EQUITY SECURITIES" means any capital stock or other equity interest or any securities convertible into or exchangeable for capital stock or any other rights, warrants or options to acquire any of the foregoing securities.

"GAAP" means generally accepted accounting principles in Japan, as in effect from time to time.

"INTELLECTUAL PROPERTY AGREEMENT" means the intellectual property agreement in form and substance substantially as set forth in Exhibit B.

"INTERCOMPANY LOAN" means that certain loan from NEC Corporation to Company the terms and conditions of which are described in Schedule 9.1(C).

"KAISHA BUNKATSU" means corporate separation (kaisha bunkatsu) to be carried out in accordance with the NEC Separation Agreement.

"KNOWLEDGE" with respect to Seller means the actual knowledge of the following with respect to the relevant matter: Tsuyoshi Ohtoshi, President, NEC Miyagi; Osamu Inui, Associate Senior Vice President, NEC Yamanashi; Sakae Noguchi, Associate Senior Vice President, NEC Miyagi; Akira Saito, Associate Senior Vice President, NEC Miyagi; Kazuyuki Suzuki, Vice President, General Administration, NEC Miyagi; Masataka Kobayashi, Associate Senior Vice President, NEC Yamanashi; Mitsuhiko Osanai, Manager, Planning Control Department, NEC Miyagi; Kunitomo Matsuoka, General Manager, Planning Division, NEC Networks, NEC Corporation; Kazuiki Watariya, Senior Manager, Business Strategy, Planning Division, NEC Networks, NEC Corporation; Shinobu Obata, Manager, Legal, Planning Division, NEC Corporation; Kota Takemura, Legal Staff, Legal, Planning Division, NEC Networks, NEC Corporation; Kenichi Inoue, Senior Manager, Controller and Finance Division, NEC Networks, NEC Corporation; Takanobu Hashiguchi, Department Manager, 2nd Department, Controller and Finance Division, NEC Networks, NEC Corporation; Hiroyuki Mizorogi, Senior Manager, 2nd Department, Controller and Finance Division, NEC Networks, NEC Corporation; Yoshiaki Ogawa, Chief Manager, Optical Network Planning Division, Optical Network Operations Unit,

NEC Networks, NEC Corporation; Katsuaki Tanaka, Expert Engineer, Optical Network Planning Division, Optical Network Operations Unit, NEC Networks, NEC Corporation; Kenichi Sugamuta, Manager, Optical Network Planning Division, Optical Networks Operations Unit, NEC Networks, NEC Corporation.

"LOSS" has the meaning set forth in Section 7.1.

"Miyagi Property" means the real property located at 2 Aza-Raijin Yoshioka, Taiwa-cho, Kurokawa-gun, Miyagi 981-3681 more particularly described in Schedule 9.1A.

"NEC SEPARATION AGREEMENT" means the separation agreement to be adopted by the Predecessor Companies and the Company in form and substance substantially as set forth in Exhibit A.

"PENSION PLAN" means any contract, plan, program, fund, policy or arrangement for pension benefits/retirement benefits for employees or former employees of a company and the beneficiaries and dependents of any such employee, regardless of whether it is mandated under local law, private, funded, unfunded, financed by the purchase of insurance, contributory or non-contributory.

"PERMITTED ENCUMBRANCES" has the meaning ascribed thereto in Section 2.9.

"PERSON" means an association, a corporation, an individual, a partnership, a trust or any other entity or organization, including a governmental entity.

"PREDECESSOR COMPANIES" means NEC Miyagi and NEC Yamanashi and "Predecessor Company" refers to either of the Predecessor Companies.

"PURCHASE AND SUPPLY AGREEMENT" means the Purchase and Supply Agreement to be entered into between Buyer and Seller in form and substance substantially as set forth in Exhibit C.

"PURCHASE PRICE" has the meaning set forth in Section 1.2, as adjusted pursuant to Section 1.3.

"R&D BUSINESS" means the research and development business of NEC Miyagi that will not be transferred to the Company in connection with the transactions contemplated by the NEC Separation Agreement.

"REAL PROPERTY" means the Miyagi Property and the Yamanashi Property.

"SHARED SERVICES AGREEMENT" means the services agreement to be entered into between Buyer and Seller in form and substance substantially as set forth in Exhibit D.

"STOCK" means the shares of capital stock of Company issued to Seller on or after the Bunkatsu Day.

"TAX" means any national, local or foreign income, sales, use, excise, franchise, ad valorem, real and personal property, transfer, gross receipt, stamp, premium, profits, windfall profits, capital stock, production, business and occupation, or similar taxes imposed by any taxing authority, any interest and penalties (civil or criminal), additions to tax, payments in lieu of taxes or additional amounts related thereto or to the nonpayment thereof.

"TRANSFERRED ASSETS" means all assets of the Predecessor Companies which are transferred to the Company as part of the NEC Separation Agreement.

"TRANSFERRED BUSINESS" means the Business excluding: (i) the R&D Business and (ii) any assets or liabilities of the Business not contemplated as being transferred to Company by the NEC Separation Agreement.

"TRANSFERRED EMPLOYEES" means the Affected Employees who have consented to the transfer of employment pursuant to Section 4.4 and who will be transferred to Company as of the Closing Date.

"UNFUNDED PENSION LIABILITIES" has the meaning set forth in Schedule 4.4(b) to this Agreement.

"YAMANASHI PROPERTY" means the real property located at 843, Kobaranishi, Yamanashi, Yamanashi-ken 405-0006 more particularly described in Schedule 9.1B (but excluding the real property listed in Table 2.14A of Schedule 2.14, and including the real property listed in Table 2.14B of Schedule 2.14).

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers as of the day and year first above written.

BUYER: 1325091 ONTARIO INC.

By: /s/ Rahul Suri

Name: Rahul Suri
Title: Authorized Signatory

PARENT: CELESTICA INC.

By: /s/ Rahul Suri

Name: Rahul Suri
Title: Senior Vice President,
Mergers and Acquisitions

SELLER:

NEC CORPORATION

By: /s/ Botaro Hirosaki

Name: Botaro Hirosaki
Title: Associate Senior Vice
President and
Executive General Manager,
Optical Network Unit

NEC YAMANASHI, LTD.

By: /s/ Yoshihiko Miyazaki

Name: Yoshihiko Miyazaki
Title: President

NEC MIYAGI, LTD.

By: /s/ Tsuyoshi Ohtoshi

Name: Tsuyoshi Ohtoshi
Title: President

EXHIBITS

- Exhibit A - NEC Separation Agreement
- Exhibit B - Intellectual Property Agreement
- Exhibit C - Purchase and Supply Agreement
- Exhibit D - Shared Services Agreement
- Exhibit E - Legal Opinion

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, 2002 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.

April 21, 2003

/s/ Eugene V. Polistuk

Eugene V. Polistuk
Chief Executive Officer

April 21, 2003

/s/ Anthony P. Puppi

Anthony P. Puppi
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.