MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Celestica Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. Management also takes steps to see that information and communication flows are effective and to monitor performance, including performance of internal control procedures.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 based on the criteria set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2014, the Company's internal control over financial reporting is effective. The Company's independent auditors, KPMG LLP, have issued an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014.

March 5, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Celestica Inc.

We have audited Celestica Inc.'s internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Celestica Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Celestica Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Celestica Inc. as of December 31, 2014 and December 31, 2013, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years ended December 31, 2014, 2013 and 2012, and our report dated March 5, 2015 expressed an unqualified opinion on those consolidated financial statements.

Toronto, Canada
March 5, 2015

/s/ KPMG LLP
Chartered Professional Accountants,
Licensed Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Celestica Inc.

We have audited the accompanying consolidated balance sheets of Celestica Inc. as of December 31, 2014 and December 31, 2013 and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of Celestica Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Celestica Inc. as of December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for each of the years in the three-year period ended December 31, 2014 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Celestica Inc.'s internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 5, 2015 expressed an unqualified opinion on the effectiveness of Celestica Inc.'s internal control over financial reporting.

Toronto, Canada
March 5, 2015

/s/ KPMG LLP
Chartered Professional Accountants,
Licensed Public Accountants

CELESTICA INC.

CONSOLIDATED BALANCE SHEET

(in millions of U.S. dollars)

	December 31 2013	December 31 2014
Assets		
Current assets:		
Cash and cash equivalents (note 20)	$ 544.3	$ 565.0
Accounts receivable (note 4)	654.1	693.5
Inventories (note 5)	817.2	719.0
Income taxes receivable	13.6	11.4
Assets classified as held for sale (note 6)	30.2	28.3
Other current assets	61.1	87.0
Total current assets	2,120.5	2,104.2
Property, plant and equipment (note 7)	313.6	312.4
Goodwill (note 8)	60.3	19.5
Intangible assets (note 8)	44.2	35.2
Deferred income taxes (note 19)	45.3	37.3
Other non-current assets (note 9)	55.0	75.0
Total assets	$ 2,638.9	$ 2,583.6
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 770.7	$ 730.9
Accrued and other current liabilities	274.5	259.6
Income taxes payable (note 19)	30.6	14.5
Current portion of provisions (note 10)	33.4	49.3
Total current liabilities	1,109.2	1,054.3
Pension and non-pension post-employment benefit obligations (note 18)	93.5	99.2
Provisions and other non-current liabilities (note 10)	16.3	18.1
Deferred income taxes (note 19)	17.9	17.1
Total liabilities	1,236.9	1,188.7
Equity:		
Capital stock (note 12)	2,712.0	2,609.5
Treasury stock (note 12)	(12.0)	(21.4)
Contributed surplus	681.7	677.1
Deficit	(1,965.4)	(1,845.3)
Accumulated other comprehensive loss (notes 2(n) & 13)	(14.3)	(25.0)
Total equity	1,402.0	1,394.9
Total liabilities and equity	$ 2,638.9	$ 2,583.6

Commitments, contingencies and guarantees (note 23)
Subsequent events (notes 12 & 23)

Signed on behalf of the Board of Directors

[Signed] William A. Etherington,
Director

[Signed] Laurette Koellner,
Director

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(in millions of U.S. dollars, except per share amounts)

	Year ended December 31		
	2012	**2013**	**2014**
Revenue	$6,507.2	$5,796.1	$5,631.3
Cost of sales (notes 5 & 14)	6,068.8	5,406.6	5,225.9
Gross profit	438.4	389.5	405.4
Selling, general and administrative expenses (SG&A) (note 14)	237.0	222.3	210.3
Research and development	15.2	17.4	19.7
Amortization of intangible assets (note 8)	11.3	12.2	10.6
Other charges (note 15)	59.5	4.0	37.1
Earnings from operations	115.4	133.6	127.7
Finance costs (note 16)	3.5	2.9	3.1
Earnings before income taxes	111.9	130.7	124.6
Income tax expense (recovery) (note 19):			
Current	15.5	16.9	9.7
Deferred	(21.3)	(4.2)	6.7
	(5.8)	12.7	16.4
Net earnings	$ 117.7	$ 118.0	$ 108.2
Basic earnings per share	$ 0.56	$ 0.64	$ 0.61
Diluted earnings per share	$ 0.56	$ 0.64	$ 0.60
Shares used in computing per share amounts (in millions):			
Basic (note 22)	208.6	183.4	178.4
Diluted (note 22)	210.5	185.4	180.4

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of U.S. dollars)

	Year ended December 31		
	2012	**2013**	**2014**
Net earnings	$117.7	$118.0	$108.2
Other comprehensive income (loss), net of tax (note 13):			
Items that will not be reclassified to net earnings:			
Actuarial gains (losses) on pension and non-pension post-employment benefit plans (notes 2 & 18)	(11.9)	7.6	11.9
Items that may be reclassified to net earnings:			
Currency translation differences for foreign operations	(0.1)	(3.3)	(10.0)
Changes from derivatives designated as hedges	16.5	(15.1)	(0.7)
Total comprehensive income	$122.2	$107.2	$109.4

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of U.S. dollars)

	Capital stock (note 12)	Treasury stock (note 12)	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)[(a)]	Total equity
Balance — January 1, 2012	$3,348.0	$(37.9)	$369.5	$(2,196.8)	$(12.3)	$1,470.5
Capital transactions:						
Issuance of capital stock	18.3	—	(10.8)	—	—	7.5
Repurchase of capital stock for cancellation	(591.6)	—	302.0	—	—	(289.6)
Purchase of treasury stock	—	(21.7)	—	—	—	(21.7)
Stock-based compensation and other	—	41.3	(4.1)	—	—	37.2
Reclassification of cash-settled stock-based compensation to accrued liabilities (note 12)	—	—	(3.4)	—	—	(3.4)
Total comprehensive income:						
Net earnings for 2012	—	—	—	117.7	—	117.7
Other comprehensive income (loss), net of tax:						
Actuarial losses on pension and non-pension post-employment benefit plans (note 18)	—	—	—	(11.9)	—	(11.9)
Currency translation differences for foreign operations	—	—	—	—	(0.1)	(0.1)
Change from derivatives designated as hedges	—	—	—	—	16.5	16.5
Balance — December 31, 2012	$2,774.7	$(18.3)	$653.2	$(2,091.0)	$ 4.1	$1,322.7
Capital transactions:						
Issuance of capital stock	19.9	—	(12.8)	—	—	7.1
Repurchase of capital stock for cancellation	(82.6)	—	29.2	—	—	(53.4)
Purchase of treasury stock	—	(12.8)	—	—	—	(12.8)
Stock-based compensation and other	—	19.1	12.1	—	—	31.2
Total comprehensive income:						
Net earnings for 2013	—	—	—	118.0	—	118.0
Other comprehensive income (loss), net of tax:						
Actuarial gains on pension and non-pension post-employment benefit plans (note 18)	—	—	—	7.6	—	7.6
Currency translation differences for foreign operations	—	—	—	—	(3.3)	(3.3)
Change from derivatives designated as hedges	—	—	—	—	(15.1)	(15.1)
Balance — December 31, 2013	$2,712.0	$(12.0)	$681.7	$(1,965.4)	$(14.3)	$1,402.0
Capital transactions:						
Issuance of capital stock	20.1	—	(12.3)	—	—	7.8
Repurchase of capital stock for cancellation[(b)]	(122.6)	—	(8.2)	—	—	(130.8)
Purchase of treasury stock	—	(23.9)	—	—	—	(23.9)
Stock-based compensation and other	—	14.5	15.9	—	—	30.4
Total comprehensive income:						
Net earnings for 2014	—	—	—	108.2	—	108.2
Other comprehensive income (loss), net of tax:						
Actuarial gains on pension and non-pension post-employment benefit plans (note 18)	—	—	—	11.9	—	11.9
Currency translation differences for foreign operations	—	—	—	—	(10.0)	(10.0)
Change from derivatives designated as hedges	—	—	—	—	(0.7)	(0.7)
Balance — December 31, 2014	$2,609.5	$(21.4)	$677.1	$(1,845.3)	$(25.0)	$1,394.9

(a) Accumulated other comprehensive income (loss) is net of tax. See note 13.

(b) Includes $50.0 prepayment under a program share repurchase. See note 12.

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of U.S. dollars)

	Year ended December 31		
	2012	**2013**	**2014**
Cash provided by (used in):			
Operating activities:			
Net earnings	$ 117.7	$ 118.0	$ 108.2
Adjustments to net earnings for items not affecting cash:			
Depreciation and amortization	81.7	71.7	68.7
Equity-settled stock-based compensation (note 12)	35.4	29.2	28.4
Other charges (note 15)	30.8	1.9	47.1
Finance costs	3.5	2.9	3.1
Income tax expense (recovery)	(5.8)	12.7	16.4
Other	(11.2)	3.8	(14.7)
Changes in non-cash working capital items:			
Accounts receivable	116.7	46.4	(39.4)
Inventories	147.3	(71.5)	98.2
Other current assets	6.7	3.6	(18.9)
Accounts payable, accrued and other current liabilities and provisions	(193.1)	(47.5)	(31.6)
Non-cash working capital changes	77.6	(69.0)	8.3
Net income taxes paid	(17.3)	(21.8)	(24.0)
Net cash provided by operating activities	312.4	149.4	241.5
Investing activities:			
Acquisitions, net of cash acquired (note 3)	(71.0)	—	—
Purchase of computer software and property, plant and equipment	(105.9)	(52.8)	(61.3)
Proceeds from sale of assets	8.9	4.2	1.4
Net cash used in investing activities	(168.0)	(48.6)	(59.9)
Financing activities:			
Borrowings under credit facilities (note 11)	55.0	—	—
Repayments under credit facilities (note 11)	—	(55.0)	—
Issuance of capital stock (note 12)	7.5	7.1	7.8
Repurchase of capital stock for cancellation (note 12)	(289.6)	(43.6)	(140.6)
Purchase of treasury stock (note 12)	(21.7)	(12.8)	(23.9)
Finance costs paid	(4.0)	(2.7)	(4.2)
Net cash used in financing activities	(252.8)	(107.0)	(160.9)
Net increase (decrease) in cash and cash equivalents	(108.4)	(6.2)	20.7
Cash and cash equivalents, beginning of year	658.9	550.5	544.3
Cash and cash equivalents, end of year	$ 550.5	$ 544.3	$ 565.0

The accompanying notes are an integral part of these consolidated financial statements.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in millions of U.S. dollars, except percentages and per share amounts)

1. REPORTING ENTITY:

Celestica Inc. (Celestica) is incorporated in Canada with its corporate headquarters located at 844 Don Mills Road, Toronto, Ontario, M3C 1V7. Celestica's subordinate voting shares are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE).

Celestica delivers innovative supply chain solutions globally to customers in the Communications (comprised of enterprise communications and telecommunications), Consumer, Diversified (comprised of industrial, aerospace and defense, healthcare, solar, green technology, semiconductor equipment and other), Servers, and Storage end markets. Our product lifecycle offerings include a range of services to our customers including design, engineering services, supply chain management, new product introduction, component sourcing, electronics manufacturing, assembly and test, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics and after-market repair and return services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:

Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorized for issuance by our Board of Directors on March 5, 2015.

Functional and presentation currency:

The consolidated financial statements are presented in U.S. dollars, which is also our functional currency. Unless otherwise noted, all financial information is presented in millions of U.S. dollars (except percentages and per share amounts).

Use of estimates and judgments:

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

Key sources of estimation uncertainty and judgment: We have applied significant estimates and assumptions in the following areas which we believe could have a significant impact on our reported results and financial position: our valuations of inventory, assets held for sale and income taxes; the amount of restructuring charges or recoveries; the measurement of the recoverable amount of our cash generating units (CGUs) (we define a CGU as the smallest identifiable group of assets that cannot be tested individually and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets), which includes estimating future growth, profitability and discount rates; our valuations of financial assets and liabilities, pension and non-pension post-employment benefit costs, employee stock-based compensation expense, provisions and contingencies; and the allocation of the purchase price and other valuations related to our business acquisitions. The near-term economic environment could also impact certain estimates necessary to prepare our consolidated financial statements, in particular, the recoverable amount used in our impairment testing of our non-financial assets, and the discount rates applied to our net pension and non-pension post-employment benefit assets or liabilities.

We have also applied significant judgment in the following areas: the determination of our CGUs and whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted; and the timing of the recognition of charges or recoveries associated with our restructuring actions.

We describe our use of judgment and estimation uncertainties in greater detail in the following accounting policies.

SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies below are in compliance with IFRS and have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of measurement:

The consolidated financial statements have been prepared primarily on the historical cost basis. Other measurement bases are described in the applicable notes.

(b) Basis of consolidation:

These consolidated financial statements include our direct and indirect subsidiaries, all of which are wholly-owned. Subsidiaries that are acquired during the year are consolidated from their respective dates of acquisition. Inter-company transactions and balances are eliminated on consolidation.

(c) Business combinations:

We use the acquisition method to account for any business combinations. All identifiable assets and liabilities are recorded at fair value at the acquisition date. Any goodwill that arises from business combinations is tested annually for impairment (see note 2(l)). Obligations for contingent consideration and contingencies are also recorded at fair value on the acquisition date. We generally record subsequent changes in the fair value of contingent liabilities from the date of acquisition to the settlement date in our consolidated statement of operations. We expense acquisition-related transaction costs as incurred in our consolidated statement of operations.

We use judgment to determine the purchase price allocation and estimates to value identifiable net assets, including the fair value of contingent consideration, if applicable, at the acquisition date. We may engage independent third parties to determine the fair value of property, plant and equipment and customer intangible assets. We use estimates to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors.

(d) Foreign currency translation:

The majority of our subsidiaries have a U.S. dollar functional currency which represents the currency of the primary economic environment in which they operate. For these subsidiaries, we translate monetary assets and liabilities denominated in foreign currencies into U.S. dollars at the period-end exchange rates. We translate non-monetary assets and liabilities denominated in foreign currencies at historic rates, and we translate revenue and expenses at the average exchange rates prevailing during the month of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. We recognize foreign currency differences arising on translation in our consolidated statement of operations.

For foreign operations with a non-U.S. dollar functional currency, we translate assets and liabilities into U.S. dollars using the period-end exchange rates, and we translate revenue and expenses at the average exchange rates prevailing during the month of the transaction. We defer gains and losses arising from the translation of these foreign operations in the foreign currency translation account included in accumulated other comprehensive income.

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on account and short-term investments with original maturities of three months or less. These instruments are subject to an insignificant risk of change in fair value over their terms and, as a result, we carry cash and cash equivalents at cost.

(f) Accounts receivable:

We initially value our accounts receivable at fair value. We record an allowance for doubtful accounts against accounts receivable that management believes are impaired. We record specific allowances against customer receivables based on our evaluation of the customers' credit worthiness and knowledge of their financial condition. We also consider the aging of the receivables, customer and industry concentrations, the current business environment, and historical experience.

(g) Inventories:

We procure inventory and manufacture based on specific customer orders and forecasts and value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. The cost of our finished goods and work-in-progress includes direct materials, labor and overhead. We may require valuation adjustments if actual market conditions or demand for our customers' products is less favorable than originally projected. The determination of net realizable value involves significant management judgment. We consider factors such as shrinkage, the aging of and future demand for the inventory, and contractual arrangements with customers. We attempt to utilize excess inventory in other products we manufacture or return inventory to the suppliers or customers. We use future sales volume forecasts to estimate excess inventory on-hand. A change to these assumptions may impact our inventory valuation and our gross margins. Should circumstances change, we may adjust our previous write-downs in our consolidated statement of operations in the period a change in estimate occurs.

(h) Assets classified as held for sale:

We classify assets as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use. Management must be committed to the sale transaction and the asset must be immediately available for sale in its present condition. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated. The determination of fair value less costs to sell involves judgment by management on the probability and timing of disposition and the amount of recoveries and costs. We may engage independent third parties to determine the estimated fair values less costs to sell for assets classified as held for sale. At the end of each reporting period, we evaluate the appropriateness of our estimates and assumptions. We may require adjustments to reflect actual experience or changes in estimates.

(i) Property, plant and equipment:

We carry property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. Cost consists of expenditures directly attributable to the acquisition of the asset, including interest on any borrowed funds used for constructing qualified long-term assets. We capitalize the cost of an asset when the economic benefits associated with that asset are probable and when the cost can be measured reliably. We capitalize the costs of major renovations and we write-off the carrying amount of replaced assets. We expense all other maintenance and repair costs in our consolidated statement of operations as incurred. We do not depreciate land. We recognize depreciation expense on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	25 years
Building/leasehold improvements	Up to 25 years or term of lease
Machinery and equipment	3 to 10 years

We estimate the useful life of property, plant and equipment based on the nature of the asset, historical experience, the terms of any related customer contract and expected changes in technology. When major components of an asset have a significantly different useful life than their primary asset, the components are accounted for and depreciated separately. We review our estimates of residual values, useful lives and the methods of depreciation annually at each year end and, if required, adjust for these prospectively. We determine gains and losses on the disposal or retirement of property, plant and equipment by comparing the proceeds from disposal with the carrying amount of the asset and we recognize these gains and losses in our consolidated statement of operations in the period of disposal.

(j) Leases:

We are the lessee of property, plant and equipment, primarily buildings and machinery. We classify leases as operating leases where the risks and rewards of ownership are retained by the lessor. We generally treat payments made under operating leases as rentals and recognize them as expenses on a straight-line basis over the term of the lease in our consolidated statement of operations. For operating leases, we do not record the leased asset or associated obligation on our consolidated balance sheet. We classify leases as finance leases if the risks and rewards of ownership have substantially transferred to us. We capitalize finance leases at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments, and we depreciate finance leases over the shorter of the useful life of the asset and the lease term. We include the corresponding liabilities, net of finance costs, in our consolidated balance sheet. We allocate each finance lease payment between the liability and finance costs.

(k) Goodwill and intangible assets:

Goodwill:

We initially measure goodwill on our consolidated balance sheet as the excess of the fair value of the consideration paid compared to the fair value of the identifiable net assets acquired, including the fair value of any contingent consideration. In subsequent reporting periods, we measure goodwill at cost less accumulated impairment losses. We do not amortize goodwill. For purposes of impairment testing, we allocate goodwill to the CGU, or group of CGUs, that we expect will benefit from the acquisition. See note 2(l), Impairment of goodwill, intangible assets and property, plant and equipment.

Intangible assets:

We record intangible assets on our consolidated balance sheet at fair value on the date of acquisition. We capitalize intangible assets when the economic benefits associated with the asset are probable and when the cost can be measured reliably. We estimate the useful life of intangible assets based on the nature of the asset, historical experience and the projected period of expected future economic benefits to be provided by the asset. In subsequent reporting periods, we measure intangible assets at cost less accumulated amortization and accumulated impairment losses. We amortize these assets on a straight-line basis over their estimated useful lives as follows:

Intellectual property	3 to 5 years
Other intangible assets	4 to 10 years
Computer software assets	1 to 10 years

Intellectual property assets consist primarily of certain non-patented intellectual property and process technology. Other intangible assets consist primarily of customer relationships and contract intangibles. Computer software assets consist primarily of software licenses. We review our estimates of residual values, useful lives and the methods of amortization annually at each year end and, if required, adjust for these prospectively. We reflect changes in useful lives on a prospective basis.

(l) Impairment of goodwill, intangible assets and property, plant and equipment:

We review the carrying amounts of goodwill, intangible assets and property, plant and equipment for impairment on an annual basis and whenever events or changes in circumstances (triggering events) indicate that the carrying amount of an asset or CGU may not be recoverable. If any such indication exists, we test the carrying amount of an asset or a CGU for impairment. Absent triggering events during the year, we conduct our annual impairment assessment in the fourth quarter of the year to correspond with our annual planning cycle. Judgment is required in the determination of our CGUs and whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment.

We recognize an impairment loss when the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is measured as the greater of its value-in-use and its fair value less costs to sell. The process of determining the recoverable amount is subjective and requires management to exercise significant judgment in estimating future growth and discount rates and projecting cash flows, among other factors. The process of determining fair value less costs to sell requires valuations and use of appraisals. Where applicable, we work with independent brokers to obtain market prices to estimate our real property values. We recognize impairment losses in our consolidated statement of operations. We first allocate impairment losses in respect of a CGU to reduce the carrying amount of goodwill and then to reduce the carrying amount of other assets in the CGU or group of CGUs on a pro rata basis.

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

(m) Provisions:

We recognize a provision for legal or constructive obligations arising from past events when the amount can be reliably estimated and it is probable that an outflow of resources will be required to settle an obligation. The nature and type of provisions vary and management judgment is required to determine the extent of an obligation and whether the outflow of resources is probable. At the end of each reporting period, we evaluate the appropriateness of the remaining balances. We may require adjustments to the recorded amounts to reflect actual experience or changes in future estimates.

Restructuring:

We incur restructuring charges relating to workforce reductions, site consolidations and costs associated with exiting businesses. Our restructuring charges include employee severance and benefit costs, gains, losses or impairments related to owned sites and equipment we no longer use and which are available for sale, impairment of related intangible assets, and costs related to leased sites and equipment we no longer use.

The recognition of these charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with these restructuring plans. Our major assumptions include the timing and number of employees we will terminate, the measurement of termination costs, the timing and amount of lease obligations, and the timing of disposition and estimated fair values less costs to sell for assets we no longer use and which are available for sale. We recognize employee termination costs in the period the detailed plans are approved and when the employees are informed of their termination. For owned sites and equipment that are no longer in use and are available for sale, we recognize an impairment loss based on the fair value less costs to sell, with fair value estimated based on market prices for similar assets. We may engage independent third parties to determine the fair value less costs to sell for these assets. For leased sites that we have vacated, we discount the lease obligation based on future lease payments net of estimated sublease income. We recognize the change in provisions due to the passage of time as finance costs. To estimate future sublease income, we work with independent brokers to determine the estimated tenant rents we can expect to realize. At the end of each reporting period, we evaluate the appropriateness of the remaining balances. We may require adjustments to the recorded amounts to reflect actual experience or changes in future estimates.

Legal:

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes and other matters. We recognize a provision for claims based on management's estimate of the probable outcome. Judgment is required when there is a range of possible outcomes. Management considers the degree of probability of the outcome and the ability to make a reasonable estimate of the loss. We may also use third party advisors in making our determination. The filing of a suit or formal assertion of a claim does not automatically trigger a requirement to record a provision. The ultimate outcome, including the amount and timing of any payments required, may vary significantly from our original estimates. Potential material obligations that have not been recognized as provisions, as the outcome is remote or not probable, or the amount cannot be reliably estimated, are disclosed as contingent liabilities. See note 23.

Warranty:

We offer product and service warranties to our customers. We record a provision for future warranty costs based on management's estimate of probable claims under these warranties. Management considers several factors including the terms of the warranty (which vary by customer, product or service), the current volume of products sold or services rendered during the warranty period, and historical warranty information. We review and adjust these estimates as necessary to reflect our experience and new information. The amount and aging of our provision will vary depending on various factors including the length of the warranty offered, the remaining life of the warranty and the extent and timing of warranty claims. We have classified a portion of our warranty provision as current and a portion as non-current.

(n) Employee benefits:

Pension and non-pension post-employment benefits:

We classify pension and non-pension post-employment benefits as either defined contribution plans or defined benefit plans.

Under defined contribution plans, our obligation is to make a fixed contribution to a separate entity. The related investment risk is borne by the employee. We recognize our obligations to make contributions to defined contribution plans as an employee benefit expense in our consolidated statement of operations in the period the employee services are rendered.

Under defined benefit plans, our obligation is to provide an agreed upon benefit to specified plan participants. We remain exposed to the actuarial and investment risks with respect to defined benefit plans. The net obligation is actuarially determined using the projected unit credit method, based on service and management's estimates. Actuarial valuations require management to make certain judgments and estimates relating to salary escalation, compensation levels at the time of retirement, retirement ages, the discount rate used in measuring the net interest on the net defined benefit asset or liability, and expected healthcare costs (as applicable). These actuarial assumptions could change from period-to-period and actual results could differ materially from the estimates originally made by management. We evaluate our assumptions on a regular basis, taking into consideration current market conditions and historical data. Market driven changes may affect the actual rate of return on plan assets compared to our assumptions, as well as our discount rates and other variables which could cause actual results to differ materially from our estimates. Changes in assumptions could impact our defined benefit pension plan valuations and our future defined benefit pension plan expense and funding.

Our obligation for each defined benefit plan consists of the present value of the defined benefit obligation less the fair value of plan assets, and is presented on a net basis on our consolidated balance sheet. When the actuarial calculation results in a benefit, the asset we recognize is restricted to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, we also consider any minimum funding requirements that apply to the plan. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

We recognize past service costs or credits arising from plan amendments, whether vested or unvested, immediately in our consolidated statement of operations. We determine the net interest expense (income) on the net defined benefit liability (asset) for each year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability (asset) position, taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of operations. The difference between the interest income on plan assets and the actual net return on plan assets is included in the re-measurement of the net defined benefit liability (asset). We recognize actuarial gains and losses on plan assets or obligations, as well as any year over year change in the impairment of the balance sheet position in other comprehensive income (OCI) and we reclassify the amounts to deficit. Curtailment gains or losses may arise from significant changes to a plan. We record curtailment gains or losses in our consolidated statement of operations when the curtailment occurs.

Stock-based compensation:

We generally grant stock options, performance share units (PSUs) and restricted share units (RSUs) to employees as part of our stock-based compensation plans. Stock options and RSUs vest in installments over the vesting period. Stock options generally vest 25% per year for four years, and RSUs vest approximately one-third per year for three years. We treat each installment of stock options and RSUs as a separate grant in determining the compensation expense. PSUs vest at the end of their respective terms, generally three years from the grant date, to the extent that specified performance conditions have been met.

Options are exercisable for subordinate voting shares. We recognize the grant date fair value of options granted to employees as compensation expense in our consolidated statement of operations, with a corresponding charge to contributed surplus in our consolidated balance sheet, over the vesting period. We

adjust compensation expense to reflect the estimated number of options we expect to vest at the end of the vesting period. When options are exercised, we credit the proceeds to capital stock in our consolidated balance sheet. We measure the fair value of options using the Black-Scholes option pricing model. Measurement inputs include the price of our subordinate voting shares on the grant date, the exercise price of the option, and our estimates of the following: expected price volatility of our subordinate voting shares (based on weighted average historic volatility), weighted average expected life of the option (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate.

The cost we record for RSUs, for all PSUs granted prior to 2011, and for 40% of the PSUs granted in each of 2013 and 2014, is based on the market value of our subordinate voting shares at the time of grant. The cost we record for these PSUs, which vest based on a non-market performance condition related to the achievement by the Company of pre-determined financial targets over a specified period, is based on our estimate of the outcome of such performance condition. We adjust the cost of these PSUs as new facts and circumstances arise; the timing of these adjustments is subject to judgment. We generally record adjustments to the cost of these PSUs during the last year of the three-year term based on management's estimate of the level of achievement of such performance conditions. We amortize the cost of RSUs and these PSUs to compensation expense in our consolidated statement of operations, with a corresponding charge to contributed surplus in our consolidated balance sheet, over the vesting period. Historically, we have generally settled these awards with subordinate voting shares purchased in the open market by a trustee, or by issuing subordinate voting shares from treasury. However, under certain circumstances, we have also cash-settled certain awards which we account for as liabilities. We re-measure the liabilities based on our share price at each reporting date and at the settlement date, with a corresponding charge or recovery recorded in our consolidated statement of operations.

We determine the cost we record for all PSUs granted in 2011 and 2012, and 60% of the PSUs granted in each of 2013 and 2014, using a Monte Carlo simulation model. The number of awards expected to vest is factored into the grant date Monte Carlo valuation for the award. The number of these PSUs that will vest depends on the level of achievement of a market performance condition, over a three-year period, based on our total shareholder return (TSR) relative to the TSR of a pre-defined electronics manufacturing services (EMS) competitor group. We do not adjust the grant date fair value regardless of the eventual number of awards that vest based on the level of achievement of the market performance condition. We recognize compensation expense in our consolidated statement of operations on a straight-line basis over the requisite service period and we reduce this expense for the estimated PSU awards that are not expected to vest because the employment conditions are not expected to be satisfied.

We grant deferred share units (DSUs) to certain members of our Board of Directors as part of their compensation, which is comprised of an annual equity award, an annual retainer, and meeting fees. In the case of the annual equity award, which is granted in equal amounts each quarter, the number of DSUs we grant is determined by dividing the dollar value of the award by the closing price of our subordinate voting shares on the NYSE on the last business day of the quarter. In the case of the annual retainer and meeting fees, the number of DSUs we grant is determined by dividing either 50% or 100% (depending on the election made by each director), of the dollar value of the retainer and fees earned in the quarter by the closing price of our subordinate voting shares on the NYSE on the last business day of the quarter. Each DSU represents the right to receive one subordinate voting share or an equivalent value in cash after the individual ceases to serve as a director. For DSUs granted prior to January 1, 2007, we may settle these share units with subordinate voting shares issued from treasury or purchased in the open market, or with cash. For DSUs granted after January 1, 2007, we may only settle these share units with subordinate voting shares purchased in the open market or with cash. We expense the cost of DSUs through SG&A in our consolidated statement of operations in the period the services are rendered.

(o) Deferred financing costs:

Deferred financing costs consist of costs relating to our revolving credit facility which we amortize to our consolidated statement of operations on a straight-line basis over the term of the facility. We record financing costs relating to the issuance of any long-term debt as a reduction to the cost of the related debt which we amortize to our consolidated statement of operations over the term of the related debt or when the debt is retired, if earlier.

(p) Income taxes:

Our income tax expense for the period is comprised of current and deferred income taxes. Current taxes and deferred taxes are recognized in our consolidated statement of operations, except to the extent that they relate to items recognized in OCI or directly in equity, in which case, the taxes are also recognized in OCI or directly in equity, respectively.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain until we resolve it with the relevant tax authority, which may take many years. The final tax outcome of these matters may be different from the estimates management originally made in determining our tax provision. Management periodically evaluates the positions taken in our tax returns with respect to situations in which applicable tax rules are subject to interpretation. We establish provisions related to tax uncertainties where appropriate based on our estimate of the amount that ultimately will be paid to or received from tax authorities. We recognize accrued interest and penalties relating to tax uncertainties in current income tax expense. The various judgments and estimates by management in establishing provisions related to tax uncertainties will significantly affect the amounts we recognize in our consolidated financial statements.

We use the liability method of accounting for deferred income taxes. Under this method, we recognize deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. We measure deferred income taxes using tax rates and laws that have been enacted or substantively enacted (pursuant to IFRS rules) at the reporting date and that we expect will apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. We recognize deferred income tax assets only to the extent that it is probable, based on management's estimates that future taxable profit will be available against which the deductible temporary differences as well as unused tax losses and tax credit carryforwards can be utilized. Estimates of future taxable profit in different tax jurisdictions are an area of estimation uncertainty. We review our deferred income tax assets at each reporting date and reduce them to the extent it is no longer probable that we will realize the related tax benefits. We recognize the effect of a change in income tax rates in the period of enactment or substantive enactment.

We do not recognize deferred income taxes if they arise from the initial recognition of goodwill, or for temporary differences arising from the initial recognition of an asset or a liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. We also do not recognize deferred income taxes on temporary differences relating to investments in subsidiaries to the extent we are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

During each period, we record current income tax expense or recovery based on taxable income earned or loss incurred in each tax jurisdiction where we operate, and for any adjustments to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the balance sheet date.

(q) Financial assets and financial liabilities:

We recognize financial assets and financial liabilities initially at fair value and subsequently measure these at either fair value or amortized cost based on their classification as described below. See note 2(s), Impairment of financial assets.

Fair value through profit or loss:

Financial assets and financial liabilities that we purchase or incur, respectively, with the intention of generating earnings in the near term, and derivatives other than hedging instruments, are classified as fair value through profit or loss. This category includes our short-term investments in money market funds grouped with cash equivalents, and derivative assets and derivative liabilities not qualifying for hedge accounting. We initially recognize investments in our consolidated balance sheet at fair value and recognize subsequent changes in our consolidated statement of operations. We expense transaction costs as incurred in our consolidated statement of operations.

Held-to-maturity investments:

Securities that have fixed or determinable payments and a fixed maturity date, which we intend to and have the ability to hold to maturity, are classified as held-to-maturity investments and include our term deposits that we group with cash equivalents. We initially recognize held-to-maturity financial assets in our consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measure these at amortized cost using the effective interest rate method, less any impairment losses.

Loans and receivables:

We classify financial assets with fixed or determinable payments, such as our accounts receivable, as loans and receivables. This category excludes any derivative assets or assets that are quoted in active markets. We initially recognize loans and receivables in our consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measure these at amortized cost using the effective interest rate method, less any impairment losses.

Other financial liabilities:

This category is for financial liabilities that are not classified as fair value through profit or loss and includes accounts payable, the majority of our accrued liabilities and certain other provisions. We record these financial liabilities at amortized cost in the consolidated balance sheet.

Available-for-sale:

We currently do not hold any financial assets designated as available-for-sale.

(r) Derivatives and hedge accounting:

We enter into forward exchange and option contracts to hedge the cash flow risk associated with firm purchase commitments and forecasted transactions in foreign currencies that are considered highly probable and to hedge foreign-currency denominated balances. We use estimates to forecast future cash flows and the future financial position of net monetary assets or liabilities denominated in foreign currencies. We apply hedge accounting to those hedge transactions that are considered effective. Management assesses the effectiveness of hedges by comparing actual outcomes against these estimates on a regular basis. Subsequent revisions in estimates of future cash flow forecasts, if significant, may result in the discontinuation of hedge accounting for that hedge. We do not enter into derivative contracts for speculative purposes.

At the inception of a hedging relationship, we formally document the relationship between our hedging instrument and the hedged item, as well as our risk management objectives and strategy for undertaking the various hedge transactions. Our process includes linking all derivatives to specific assets and liabilities on our consolidated balance sheet or to specific firm commitments or forecasted transactions. We also formally assess, both at the hedge's inception and at the end of each quarter, whether the derivatives used in hedged transactions are highly effective in offsetting changes in the cash flows of the hedged items. We record the gain or loss from these forward contracts in the same line item where the underlying exposures are recognized in our consolidated statement of operations. For our non-designated hedges against our balance sheet exposures denominated in foreign currencies, we record the gain or loss from these forward contracts in SG&A.

Forward contracts not designated as hedges are marked to market each period, resulting in a gain or loss in our consolidated statement of operations.

We measure all derivative contracts at fair value in our consolidated balance sheet. The majority of our derivative assets and liabilities arise from foreign currency forward contracts that we designate as cash flow hedges. In a cash flow hedge, we defer the changes in the fair value of the hedging derivative, to the extent effective, in OCI until we recognize the asset, liability or forecasted transactions being hedged in our consolidated statement of operations. For hedges that we discontinue before the end of the original hedge term, we amortize the unrealized hedge gain or loss in OCI to operations in our consolidated statement of operations over the remaining duration of the original hedge term. If the hedged item ceases to exist before the end of the original hedge term, we recognize the unrealized hedge gain or loss in OCI immediately in our consolidated statement of operations. For our current cash flow hedges, the majority of the underlying expenses we hedge are included in cost of sales in our consolidated statement of operations.

We value our derivative assets and liabilities based on inputs that are either readily available in public markets or derived from information available in public markets. The inputs we use include discount rates and forward exchange rates. Changes in these inputs can cause significant volatility in the fair value of our financial instruments in the short-term.

(s) Impairment of financial assets:

We review financial assets at each reporting date and these are deemed to be impaired when objective evidence resulting from one or more events subsequent to the initial recognition of the asset indicates the estimated future cash flows of the asset have been negatively impacted. We measure an impairment loss as the excess of the carrying amount over the present value of the estimated future cash flows discounted using the financial asset's original discount rate and we recognize this loss in our consolidated statement of operations.

(t) Revenue:

We derive the majority of our revenue from the sale of electronic products and services that we have manufactured and provided to customer specifications. Our range of services includes design, engineering, manufacturing, assembly and test, fulfillment and after-market services. We recognize revenue from the sale of products and services rendered when the significant risks and rewards of ownership associated with the products sold or services rendered have passed to the buyer and no material uncertainties remain as to the collection of our receivables and we have no further performance obligations thereunder other than our manufacturing or service warranties.

We provide warehousing services in connection with manufacturing services to certain customers. We assess the contracts to determine whether the manufacturing and warehousing services can be accounted for as separate units of accounting. If the services do not constitute separate units of accounting, or the manufacturing services do not meet all of the revenue recognition requirements under IFRS, we defer recognizing revenue until we have shipped the products to the customer.

(u) Government grants:

We may receive government grants related to equipment purchases or other expenditures. We recognize these grants when there is reasonable assurance that we will retain the benefits. If we receive a grant but do not have reasonable assurance that we will comply with the conditions of the grant, we will defer the grant and record a liability on our consolidated balance sheet until the conditions are fulfilled. For grants that relate to the purchase of equipment, we reduce the cost of the asset in the period the cost is incurred or when the conditions are fulfilled, and we calculate amortization on the net amount. For grants that relate to operating expenditures, we reduce the expense in the period the cost is incurred or when the conditions are fulfilled.

(v) Research and development:

We incur costs relating to research and development activities. We expense these costs as incurred in our consolidated statement of operations unless development costs meet certain criteria under IFRS for capitalization. We did not capitalize any research and development costs in 2014, 2013 or 2012.

(w) Earnings per share (EPS):

We calculate basic EPS by dividing net earnings by the weighted average number of shares outstanding during the period. We calculate diluted EPS using the treasury stock method, which reflects the potential dilution from stock-based awards that are issued from treasury.

(x) Recently adopted accounting pronouncements:

IAS 32, Financial Instruments — Presentation (revised):

Effective January 1, 2014, we adopted this amendment issued by the IASB which clarifies the requirements for offsetting financial assets and liabilities. The adoption of this amendment did not have a material impact on our consolidated financial statements.

IFRIC Interpretation 21, Levies:

Effective January 1, 2014, we adopted this interpretation issued by the IASB which clarifies when the liability for certain levies should be recognized and requires retroactive adoption. The adoption of this interpretation did not have a material impact on our consolidated financial statements.

(y) Recently issued accounting pronouncements:

IFRS 15, Revenue from Contracts with Customers:

In May 2014, the IASB issued this standard which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. We do not intend to adopt this standard early and are currently evaluating the anticipated impact of adopting this standard on our consolidated financial statements.

IFRS 9, Financial Instruments:

In July 2014, the IASB issued this standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement.* The standard is effective for annual periods beginning on or after January 1, 2018, and allows earlier adoption. The standard introduces a new model for the classification and measurement of financial assets, a single expected credit loss model for the measurement of the impairment of financial assets, and a new model for hedge accounting that is aligned with a company's risk management activities. We do not intend to adopt this standard early and are currently evaluating the anticipated impact of adopting this standard on our consolidated financial statements.

3. ACQUISITIONS:

We did not complete any acquisitions in 2014 or 2013.

In September 2012, we completed the acquisition of D&H Manufacturing Company (D&H), a manufacturer of precision machined components and assemblies based in California, U.S.A. D&H provides manufacturing and engineering services, coupled with dedicated capacity and equipment for prototype and quick-turn support, to semiconductor capital equipment manufacturers. We financed the purchase price of $71.0, net of cash acquired, from cash on hand. None of the goodwill was deductible for tax purposes. We expensed acquisition-related transaction costs of $0.9 during 2012 in other charges in our consolidated statement of operations.

Details of the purchase price allocation are as follows:

Current assets, net of cash acquired	$ 21.6
Property, plant and equipment and other long-term assets	15.1
Customer intangible assets and computer software assets	24.0
Goodwill	26.4
Current liabilities	(4.2)
Deferred income taxes and other long-term liabilities	(11.9)
	$ 71.0

The acquisition did not have a significant impact on our consolidated results of operations in the year of acquisition.

Pro forma disclosure: Revenue and earnings for 2012 would not have been materially different had the acquisition occurred at the beginning of 2012.

In the fourth quarter of 2014, as a result of our annual impairment assessment of goodwill and intangible assets, we recorded an impairment charge against the goodwill of our semiconductor CGU. See notes 8 and 15(b).

4. ACCOUNTS RECEIVABLE:

In November 2012, we amended our existing accounts receivable sales agreement to sell up to $375.0 at any one time in accounts receivable on an uncommitted basis (subject to pre-determined limits by customer) to two third-party banks to, among other things, amend the obligor limits thereunder. In November 2013, we further amended the agreement to reduce its overall capacity to $250.0 based upon our annual review of our requirements under this agreement. In November 2014, we again amended this agreement at the same capacity and added a third bank. Each of these banks had a Standard and Poor's long-term rating of A or above and a short-term rating of A-1 at December 31, 2014. The term of this agreement has been extended through the foregoing amendments for additional one-year periods (and is currently extendable to November 2016 under specified circumstances), but may be terminated earlier as provided in the agreement. At December 31, 2014, we had sold $50.0 of accounts receivable under this facility (December 31, 2013 — $50.0). The accounts receivable sold are removed from our consolidated balance sheet and reflected as cash provided by operating activities in our consolidated statement of cash flows. Upon sale, we assign the rights to the accounts receivable to the banks. We continue to collect cash from our customers and remit the cash to the banks when collected. We pay interest and fees which we record in finance costs in our consolidated statement of operations.

5. INVENTORIES:

Inventories is comprised of the following:

	December 31	
	2013	2014
Raw materials	$527.7	$458.3
Work in progress	109.8	96.8
Finished goods	179.7	163.9
	$817.2	$719.0

We record our inventory provisions and valuation recoveries in cost of sales. We record inventory provisions to reflect write-downs in the value of our inventory to net realizable value, and valuation recoveries primarily to reflect realized gains on the disposition of inventory previously written down to net realizable value. During 2014, we recorded net inventory provisions of $5.8 (2013 — net provisions of $7.9; 2012 — net provisions of $5.3). We regularly review our estimates and assumptions used to value our inventory through analysis of historical performance. During 2012, our net inventory provisions of $5.3 were comprised of new provisions of $10.9 for aged inventory, offset in part by a $5.6 provision reversal for the improved recovery of certain inventory.

6. ASSETS CLASSIFIED AS HELD FOR SALE:

As a result of previously announced restructuring actions, we reclassified certain assets as held for sale. At the time of reclassification, we recorded an impairment loss in restructuring charges, where the carrying value of those assets exceeded the fair value less estimated costs to sell. See note 15(a). We have programs underway to sell these assets.

At December 31, 2014, we had $28.3 (December 31, 2013 — $30.2) of assets classified as held for sale, primarily land and buildings in Europe and the Americas.

7. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are comprised of the following:

	2013		
	Cost	Accumulated Depreciation and Impairment	Net Book Value
Land	$ 24.3	$ 7.8	$ 16.5
Buildings including improvements	296.9	141.3	155.6
Machinery and equipment	681.0	539.5	141.5
	$1,002.2	$688.6	$313.6

	2014		
	Cost	Accumulated Depreciation and Impairment	Net Book Value
Land	$ 22.7	$ 7.8	$ 14.9
Buildings including improvements	294.7	147.8	146.9
Machinery and equipment	686.2	535.6	150.6
	$1,003.6	$691.2	$312.4

The following table details the changes to the net book value of property, plant and equipment for the years indicated:

	Land	Buildings including Improvements	Machinery and Equipment	Total
Balance — January 1, 2013	$19.0	$162.2	$155.8	$337.0
Additions	—	11.1	34.2	45.3
Depreciation	—	(14.5)	(45.0)	(59.5)
Reclassification to assets held for sale and other disposals	(0.1)	(1.9)	(3.3)	(5.3)
Foreign exchange and other	(2.4)	(1.3)	(0.2)	(3.9)
Balance — December 31, 2013[(i)]	16.5	155.6	141.5	313.6
Additions	—	7.6	53.0	60.6
Depreciation	—	(15.1)	(43.0)	(58.1)
Reclassification to assets held for sale and other disposals	—	(0.1)	(0.3)	(0.4)
Foreign exchange and other	(1.6)	(1.1)	(0.6)	(3.3)
Balance — December 31, 2014[(i)]	$14.9	$146.9	$150.6	$312.4

(i) The net book value of property, plant and equipment at December 31, 2014 included $0.2 (December 31, 2013 — $0.3) of assets under finance leases.

8. GOODWILL AND INTANGIBLE ASSETS:

Goodwill and intangible assets are comprised of the following:

	2013		
	Cost	Accumulated Amortization and Impairment	Net Book Value
Goodwill	$ 74.9	$ 14.6	$60.3
Intellectual property	$111.3	$111.3	$—
Other intangible assets	239.1	203.7	35.4
Computer software assets	276.2	267.4	8.8
	$626.6	$582.4	$44.2

	2014		
	Cost	Accumulated Amortization and Impairment	Net Book Value
Goodwill	$ 74.9	$ 55.4	$19.5
Intellectual property	$111.3	$111.3	$—
Other intangible assets	237.5	209.1	28.4
Computer software assets	276.7	269.9	6.8
	$625.5	$590.3	$35.2

The following table details the changes to the net book value of goodwill and intangible assets for the years indicated:

	Goodwill	Other Intangible Assets	Computer Software Assets	Total
Balance — January 1, 2013	$ 60.3	$41.5	$11.5	$113.3
Additions	—	—	3.1	3.1
Amortization	—	(6.5)	(5.7)	(12.2)
Foreign exchange and other	—	0.4	(0.1)	0.3
Balance — December 31, 2013	60.3	35.4	8.8	104.5
Additions	—	—	3.2	3.2
Amortization	—	(6.3)	(4.3)	(10.6)
Impairment loss (note 15(b))	(40.8)	—	—	(40.8)
Foreign exchange and other	—	(0.7)	(0.9)	(1.6)
Balance — December 31, 2014	$ 19.5	$28.4	$ 6.8	$ 54.7

We conduct our annual impairment assessment of goodwill and intangible assets in the fourth quarter of each year (corresponding to our annual planning cycle) and whenever events or changes in circumstances indicate that the carrying amount of an asset, CGU or a group of CGUs may not be recoverable. See notes 2(l) and 15(b). We recognize an impairment loss when the carrying amount of an asset, CGU or a group of CGUs exceeds its recoverable amount, which is measured as the greater of its value-in-use and its fair value less costs to sell.

Prior to our 2014 annual impairment assessment, we did not identify any triggering event during the course of 2014 that would indicate the carrying amount of our assets and CGUs may not be recoverable. In the fourth quarter of 2014, we completed our annual impairment assessment of goodwill and intangible assets, and as a result thereof, recorded an impairment charge of $40.8 against the goodwill of our semiconductor CGU. See note 15(b). In 2013, we recorded no impairment against goodwill or intangible assets. In the fourth quarter of 2012, we recorded impairment charges of $14.6 against goodwill and $0.7 against computer software assets.

9. OTHER NON-CURRENT ASSETS:

	December 31	
	2013	2014
Net pension assets (note 18)	$40.3	$60.3
Land rights	12.2	11.8
Other	2.5	2.9
	$55.0	$75.0

10. PROVISIONS:

Our provisions include restructuring, warranty, legal and other provisions. We have included a description of our restructuring, warranty and legal provisions in note 2(m). We include details of our restructuring provision in note 15(a). The following chart details the changes in our provisions for the year indicated:

	Restructuring	Warranty	Legal(i)	Other(ii)	Total
Balance — December 31, 2013	$ 18.0	$21.4	$ 1.7	$ 4.3	$ 45.4
Provisions	0.9	11.5	39.3	0.4	52.1
Reversal of prior year provisions(iii)	(2.9)	(9.0)	(0.1)	—	(12.0)
Payments/usage	(14.1)	(6.1)	(0.1)	(0.3)	(20.6)
Accretion, foreign exchange and other	—	(0.6)	0.4	—	(0.2)
Balance — December 31, 2014	$ 1.9	$17.2	$41.2	$ 4.4	$ 64.7
Current	$ 1.9	$ 6.2	$41.2	$—	$ 49.3
Non-current(iv)	—	11.0	—	4.4	15.4
December 31, 2014	$ 1.9	$17.2	$41.2	$ 4.4	$ 64.7

(i) During 2014, we recorded provisions for various legal actions based on our estimates of the likely outcomes. The majority of such provisions is covered by insurance recoveries which we have recorded in other current assets in our consolidated balance sheet. At the end of each reporting period, we evaluate the appropriateness of our provisions, and adjustments may be made to reflect actual experience or changes in our estimates.

(ii) Other includes our asset retirement obligations of $4.3, relating primarily to leased sites.

(iii) During 2014, we reversed prior year restructuring provisions primarily to reflect lower than estimated lease payouts related to operations we intend to close. We also reversed prior year warranty provisions for our expired warranties. In addition, during the third quarter of 2014, we reviewed the estimates and assumptions used to determine our warranty provision and recorded a net reversal of $2.5 to reflect adjustments based on historical experience.

(iv) Non-current balances are included in provisions and other non-current liabilities in our consolidated balance sheet.

See note 23 regarding contingent liabilities.

11. CREDIT FACILITIES:

Our $400.0 revolving credit facility was scheduled to mature in January 2015. This facility included an accordion feature that would have allowed us to increase the credit limit under this facility by an additional $50.0 upon satisfaction of certain terms and conditions. In October 2014, we amended this facility under generally similar terms and conditions, extending its maturity to October 2018. Based on a review of our overall requirements, the credit limit of the amended facility was reduced to $300.0, with an accordion feature that allows us to increase this limit by an additional $150.0 upon satisfaction of certain terms and conditions. The facility includes a $25.0 swing line, subject to the overall credit limit, that provides for short-term borrowings up to a maximum of seven days. Borrowings under this facility bear interest for the period of the draw at LIBOR, Prime or Federal Funds rate plus a margin. The credit facility permits us and certain designated subsidiaries to borrow funds for general corporate purposes (including acquisitions). We are required to comply with certain restrictive covenants in respect of the facility, including those relating to the incurrence of senior ranking indebtedness, the sale of assets, a change of control, and certain financial covenants related to indebtedness and interest coverage. Certain of our assets are pledged as security for borrowings under this facility.

Borrowings under our revolving credit facility have historically been outstanding for fewer than 90 days. In December 2012, we completed a substantial issuer bid (SIB) to repurchase and cancel $175.0 of our subordinate voting shares, $55.0 of which were funded through this facility and repaid in full in the first half of 2013.

See note 12. At December 31, 2014, there were no amounts outstanding under this credit facility (December 31, 2013 — no amounts outstanding), and we were in compliance with all applicable restrictive and financial covenants required by this facility. Commitment fees paid in 2014 were $2.0 (2013 and 2012 — $2.0 per year). At December 31, 2014, we had $28.5 (December 31, 2013 — $29.7) outstanding in letters of credit under this facility.

We also have a total of $70.0 of uncommitted bank overdraft facilities available for intraday and overnight operating requirements. There were no amounts outstanding under these overdraft facilities at December 31, 2014 or December 31, 2013.

The amounts we borrow and repay under these facilities can vary significantly from month-to-month depending upon our working capital and other cash requirements.

12. CAPITAL STOCK:

We are authorized to issue an unlimited number of subordinate voting shares, which entitle the holder to one vote per share, and an unlimited number of multiple voting shares, which entitle the holder to 25 votes per share. 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, except as otherwise required by law. The holders of the subordinate voting shares and multiple voting shares are entitled to share ratably, as a single class, in any dividends declared subject to any preferential rights of any outstanding preferred shares in respect of the payment of dividends. Each multiple voting share is convertible at any time at the option of the holder thereof and automatically, under certain circumstances, into one subordinate voting share. We are also authorized to issue an unlimited number of preferred shares, issuable in series. No preferred shares have been issued to date.

(a) Capital transactions:

Number of shares (in millions)	Subordinate Voting Shares	Multiple Voting Shares
Issued and outstanding at December 31, 2013	162.0	18.9
Issued from treasury[(i)]	2.1	—
Cancelled under NCIB	(8.5)	—
Issued and outstanding at December 31, 2014	155.6	18.9

(i) During 2014, we issued 1.1 million (2013 — 1.2 million; 2012 — 1.2 million) subordinate voting shares upon the exercise of employee stock options for cash proceeds of $7.8 (2013 — $7.1; 2012 — $7.5). We also issued 1.0 million (2013 — 1.1 million; 2012 — 0.8 million) subordinate voting shares from treasury with an ascribed value of $8.6 (2013 — $9.3; 2012 — $7.7) upon the vesting of certain RSUs. We also settled RSUs and PSUs with subordinate voting shares purchased in the open market. Settlement of these awards is described below.

We have repurchased subordinate voting shares in the open market and otherwise for cancellation in recent years pursuant to normal course issuer bids (NCIBs), which allow us to repurchase a limited number of subordinate voting shares during a specified period, and pursuant to an SIB. As part of the NCIB process, we have entered into Automatic Share Purchase Plans (ASPPs) with brokers, that allow such brokers to purchase our subordinate voting shares in the open market on our behalf, for cancellation under our NCIBs (including during any applicable trading blackout periods). In addition, we have entered into program share repurchases (PSRs) as part of the NCIB process, pursuant to which we make a pre-payment to a broker in consideration for the right to receive a variable number of subordinate voting shares upon such PSR's completion. Under such PSRs, the price and number of subordinate voting shares to be repurchased by us is determined based on a discount to the volume weighted average market price of our subordinate voting shares during the term of the PSR, subject to certain terms and conditions. The subordinate voting shares repurchased under any PSR are cancelled upon completion of each PSR under the NCIB.

In August 2014, we completed an NCIB launched in August 2013 (the 2013 NCIB), which allowed us to repurchase, at our discretion, up to approximately 9.8 million subordinate voting shares in the open market, or as otherwise permitted. During 2014, we paid $59.6 (including transaction fees) to repurchase and cancel 5.5 million subordinate voting shares at a weighted average price of $10.82 per share under the 2013 NCIB, including 4.0 million subordinate voting shares repurchased pursuant to two PSRs and 0.9 million subordinate voting shares repurchased pursuant to an ASPP completed during the term of the 2013 NCIB. The maximum number of subordinate voting shares we were permitted to repurchase for cancellation under the 2013 NCIB was reduced by 0.3 million subordinate voting shares we purchased in the open market during the term of the 2013 NCIB to satisfy obligations under our stock-based compensation plans.

On September 9, 2014, the TSX accepted our notice to launch a new NCIB (the 2014 NCIB), which allows us to repurchase, at our discretion, until the earlier of September 10, 2015 or the completion of purchases thereunder, up to approximately 10.3 million subordinate voting shares (representing approximately 5.8% of our total outstanding subordinate voting and multiple voting shares at the time of launch) in the open market or as otherwise permitted, subject to the normal terms and limitations of such bids. During 2014, we paid $31.0 (including transaction fees) to repurchase and cancel 2.9 million subordinate voting shares under the 2014 NCIB at a weighted average price of $10.53 per share. In December 2014, the TSX accepted our notice to amend the 2014 NCIB to permit the repurchase of our subordinate voting shares thereunder through one or more PSRs. In connection therewith, we paid $50.0 to a broker in December 2014 under a PSR for the right to receive a variable number of our subordinate voting shares upon such PSR's completion. We completed this PSR on January 28, 2015 pursuant to which we repurchased and cancelled 4.4 million subordinate voting shares at a weighted average price of $11.38 per share.

During 2013, we paid $43.6 (including transaction fees) to repurchase and cancel 4.1 million subordinate voting shares under the 2013 NCIB, at a weighted average price of $10.70 per share. At December 31, 2013, we recorded a liability of $9.8, representing the estimated cash required to repurchase the remaining 0.9 million subordinate voting shares available for purchase under the ASPP described above.

During the third quarter of 2012, we completed an NCIB launched in February 2012 (the 2012 NCIB), which allowed us to repurchase up to 16.2 million subordinate voting shares in the open market or as otherwise permitted. During 2012, we paid $113.8 (including transaction fees) to repurchase and cancel 13.3 million subordinate voting shares under the 2012 NCIB, at a weighted average price of $8.52 per share. The maximum number of subordinate voting shares we were permitted to repurchase for cancellation under the 2012 NCIB was reduced by 2.6 million subordinate voting shares we purchased in the open market during its term to satisfy obligations under our stock-based compensation plans. In the fourth quarter of 2012, we completed an SIB, pursuant to which we paid $175.0 to repurchase and cancel 22.4 million subordinate voting shares. We funded the repurchases under the SIB using $120.0 of cash on hand and $55.0 of cash drawn from our revolving credit facility. See note 11.

(b) *Stock-based compensation*:

Long-Term Incentive Plan (LTIP):

Under the LTIP, we may grant stock options, stock appreciation rights, RSUs and PSUs to eligible employees, consultants and directors. We have the option to settle these awards in subordinate voting shares purchased in the open market, or in cash, or we may issue up to 29.0 million in subordinate voting shares from treasury.

Celestica Share Unit Plan (CSUP):

Under the CSUP, we may grant RSUs and PSUs to eligible employees. We have the option to settle RSUs and PSUs issued thereunder in subordinate voting shares purchased in the open market, or in cash.

For DSUs issued to eligible directors under our Directors' Share Compensation Plan, see note 12(c).

During 2014, we recorded employee stock-based compensation expense, which excludes DSU expense, of $28.4 (2013 — $29.2; 2012 — $35.6) in cost of sales and SG&A. The amount of our employee stock-based compensation expense varies from period-to-period. The portion of our expense that relates to a non-market performance condition generally varies depending on the level of achievement of pre-determined performance goals and financial targets.

(i) Stock option plans:

We have granted stock options under our LTIP. Options are granted at prices equal to the closing market price on the day prior to the grant date and are exercisable during a period not to exceed 10 years from the grant date.

Stock option transactions were as follows for the years indicated:

	Number of Options	Weighted Average Exercise Price
	(in millions)	
Outstanding at January 1, 2013	6.0	$ 9.52
Granted	1.0	$ 8.02
Exercised	(1.2)	$ 5.85
Forfeited/Expired	(0.5)	$13.09
Outstanding at December 31, 2013	5.3	$ 9.43
Granted	—	—
Exercised	(1.1)	$ 6.81
Forfeited/Expired	(0.9)	$15.74
Outstanding at December 31, 2014	3.3	$ 8.05
Shares reserved for issuance upon exercise of stock options or awards (in millions)	17.1	

We did not grant any stock options in 2014. Outstanding stock options were exercised throughout the year. The weighted average closing market price of our subordinate voting shares was $10.83 during 2014 (2013 — $9.62).

The following stock options were outstanding as at December 31, 2014:

Range of Exercise Prices	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Life of Outstanding Options	Exercisable Options	Weighted Average Exercise Price
	(in millions)		(years)	(in millions)	
$4.13 — $6.05	0.5	$ 5.07	3.1	0.5	$ 5.07
$6.51 — $8.21	0.8	$ 7.58	5.5	0.5	$ 7.16
$8.24 — $9.87	1.3	$ 8.79	7.4	0.4	$ 9.33
$10.00 — $10.20	0.6	$10.11	3.3	0.6	$10.11
$10.69 — $14.00	0.1	$12.57	0.9	0.1	$12.60
	3.3			2.1	

We amortize the estimated fair value of options to expense over the vesting period (generally four years). We determined the grant date fair value of the stock options using the Black-Scholes option pricing model with the following weighted average assumptions for the years indicated below:

	Year ended December 31		
	2012	2013	2014[1]
Risk-free interest rate	0.9%	1.0%	N/A
Dividend yield	—	—	—
Expected volatility of the market price of our shares	53%	50%	N/A
Expected option life (in years)	5.5	5.5	N/A
Weighted average fair value of options granted	$3.92	$3.73	N/A

(1) We did not grant any stock options in 2014.

We determine the expected volatility of our subordinate voting shares based on an evaluation of the historical volatility of our share price. We determine the expected option life based on historical option holder behavior and the risk-free interest rate is based on U.S. government bond yields.

(ii) RSUs and PSUs:

We have granted to our employees RSUs and PSUs pursuant to our LTIP and CSUP. These grants generally entitle the holder to receive one subordinate voting share or, at our discretion, the cash equivalent of the market value of a subordinate voting share at the date of vesting. We have the option to satisfy the delivery of shares upon vesting of the awards by purchasing subordinate voting shares in the open market or by settling such awards in cash. Under one of these plans, we also have the option to satisfy the delivery of shares by issuing subordinate voting shares from treasury, subject to certain limits. We have generally settled these awards with subordinate voting shares purchased in the open market by a trustee, or by issuing subordinate voting shares from treasury. However, under certain circumstances, we have also cash-settled certain awards upon vesting (see below). We amortize the grant date fair value of RSUs and PSUs to expense over the vesting period. The number of PSUs that will actually vest will vary from 0 to the amount set forth in the table below as outstanding on December 31, 2014 (representing the maximum potential payout) depending on the level of achievement of the relevant performance conditions. The following table outlines the RSU and PSU transactions during the years indicated. As of December 31, 2014, none of the outstanding RSUs or PSUs had vested.

Number of awards (in millions)	RSUs	PSUs
Outstanding at January 1, 2013	3.4	4.8
Granted	2.3	2.1
Settled	(2.0)	(1.3)
Forfeited/Expired	(0.2)	(0.2)
Outstanding at December 31, 2013	3.5	5.4
Granted	2.1	2.6
Settled	(2.0)	(0.5)
Forfeited/Expired	(0.2)	(1.4)
Outstanding at December 31, 2014	3.4	6.1

During 2014, we granted 2.6 million (2013 — 2.1 million) PSUs, of which 60% vest based on the achievement of a market performance condition tied to TSR, and the balance vest based on a non-market performance condition based on pre-determined financial targets. In 2012, we granted 2.4 million PSUs, all of which vest based on the achievement of a market performance condition tied to TSR. See note 2(n) for a description of TSR. We estimated the grant date fair value of the TSR-based PSUs using a Monte Carlo simulation model. The grant date fair value of the non TSR-based PSUs is determined by the market value of our subordinate voting shares at the time of grant and may be adjusted in subsequent years to reflect a change in the estimated level of achievement related to the applicable performance condition. We expect to settle these awards with subordinate voting shares purchased in the open market by a trustee or issued from treasury.

The weighted average grant date fair value of RSUs awarded in 2014 was $9.33 per unit (2013 — $8.32; 2012 — $8.18). The weighted average grant date fair value of PSUs awarded in 2014 was $9.30 per unit (2013 — $8.74; 2012 — $9.79).

From time-to-time, we pay cash for the purchase by a trustee of subordinate voting shares in the open market to satisfy the delivery of subordinate voting shares upon vesting of awards under our stock-based compensation plans. For accounting purposes, we classify these shares as treasury stock until they are delivered pursuant to the plans. During 2014, we purchased 2.2 million (2013 — 1.3 million; 2012 — 2.6 million) subordinate voting shares in the open market through a trustee for $23.9 (including transaction fees) (2013 — $12.8; 2012 — $21.7) to satisfy delivery requirements under our stock-based compensation plans. At December 31, 2014, the trustee held 2.0 million (December 31, 2013 — 1.3 million) subordinate voting shares with a value of $21.4 (December 31, 2013 — $12.0). At December 31, 2012, the trustee held 0.8 million subordinate voting shares with a value of $6.4, and $11.9 in cash, representing the estimated amount of cash required to complete the purchase of our subordinate voting shares under a previous ASPP entered into with such trustee for this purpose in December 2012.

We elected to cash-settle certain vested share unit awards in the fourth quarter of 2012 due to a prohibition on the purchase of subordinate voting shares in the open market during the SIB. We account for cash-settled awards as liabilities and we re-measure them based on the closing price of our subordinate voting shares at each reporting date and at the settlement date, with a corresponding charge or recovery recorded in our consolidated statement of operations. We recorded a mark-to-market adjustment on these cash-settled awards of $0.2 in 2012. When we made the decision in the fourth quarter of 2012 to settle these awards with cash, we reclassified $3.4 in 2012, representing the fair value of these awards, from contributed surplus to accrued liabilities. We did not cash-settle any vested share unit awards in 2014 or 2013. As management currently intends to settle all outstanding share unit awards with subordinate voting shares purchased in the open market by a trustee or subordinate voting shares issued from treasury, we have accounted for these share unit awards as equity-settled awards.

(c) ***Deferred share units*:**

We grant DSUs to certain members of our Board of Directors under our Directors' Share Compensation Plan. The DSUs may be settled in cash or with subordinate voting shares issued from treasury or purchased in the open market, depending on when the DSUs were granted. See note 2(n) for details. In 2014, we recorded DSU expenses of $1.9 (2013 — $1.9; 2012 — $1.9). At December 31, 2014, 1.1 million (December 31, 2013 — 1.0 million) DSUs were outstanding.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:

	Year ended December 31		
	2012	2013	2014
Opening balance of foreign currency translation account	$ (0.1)	$ (0.2)	$ (3.5)
Foreign currency translation adjustments	(0.1)	(3.3)	(10.0)
Closing balance	(0.2)	(3.5)	(13.5)
Opening balance of unrealized net gain or loss on cash flow hedges	(12.2)	4.3	(10.8)
Net gain (loss) on cash flow hedges[(i)]	16.9	(12.6)	(11.3)
Reclassification of net loss (gain) on cash flow hedges to operations[(ii)]	(0.4)	(2.5)	10.6
Closing balance[(iii)]	4.3	(10.8)	(11.5)
Actuarial gains (losses) on pension and non-pension post-employment benefit plans (notes 2(n) & 18)	(11.9)	7.6	11.9
Reclassification of actuarial gains or losses to deficit (note 2(n))	11.9	(7.6)	(11.9)
Closing balance	—	—	—
Accumulated other comprehensive income (loss)	$ 4.1	$(14.3)	$(25.0)

(i) Net of income tax recovery of $1.3 for 2014 (2013 — $0.5 income tax recovery; 2012 — $0.7 income tax expense).

(ii) Net of income tax expense of $0.3 for 2014 (2013 — nil; 2012 — $0.1 income tax recovery).

(iii) Net of income tax recovery of $1.3 as of December 31, 2014 (December 31, 2013 — $0.3 income tax recovery; December 31, 2012 — $0.2 income tax expense).

We expect that the majority of net gains (losses) on cash flow hedges reported in the 2014 accumulated other comprehensive income balance will be reclassified to operations during 2015, primarily in cost of sales as the underlying expenses that are being hedged are included in cost of sales.

14. EXPENSES BY NATURE:

We have presented our consolidated statement of operations by function. Included in our cost of sales and SG&A for the year ended December 31, 2014 were employee-related costs of $716.8 (2013 — $763.0; 2012 — $760.1) including employee stock-based compensation expense of $28.4 (2013 — $29.2; 2012 — $35.6), freight and transportation costs of $73.6 (2013 — $85.3; 2012 — $97.4), depreciation expense of $58.1 (2013 — $59.5; 2012 — $70.2) and rental expense of $29.1 (2013 — $31.5; 2012 — $35.4).

15. OTHER CHARGES (RECOVERIES):

	Year ended December 31		
	2012	2013	2014
Restructuring (a)	$44.0	$ 28.0	$ (2.1)
Asset impairment (b)	17.7	—	40.8
Pension obligation settlement loss (c)	—	—	6.4
Other (d)	(2.2)	(24.0)	(8.0)
	$59.5	$ 4.0	$37.1

(a) Restructuring:

Our restructuring charges (recoveries) are comprised of the following:

	Year ended December 31		
	2012	2013	2014
Cash charges (recoveries)	$27.8	$26.1	$(2.0)
Non-cash charges (recoveries)	16.2	1.9	(0.1)
	$44.0	$28.0	$(2.1)

Due to our disengagement from BlackBerry Limited (BlackBerry) in 2012 and in response to a challenging demand environment, we implemented restructuring actions during 2012 and 2013 throughout our global network intended to streamline and simplify our business and to reduce our overall cost structure and improve our margin performance. In connection with these actions, we recorded restructuring charges of $44.0 in 2012 and $28.0 in 2013. Although these restructuring actions were completed by the end of 2013, certain payments in connection therewith were made throughout 2014. At December 31, 2014, our remaining restructuring provision was $1.9 (December 31, 2013 — $18.0) comprised primarily of contractual lease obligations related to operations we intend to close. In 2014, we recorded a net reversal of $2.1 primarily to adjust for lower than estimated payouts related to this lease. In 2013, we recorded cash restructuring charges of $26.1 primarily related to employee termination costs throughout our global network. In 2012, we recorded cash restructuring charges of $27.8, primarily related to employee termination costs throughout our global network, including for our BlackBerry operations, and non-cash restructuring charges of $16.2 primarily to write down the BlackBerry-related equipment to recoverable amounts. See the discussion on asset impairment in note 15(b) below.

The recognition of our restructuring charges required us to make certain judgments and estimates regarding the nature, timing and amounts associated with these restructuring actions. Our major assumptions included the timing and number of employees to be terminated, the measurement of termination costs, the timing and amount of lease obligations, and the timing of disposition and estimated fair values of assets available for sale. We developed a detailed plan and recorded termination costs for employees informed of their termination. We engaged independent brokers to determine the estimated fair values less costs to sell for assets we no longer used and which were available for sale. We recognized an impairment loss for assets whose carrying amount exceeded their respective fair value less costs to sell as determined by the third-party brokers. We also recorded adjustments to reflect actual proceeds on disposition of these assets. At the end of each reporting period, we evaluate the appropriateness of our restructuring charges and balances. Further adjustments may be required to reflect actual experience or changes in estimates.

See notes 2(m) and 10 for further details and description regarding our restructuring provision.

(b) Annual impairment assessment:

We conduct our annual impairment assessment of goodwill, intangible assets and property, plant and equipment in the fourth quarter of each year (which corresponds to our annual planning cycle), and whenever events or changes in circumstances indicate that the carrying amount of an asset, CGU or a group of CGUs may not be recoverable. We recognize an impairment loss when the carrying amount of an asset, CGU or a group of CGUs exceeds its recoverable amount, which is measured as the greater of its value-in-use and its fair value less costs to sell. We first allocate impairment losses in respect of a CGU to reduce the carrying amount of goodwill and then to reduce the carrying amount of other assets in the CGU or group of CGUs on a pro rata basis. Prior to our 2014 annual impairment assessment, we did not identify any triggering event during the course of 2014 that would indicate the carrying amount of our assets and CGUs may not be recoverable. For our 2014 annual

impairment assessment of goodwill, intangible assets and property, plant and equipment, we used cash flow projections which are based primarily on our plan for the following year and, to a lesser extent, on our three-year strategic plan and other financial projections. Our plan for the following year is primarily based on financial projections submitted by our subsidiaries in the fourth quarter of each year, together with inputs from our customer teams, and is subjected to in-depth reviews performed by various levels of management as part of our annual planning cycle. The plan for the following year was approved by management and presented to our Board of Directors in December 2014.

Upon completion of our 2014 annual impairment assessment of goodwill, intangible assets and property, plant and equipment, we determined that the recoverable amount of our assets and CGUs, other than that of our semiconductor CGU, exceeded their respective carrying values and no impairment exists for such assets and CGUs as of December 31, 2014. Our semiconductor CGU, which arose from our 2011 acquisition of the semiconductor equipment contract manufacturing operations of Brooks Automation Inc. and our 2012 D&H acquisition, has underperformed due to factors including: overall demand weakness in the semiconductor industry in recent years, the cost of investments we have made, operational challenges, and the cost, terms and timing of ramping new programs. In addition, in 2014, this CGU incurred higher than expected losses, primarily due to lower than anticipated customer demand for the year, challenges associated with the ramping of new sites and programs, as well as operational inefficiencies and commercial challenges associated with a particular customer. We continue to work with this customer to resolve these issues. Primarily as a result of management's assessment of the negative impact of these factors on the timing and level of previously assumed future revenue growth of, and profitability improvements to, this CGU, we reduced our long-term cash flow projections for this CGU in the fourth quarter of 2014, and recorded an impairment charge of $40.8 against the goodwill of our semiconductor CGU in such period, reducing its balance from $60.3 to $19.5.

We determined the recoverable amount of our CGUs based on their expected value-in-use. The process of determining the recoverable amount of a CGU is subjective and requires management to exercise significant judgment in estimating future growth, profitability, and discount rates, among other factors. The assumptions used in our impairment assessment were determined based on past experiences adjusted for expected changes in future conditions. Where applicable, we worked with independent brokers to obtain market prices to estimate our real property values. For our 2014 annual impairment assessment, we used cash flow projections ranging from 2 years to 9 years (2013 — 3 to 10 years; 2012 — 2 to 7 years) for our CGUs, in line with the remaining useful lives of the CGUs' primary assets. We generally used our weighted-average cost of capital of approximately 10% (2013 — approximately 12%; 2012 — approximately 13%) to discount our cash flows. For our semiconductor CGU, which is subject to heightened risk and volatilities (as a result of the factors discussed above), we applied a discount rate of 17% to our cash flow projections for this CGU (2013 — 17%; 2012 — 20%) to reflect management's assessment of increased risk inherent in these cash flows. We had reduced the discount rate for our semiconductor cash flow projections for 2013 to 17% compared to 20% for 2012 to reflect a perceived reduction in risk inherent in our semiconductor CGU cash flows as a result of new business awarded in 2013. Despite the 2% decrease in our overall weighted-average cost of capital in 2014 compared to 2013, and new business awarded to this CGU in 2014, we maintained its 17% discount rate for our 2014 annual analysis in recognition of the challenges faced by this CGU during the year.

For purposes of our 2014 impairment assessment, we assumed growth for our semiconductor CGU in 2015 and future years at an average compound annual growth rate of 10% over a 9-year period, representing the remaining life of the CGU's most significant customer contract. This growth rate is supported by the level of new business awarded in 2014 and 2013, the expectation of future new business awards, and anticipated overall demand improvement in the semiconductor market based on certain market trend analyses published by external sources. We also assumed that the average annual margins for this CGU over the projection period will be slightly lower than our overall margin performance in 2014, as we continue to ramp new business and leverage our capital investments. To account for the impact of the negative factors described above, compared with our 2013 annual impairment assessment, these assumptions represent a reduction in both our projected

revenue growth and the level of financial improvements previously assumed for this CGU. In addition, for our 2014 assessment, we delayed the anticipated timing (within the 9-year projection term) of the achievement of such growth and improvements. The foregoing resulted in an overall reduction in the future cash flows projected for our semiconductor CGU, and the goodwill impairment we recorded in the fourth quarter of 2014 described above.

Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs or other factors that may result in changes in our estimates of future cash flows. Failure to realize the assumed revenues at an appropriate profit margin or failure to improve the financial results of this CGU could result in additional impairment losses in this CGU in a future period.

As part of our annual impairment assessment, we perform sensitivity analyses to identify the impact of changes in key assumptions, including projected growth rates, profitability, and discount rates. Based on our sensitivity analyses, an additional impairment loss of approximately $10 would arise for our semiconductor CGU if, over the 9-year projection period, we (i) reduced its assumed average compound annual growth rate by 120 basis points; (ii) reduced its projected profitability, as a percentage of revenue, by 50 basis points; or (iii) if we increased its discount rate to 22.8%, in each case considered separately. We did not identify any key assumptions where a reasonably possible change would result in material impairments to our other CGUs.

In 2013, we recorded no impairment against goodwill, intangible assets or property, plant and equipment as the recoverable amounts exceeded their carrying amounts.

In the second quarter of 2012, we tested the carrying amounts of the CGUs that were impacted by the wind down of our manufacturing services for BlackBerry in Mexico, Romania and Malaysia. We recorded an impairment loss on the BlackBerry-related assets that were available for sale in restructuring charges (note 15(a) above). We then compared the remaining carrying amounts of these CGUs to their recoverable amounts and determined there was no impairment to these assets that had not been recorded to restructuring charges in 2012.

In the fourth quarter of 2012, we performed our annual impairment assessment of goodwill, intangible assets and property, plant and equipment. We recorded impairment charges totaling $17.7, comprised of $14.6 against goodwill, $0.7 against computer software assets and $2.4 against property, plant and equipment. The majority of our impairment related to goodwill that arose from a prior acquisition in the healthcare industry, primarily because our overall progress and the ability to ramp our healthcare business were slower than originally anticipated. As a result, we recorded a goodwill impairment loss of $11.9 in 2012 related to that acquisition.

(c) Pension obligation settlement loss:

In August 2014, we liquidated the asset portfolio for the defined benefit component of a pension plan for certain Canadian employees, following which substantially all of the proceeds were used to purchase annuities from insurance companies for plan participants. The purchase of the annuities resulted in the insurance companies assuming responsibility for payment of the defined benefit pension benefits under the plan, and the employer eliminating significant financial risk in respect of these obligations. The purchase of the annuities also resulted in a non-cash settlement loss of $6.4 which we recorded in other charges in our consolidated statement of operations. See note 18.

(d) Other:

In 2014, other was comprised primarily of the recoveries of damages we received in connection with the settlement of class action lawsuits in which we were a plaintiff, related to certain purchases we made in prior periods. In July 2013, we received similar recoveries of damages in the amount of $24.0.

During 2012, we released a provision of $3.2 representing the estimated fair value of contingent consideration related to a prior acquisition, as it was no longer required. In 2012, we also recorded transaction costs of $0.9 related to our D&H acquisition.

16. FINANCE COSTS:

Our finance costs are comprised primarily of interest expenses and fees related to our credit facilities and our accounts receivable sales program.

17. RELATED PARTY TRANSACTIONS:

Onex Corporation (Onex) owns, directly or indirectly, all of our outstanding multiple voting shares. Accordingly, Onex has the ability to exercise a significant influence over our business and affairs and generally has the power to determine all matters submitted to a vote of our shareholders where the subordinate voting shares and multiple voting shares vote together as a single class. Gerald Schwartz, the Chairman of the Board, President and Chief Executive Officer of Onex, is also one of our directors, and holds, directly or indirectly, shares representing the majority of the voting rights of Onex.

We had manufacturing and services agreements with certain companies related to or under the control of Onex or Gerald Schwartz in 2012 and 2013. During 2013, we recorded revenue of $10.8 from two such related companies. At December 31, 2013, we had no amounts due from either of these related companies. During 2012, we recorded revenue of $38.0 from one such related company. At December 31, 2012, we had $6.5 due from this related company (which was paid in accordance with the contractual terms). All transactions with these related companies were executed in the normal course of operations and were recorded at the exchange amounts as agreed to by the parties based on arm's length terms.

In January 2009, we entered into a Services Agreement with Onex for the services of Gerald Schwartz, as a director of Celestica. The initial term of this agreement was one year and it automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. Onex receives compensation under the Services Agreement in an amount equal to $0.2 per year, payable in DSUs in equal quarterly installments in arrears.

Our key management team consists of directors and senior executive officers. The aggregate compensation expenses we recognized under IFRS for our directors and key management team were as follows:

	Year ended December 31		
	2012	2013	2014
Short-term employee benefits and costs	$ 5.7	$ 6.3	$ 5.9
Post-employment and other long-term benefits	0.4	0.3	0.5
Stock-based compensation (including DSUs)	15.5	12.1	12.1
	$21.6	$18.7	$18.5

18. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS:

(a) Plan summaries:

We provide pension and non-pension post-employment benefit plans for our employees. Some employees in Canada, Japan and the United Kingdom (U.K.) participate in defined benefit pension plans that generally provide participants with stated benefits on retirement based on their pensionable service, either as annuities and/or lump sum payments. Defined contribution pension plans are offered to certain employees, mainly in Canada and the U.S. We provide non-pension post-employment benefits (other benefit plans) to retired and

terminated employees in Canada, the U.S., Mexico and Thailand. These benefits may include one-time retirement and specified termination benefits, medical, surgical, hospitalization coverage, supplemental health, dental and/or group life insurance. Our largest defined benefit pension plan is in the U.K. The U.K. plan is closed to new members. Approximately 1% of the plan members remain active employees of the Company.

In August 2014, we liquidated the asset portfolio for the defined benefit component of a pension plan for certain Canadian employees, following which substantially all of the proceeds were used to purchase annuities from insurance companies for plan participants. The purchase of the annuities resulted in the insurance companies assuming responsibility for payment of the defined benefit pension benefits under the plan, and the employer eliminating significant financial risk in respect of these obligations. We re-measured the pension assets and liabilities related to this pension plan immediately before the purchase of the annuities, and recorded a net re-measurement actuarial gain of $2.3 in other comprehensive income that was subsequently reclassified to deficit in the same period. The purchase of the annuities also resulted in a non-cash settlement loss of $6.4 which we recorded in other charges in our consolidated statement of operations (note 15(c)). For accounting purposes, on a gross-basis, we reduced the value of our pension assets by $149.8, and the value of our pension liabilities by $143.4 as of the date of the annuity purchase.

The overall governance of our pension plans is conducted by our Global Compensation Committee who, through annual reviews, approves material plan changes, reviews funding levels, investment performance, compliance matters and plan assumptions, and ensures that the plans are administered in accordance with local statutory requirements. We have established a Pension Committee to govern our Canadian pension plans. The U.K. pension plans are governed by a Board of Trustees, composed of employee and company representation. Both the Canadian Pension Committee and the U.K. Board of Trustees review funding levels, investment performance and compliance matters for their respective plans.

Our pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. For our defined benefit pension plans (primarily U.K.), local regulatory bodies either define the minimum funding requirement or approve the funding plans submitted by us. We may make additional discretionary contributions taking into account actuarial assessments and other factors. The contributions that we make to support ongoing plan obligations are recorded in the respective asset or liability accounts on our consolidated balance sheet.

Our largest defined benefit pension plan (U.K.) requires that an actuarial valuation be completed every three years. The actuarial valuation was completed using a measurement date of April 2013; the next valuation will have a measurement date of April 2016.

We currently fund our non-pension post-employment benefit plans as we incur benefit payment obligations thereunder. Excluding our mandatory plans, the most recent actuarial valuations for our largest non-pension post-employment benefit plans were completed using measurement dates of May 2013 (Canada) and January 2014 (U.S.). The next valuations for these plans will have measurement dates of May 2016 and January 2016, respectively. We accrue the expected costs of providing non-pension post-employment benefits during the periods in which the employees render service.

We used a measurement date of December 31, 2014 for the accounting valuation for pension and non-pension post-employment benefits.

Our pension plans are exposed to market risks such as changes in interest rates, inflation, and fluctuations in investment values, as well as financial risks including counterparty risks of financial institutions from which annuities have been purchased for the defined benefit component of a pension plan for certain Canadian employees. See note 20(c). Our plans are also exposed to non-financial risks, including the membership's mortality and demographic changes, as well as regulatory changes.

We manage the funding level risk of defined benefit pension plans through our asset allocation strategy for each plan. In the U.K., we follow an active de-risking strategy and allocate a higher level of the plan assets to debt instruments if the funding level of the plan improves.

Pension fund assets are invested primarily in fixed income and equity securities. Asset allocation between fixed income and equity is adjusted based on the expected life of the plan and the expected retirement of the plan participants. Currently, the weighted average asset allocation across all plans targets for 64% to 71% (2013 — 69% to 73%) investment in fixed income, 25% to 32% (2013 — 24% to 32%) investment in equities through mutual funds, and 3% to 4% (2013 — 1% to 2%) in other investments. Our pension funds do not invest directly in our shares, but may invest indirectly as a result of the inclusion of our shares in certain investment funds. All of our plan assets are measured at their fair value using inputs described in the fair value hierarchy in note 20. At December 31, 2014, $376.5 (December 31, 2013 — $464.9) of our plan assets were measured using level 1 inputs of the fair value hierarchy and $16.8 (December 31, 2013 — $18.6) of our plan assets were measured using level 2 inputs of the fair value hierarchy. Some of the plan assets are held with financial institutions, each of which had a Standard and Poor's long-term rating of A or above at December 31, 2014. The remaining assets are held with financial institutions where ratings are not available. For these institutions, Celestica monitors counterparty risk based on the diversification of plan assets. These plan assets are maintained in segregated accounts by a custodian that is independent from the fund managers. We believe that the counterparty risk is low.

Plan assets are measured at their fair values; however, the amounts we can record for defined benefit plan assets may be restricted under IFRS. A description of this restriction is in note 2(n). Based on a review of the terms and conditions, and the statutory minimum funding requirements of our defined benefit plans, we have determined that the present value of future pension refunds or reductions in future contributions of our pension plans exceed the total of the fair value of plan assets net of the present value of related obligations. This determination was made on a plan-by-plan basis. As a result of our assessment, there were no reductions to the amounts we recorded for defined benefit plan assets as at December 31, 2014 and 2013.

(b) Plan financials:

The table below presents the market value of plan assets as follows:

	Fair Market Value at December 31		Actual Asset Allocation (%) at December 31	
	2013	2014	2013	2014
Quoted market prices:				
Debt investment funds	$353.7	$280.5	73%	71%
Equity investment funds	102.6	81.4	21%	21%
Non-quoted market prices:				
Other investment funds	18.6	16.8	4%	4%
Other	8.6	14.6	2%	4%
Total	$483.5	$393.3	100%	100%

The following tables provide a summary of the financial position of our pension and other benefit plans:

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2013	2014	2013	2014
Plan assets, beginning of year	$490.7	$ 483.5	$—	$—
Interest income	20.1	19.6	—	—
Actuarial gains (losses) in other comprehensive income (actual return on plan assets less interest income above)	(5.2)	74.5	—	—
Administrative expenses paid from plan assets	(1.2)	(0.7)	—	—
Employer contributions	8.4	16.3	—	—
Employer direct benefit payments	0.3	0.2	10.0	3.1
Voluntary employee contributions	0.1	—	—	—
Settlement payments from plan (note 18(a))	—	(149.8)	(3.6)	—
Benefit payments from plan	(20.7)	(19.4)	—	—
Benefit payments from employer	(0.3)	(0.2)	(6.4)	(3.1)
Foreign currency exchange rate changes	(8.7)	(30.7)	—	—
Plan assets, end of year	$483.5	$ 393.3	$—	$—

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2013	2014	2013	2014
Accrued benefit obligations, beginning of year	$477.0	$ 468.9	$88.2	$68.3
Current service cost	2.9	2.8	2.4	1.9
Past service cost and settlement/curtailment losses (note 18(a))	0.1	6.4	1.6	—
Interest cost	19.1	18.6	3.3	3.2
Voluntary employee contributions	0.1	—	—	—
Actuarial losses (gains) in other comprehensive income from:				
— Changes in demographic assumptions	3.2	(1.0)	(2.3)	(0.9)
— Changes in financial assumptions	(7.4)	56.4	(6.5)	9.3
— Experience adjustments	4.5	(0.6)	(3.7)	(0.4)
Settlement payments from plan (note 18(a))	—	(149.8)	(3.6)	—
Benefit payments from plan	(20.7)	(19.4)	—	—
Benefit payments from employer	(0.3)	(0.2)	(6.4)	(3.1)
Foreign currency exchange rate changes	(9.6)	(27.8)	(4.7)	(5.2)
Accrued benefit obligations, end of year	$468.9	$ 354.3	$68.3	$73.1
Weighted average duration of benefit obligations (in years)	16	19	14	15

The present value of the defined benefit obligations, the fair value of plan assets and the surplus or deficit in our defined benefit pension and other benefit plans are summarized as follows:

	Pension Plans December 31		Other Benefit Plans December 31	
	2013	2014	2013	2014
Accrued benefit obligations, end of year	$(468.9)	$(354.3)	$(68.3)	$(73.1)
Plan assets, end of year	483.5	393.3	—	—
Excess (deficiency) of plan assets over accrued benefit obligations	$ 14.6	$ 39.0	$(68.3)	$(73.1)

The following table outlines the plan balances as reported on our consolidated balance sheet:

	December 31 2013			December 31 2014		
	Pension Plans	Other Benefit Plans	Total	Pension Plans	Other Benefit Plans	Total
Pension and non-pension post-employment benefit obligations	$(25.7)	$(67.8)	$(93.5)	$(26.1)	$(73.1)	$(99.2)
Accrued liabilities(i)	—	(0.5)	(0.5)	—	—	—
Non-current net pension assets (note 9)	40.3	—	40.3	60.3	—	60.3
Current pension assets(i)	—	—	—	4.8	—	4.8
	$ 14.6	$(68.3)	$(53.7)	$ 39.0	$(73.1)	$(34.1)

(i) The remainder of the proceeds from the sale of the plan assets, after the purchase of the annuities for a particular Canadian pension plan (described in note 18(a)), will be used to fund our future defined contribution obligations in Canada. The portion relative to contributions for the following year has been reclassified to current pension assets as of December 31, 2014. In connection with certain restructuring actions announced prior to the end of 2013, we reclassified a current portion of the accumulated post-employment benefits totaling $0.5 to accrued liabilities on our consolidated balance sheet as of December 31, 2013.

The following table outlines the net expense recognized in our consolidated statement of operations for pension and non-pension post-employment benefit plans:

	Pension Plans Year ended December 31			Other Benefit Plans Year ended December 31		
	2012	2013	2014	2012	2013	2014
Current service cost	$ 3.2	$ 2.9	$ 2.8	$ 2.9	$2.4	$1.9
Net interest cost (income)	(1.0)	(1.0)	(1.0)	4.2	3.3	3.2
Past service cost and settlement/curtailment losses	—	0.1	6.4	16.3	1.6	—
Plan administrative expenses and other	1.2	1.4	0.8	(0.2)	—	—
	3.4	3.4	9.0	23.2	7.3	5.1
Defined contribution pension plan expense	10.1	9.7	9.3	—	—	—
Total expense for the year	$13.5	$13.1	$18.3	$23.2	$7.3	$5.1

We generally record the expenses for pension plans and non-pension post-employment benefits in cost of sales and SG&A expenses depending on the nature of the expenses. Our settlement loss of $6.4 in pension plans arose as a result of annuity purchases for a particular Canadian pension plan during 2014. See note 15(c). Our

past service cost and settlement/curtailment losses of $1.6 in other benefit plans related to restructuring actions completed during 2013 (2012 — $16.3, related to restructuring actions completed in 2012).

The following table outlines the actuarial gains and losses, net of tax, recognized in OCI and reclassified directly to deficit:

	Year ended December 31		
	2012	2013	2014
Cumulative actuarial losses, beginning of year	$13.6	$25.5	$ 17.9
Actuarial losses (gains) recognized during the year(i)	11.9	(7.6)	(11.9)
Cumulative actuarial losses, end of year(ii)	$25.5	$17.9	$ 6.0

(i) Net of income tax recovery of $0.2 for 2014 (2013 — $0.6 income tax recovery; 2012 — $0.3 income tax recovery).

(ii) Net of income tax recovery of $2.1 as at December 31, 2014 (December 31, 2013 — $1.9 income tax recovery; December 31, 2012 — $1.3 income tax recovery).

The following percentages and assumptions were used in measuring the plans for the year ended December 31 as follows:

	Pension Plans			Other Benefit Plans		
	2012	2013	2014	2012	2013	2014
Weighted average discount rate at December 31 (i) for:						
Benefit obligations	4.3	4.6	3.7	4.4	4.9	3.9
Net pension cost	4.7	4.3	4.6	5.1	4.4	4.9
Weighted average rate of compensation increase for:						
Benefit obligations	3.4	3.7	3.8	4.4	4.6	4.6
Net pension cost	3.4	3.4	3.7	4.2	4.4	4.6
Healthcare cost trend rates:						
Immediate trend	—	—	—	6.9	6.7	6.2
Ultimate trend	—	—	—	4.5	4.5	4.5
Year the ultimate trend rate is expected to be achieved	—	—	—	2030	2030	2030

(i) The weighted average discount rate is determined using publicly available rates for high quality bonds for each country where there is a pension or non-pension benefit plan. A lower discount rate would increase the present value of the benefit obligation.

Management applied significant judgment in determining these assumptions. We evaluate these assumptions on a regular basis taking into consideration current market conditions and historical market data. Actual results could differ materially from those estimates and assumptions.

For purposes of measuring our Canadian pension plans for the year ended December 31, 2014, we adopted the 2014 final report of Canadian pensioners mortality tables and improvement scales prepared by the Canadian Institute of Actuaries. The impact of adopting the final report issued in February 2014 compared to the draft tables and scales which we adopted in 2013 was not significant on the measurement of these pension plans. For purposes of measuring our U.S. pension plans for the year ended December 31, 2014, we adopted the final report of RP-2014 mortality tables prepared by the Society of Actuaries. The updated mortality tables resulted, in the aggregate, in a small actuarial gain on the measurement of these pension plans.

A one percentage-point increase or decrease to one of the following actuarial assumptions, holding other assumptions constant in each case, would increase (decrease) our benefit obligations as follows:

	Pension Plans Year ended December 31, 2014		Other Benefit Plans Year ended December 31, 2014	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	$(57.8)	$76.0	$(9.5)	$11.9
Healthcare cost trend rate	$ —	$—	$ 9.4	$(7.6)

The sensitivity figures shown above were calculated by determining the change in the obligation as at December 31, 2014 due to a 100 basis point increase or decrease to each of our significant actuarial assumptions used, primarily the discount rate and healthcare cost trend rate, in isolation, leaving all other assumptions unchanged from the original calculation.

In 2014, we made contributions to the pension plans of $25.8 (2013 — $18.4) of which $9.3 (2013 — $9.7) was for defined contribution plans and $16.5 (2013 — $8.7) was for defined benefit plans. We may, from time-to-time, make voluntary contributions to the pension plans. In 2014, we made aggregate contributions to the non-pension post-employment benefit plans of $3.1 (2013 — $10.0) to fund benefit payments.

We currently estimate that our 2015 contributions will be $14.1 for defined benefit pension plans, $9.3 for defined contribution pension plans, and $2.5 for our non-pension post-employment benefit plans. Our actual contributions could differ materially from these estimates.

19. INCOME TAXES:

	Year ended December 31		
	2012	2013	2014
Current income tax expense (recovery):			
Current year	$ 21.3	$ 28.8	$ 25.3
Adjustments for prior years, including changes to net provisions related to tax uncertainties	(5.8)	(11.9)	(15.6)
	15.5	16.9	9.7
Deferred income tax expense (recovery):			
Origination and reversal of temporary differences[i]	(2.8)	(10.7)	89.7
Changes in previously unrecognized tax losses and deductible temporary differences, including adjustments for prior years[i]	(18.5)	6.5	(83.0)
	(21.3)	(4.2)	6.7
Income tax expense (recovery)	$ (5.8)	$ 12.7	$ 16.4

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense (recovery) at the effective tax rate is as follows:

	Year ended December 31		
	2012	2013	2014
Earnings before income taxes	$111.9	$130.7	$124.6
Income tax expense at Celestica's statutory income tax rate of 26.5% (2013 — 26.5%; 2012 — 26.5%)	$ 29.6	$ 34.7	$ 33.0
Impact on income taxes from:			
Manufacturing and processing deduction	(0.5)	(0.6)	(0.6)
Foreign income taxed at different rates(i)	(47.9)	(17.9)	75.6
Foreign exchange	19.5	(27.6)	(11.7)
Goodwill impairment	2.0	—	13.4
Other, including non-taxable/non-deductible items and changes to net provisions related to tax uncertainties	10.0	(41.6)	(10.5)
Change in unrecognized tax losses and deductible temporary differences(i)	(18.5)	65.7	(82.8)
Income tax expense (recovery)	$ (5.8)	$ 12.7	$ 16.4

(i) These line items for 2014 in the two tables above were impacted by an internal loan reorganization which we completed during 2014, whereby certain inter-company loans were forgiven. There was no net impact to our consolidated deferred tax provisions for 2014.

Our effective tax rate can vary significantly period-to-period for various reasons, including the mix and volume of business in lower tax jurisdictions within Europe and Asia, in jurisdictions with tax holidays and tax incentives, and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which tax losses and deductible temporary differences could be utilized. Our effective tax rate can also vary due to the impact of restructuring charges, foreign exchange fluctuations, operating losses, and changes in our provisions related to tax uncertainties.

During 2014, we recorded an income tax benefit of $14.1 related to the recognition of previously unrecognized tax incentives in Malaysia (discussed below). There was no tax impact associated with the $40.8 goodwill impairment charge we recorded in the fourth quarter of 2014. See note 15(b).

During 2013, we recorded net income tax recoveries of $9.8 arising from net changes to our provisions for certain tax uncertainties.

During 2012, as a result of our D&H acquisition, we recognized $10.4 of previously unrecognized deferred tax assets in the United States. We also recorded net income tax recoveries of $10.6 arising from net changes to our provisions for certain tax uncertainties. In 2012, we commenced a corporate tax reorganization involving certain of our European subsidiaries. As a result, we recognized $17.0 of deferred tax assets during 2012 as it became probable that the temporary differences associated with our investment in these subsidiaries would reverse in the foreseeable future.

Changes in deferred tax assets and liabilities for the periods indicated are as follows:

	Unrealized foreign exchange gains	Accounting provisions not currently deductible	Pensions and non-pension post-retirement benefits	Tax losses carried forward	Property, plant and equipment and intangibles	Other	Reclassification between deferred tax assets and deferred tax liabilities(i)	Total
Deferred tax assets:								
Balance — January 1, 2013	$ 7.0	$ 5.2	$—	$114.0	$ 24.2	$13.4	$(127.2)	$ 36.6
Credited (charged) to net earnings	(2.9)	2.5	—	(14.0)	4.7	3.2	—	(6.5)
Credited (charged) directly to equity	—	—	—	—	—	0.4	—	0.4
Effects of foreign exchange	(0.2)	—	—	(3.4)	0.3	(8.2)	—	(11.5)
Other	—	(0.8)	—	(0.3)	(11.1)	—	38.5	26.3
Balance — December 31, 2013	3.9	6.9	—	96.3	18.1	8.8	(88.7)	45.3
Credited (charged) to net earnings	(3.9)	(5.3)	—	(25.2)	(9.0)	6.3	—	(37.1)
Credited (charged) directly to equity	—	—	—	—	—	0.9	—	0.9
Effects of foreign exchange	—	(0.3)	—	(9.4)	—	(0.5)	—	(10.2)
Other	—	7.9	—	15.0	(9.1)	9.8	14.8	38.4
Balance — December 31, 2014	$ —	$ 9.2	$—	$ 76.7	$ —	$25.3	$ (73.9)	$ 37.3
Deferred tax liabilities:								
Balance — January 1, 2013	$123.9	$ 0.8	$ 4.9	$ —	$ 11.1	$—	$(127.2)	$ 13.5
Charged (credited) to net earnings	(7.5)	—	(3.1)	—	—	—	—	(10.6)
Charged (credited) directly to equity	—	—	(0.6)	—	—	—	—	(0.6)
Effects of foreign exchange	(11.0)	—	—	—	—	—	—	(11.0)
Other	—	(0.8)	—	—	(11.1)	—	38.5	26.6
Balance — December 31, 2013	105.4	—	1.2	—	—	—	(88.7)	17.9
Charged (credited) to net earnings	(36.6)	—	(0.5)	—	6.7	—	—	(30.4)
Charged (credited) directly to equity	—	—	(0.2)	—	—	—	—	(0.2)
Effects of foreign exchange	(9.4)	—	—	—	0.8	—	—	(8.6)
Other	—	—	23.6	—	—	—	14.8	38.4
Balance — December 31, 2014	$ 59.4	$—	$24.1	$ —	$ 7.5	$—	$ (73.9)	$ 17.1

(i) This reclassification reflects the offsetting of deferred tax assets and deferred tax liabilities to the extent they relate to the same taxing authorities and there is a legally enforceable right to such offset.

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized at December 31, 2014 is $1,940.8 (December 31, 2013 — $1,902.3). We have not recognized deferred tax assets in respect of these items because, based on management's estimates, it is not probable that future taxable profit will be available against which we can utilize the benefits. A portion of these tax losses expires between 2015 and 2034 and a portion can be carried forward indefinitely to offset taxable profits. The deductible temporary differences do not expire under current tax legislation.

The aggregate amount of temporary differences associated with investments in subsidiaries for which we have not recognized deferred tax liabilities is $1.3 (December 31, 2013 — $14.6).

We have recorded net deferred tax assets of $0.5 for one of our subsidiaries which realized losses in 2014. We have recognized deferred tax assets based on our estimate of future taxable profit that we expect that subsidiary to achieve based on our review of their financial projections.

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

We have been granted tax incentives, including tax holidays for profits for our Malaysia and Thailand subsidiaries and tax incentives for dividend withholding taxes for our Thailand subsidiary. The tax benefit arising from these incentives was approximately $45.6 or $0.25 per diluted share for 2014, $19.8 or $0.11 per diluted share for 2013, and $29.1 or $0.14 per diluted share for 2012. Our Malaysian income tax incentives have expired as of the end of 2014, including the incentive discussed below. All of our remaining tax incentives are subject to certain conditions with which we intend to comply and they expire between 2015 and 2026. If we are unable to obtain new Malaysian income tax incentives for periods effective as of January 1, 2015 (which are currently being negotiated), our Malaysian income tax expense may be significantly higher commencing January 1, 2015. Had we not been entitled to the Malaysian tax incentives in 2014, we estimate that our consolidated tax expense would have increased by approximately $5 for such year.

During the first quarter of 2014, Malaysian investment authorities approved our request to revise certain required conditions related to income tax incentives for one of our Malaysian subsidiaries. The benefits of these tax incentives were not previously recognized, as prior to this revision we had not anticipated meeting the required conditions. As a result of this approval, we recognized an income tax benefit of $14.1 in the first quarter of 2014 relating to years 2010 through 2013.

See note 23 regarding income tax contingencies.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

Our financial assets are comprised primarily of cash and cash equivalents, accounts receivable and derivatives used for hedging purposes. Our financial liabilities are comprised primarily of accounts payable, certain accrued and other liabilities and provisions, and derivatives. We record the majority of our financial liabilities at amortized cost except for derivative liabilities, which we measure at fair value. We classify our term deposits as held-to-maturity. We record our short-term investments in money market funds at fair value, with changes recognized in our consolidated statement of operations. We classify the financial assets and liabilities that we measure at fair value based on the inputs used to determine fair value at the measurement date. There have been no significant changes to the source of our inputs since December 31, 2013.

Cash and cash equivalents are comprised of the following:

	December 31	
	2013	2014
Cash	$294.3	$397.2
Cash equivalents	250.0	167.8
	$544.3	$565.0

Our current portfolio consists of bank deposits and certain money market funds that primarily hold U.S. government securities. The majority of our cash and cash equivalents is held with financial institutions each of which had at December 31, 2014 a Standard and Poor's short-term rating of A-1 or above.

Financial risk management objectives:

We have exposures to a variety of financial risks through our operations. We regularly monitor these risks and have established policies and business practices to mitigate the adverse effects of these potential exposures. We have used derivative financial instruments, such as foreign currency forward contracts, to reduce the effects of some of these risks. We do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Currency risk:

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

Our major currency exposures at December 31, 2014 are summarized in U.S. dollar equivalents in the following table. We have included in this table only those items that we classify as financial assets or liabilities and which were denominated in non-functional currencies. In accordance with the IFRS financial instruments standard, we have excluded items such as pension and non-pension post-employment benefits and income taxes. The local currency amounts have been converted to U.S. dollar equivalents using the spot rates at December 31, 2014.

	Canadian dollar	Euro	Malaysian ringgit	Thai baht
Cash and cash equivalents	$ 10.6	$ 3.2	$ 2.1	$ 0.3
Accounts receivable and other financial assets	0.1	19.7	0.4	0.2
Accounts payable and certain accrued and other liabilities and provisions	(46.7)	(7.3)	(15.7)	(17.9)
Net financial assets (liabilities)	$(36.0)	$15.6	$(13.2)	$(17.4)

Foreign currency risk sensitivity analysis:

The financial impact of a one-percentage point strengthening or weakening of the following currencies against the U.S. dollar for our financial instruments denominated in non-functional currencies is summarized in the following table as at December 31, 2014. The financial instruments impacted by a change in exchange rates include our exposures to the above financial assets or liabilities denominated in non-functional currencies and our foreign exchange forward contracts.

	Canadian dollar	Euro	Malaysian ringgit	Thai baht
	Increase (decrease)			
1% Strengthening				
Net earnings	$ 0.5	$(0.1)	$(0.1)	$(0.1)
Other comprehensive income	1.0	—	0.8	1.1
1% Weakening				
Net earnings	(0.5)	0.1	0.1	0.1
Other comprehensive income	(1.0)	—	(0.8)	(1.1)

(b) Interest rate risk:

We amended our revolving credit facility in October 2014 and reduced the credit limit from $400.0, with an accordion feature that allowed us to increase the limit by $50.0 upon satisfaction of certain terms and conditions, to $300.0, with an accordion feature that allows us to increase the limit by $150.0 upon satisfaction of certain terms and conditions. Borrowings under this credit facility bear interest for the period of the draw at LIBOR, Prime or Federal Funds rate plus a margin. A one-percentage point increase in these rates would increase interest expense, assuming maximum borrowings under our $300.0 credit limit (with no use of the accordion feature), by $3.0 annually. At December 31, 2014, we had no amounts outstanding under this credit facility (December 31, 2013 — no amounts outstanding).

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe the credit risk of counterparty non-performance is low. With respect to our financial market activities, we have adopted a policy of dealing only with credit-worthy counterparties to mitigate the risk of financial loss from defaults. We monitor the credit risk of the counterparties with whom we conduct business, through a combined process of credit rating reviews and portfolio reviews. To mitigate the risk of financial loss from defaults under our foreign currency forward exchange contracts, our contracts are held by counterparty financial institutions each of which had a Standard and Poor's rating of A-1 or above at December 31, 2014. In addition, we maintain cash and short-term investments in high quality investments or on deposit with major financial institutions. Each financial institution with which we have our accounts receivable sales program had a Standard and Poor's short-term rating of A-1 and a long-term rating of A or above at December 31, 2014. Each financial institution from which annuities have been purchased for the defined benefit component of a pension plan for certain Canadian employees in 2014 (discussed in note 18) had an A.M. Best or Standard and Poor's long-term rating of A or above at December 31, 2014.

We also provide unsecured credit to our customers in the normal course of business. Exposures that potentially subject us to credit risk include our accounts receivable, inventory on hand, and non-cancelable purchase orders in support of customer demand. We mitigate our risk by monitoring our customers' financial condition and performing ongoing credit evaluations. In certain instances, we may obtain letters of credit or other forms of security from our customers. We consider credit risk in determining our estimates of reserves for potential credit losses. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances or reserves for losses, represents our estimate of maximum exposure to credit risk.

At December 31, 2014, less than 1% of our gross accounts receivable are over 90 days past due. Accounts receivable are net of an allowance for doubtful accounts of $2.5 at December 31, 2014 (December 31, 2013 — $2.1).

(d) Liquidity risk:

Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other current liabilities and provisions are due within 90 days. We manage liquidity risk by maintaining a portfolio of liquid funds and investments and having access to a revolving credit facility, intraday and overnight bank overdraft facilities and an accounts receivable sales program. Since our accounts receivable sales program is conducted on an uncommitted basis, there can be no assurance that any participant bank will purchase all the accounts receivable that we wish to sell under this program. However, we believe that cash flow from operating activities, together with cash on hand, cash from the sale of accounts receivable, and borrowings available under our revolving credit facility and intraday and overnight bank overdraft facilities are sufficient to fund our financial obligations.

Fair values:

We used the following methods and assumptions to estimate the fair value of each class of financial instruments:

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and provisions, and borrowings under our revolving credit facility approximate the fair values of these financial instruments due to the short-term nature of these instruments. The fair values of foreign currency contracts are estimated using generally accepted valuation models based on a discounted cash flow analysis with inputs of observable market data, including currency rates and discount factors. Discount factors are adjusted by our own credit risk or the credit risk of the counterparty, depending if the fair values are in liability or asset positions, respectively.

Fair value measurements:

In the table below, we have segregated our financial assets and liabilities that are measured at fair value, based on the inputs used to determine fair value at the measurement date. The three levels within the fair value hierarchy, based on the reliability of inputs, are as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (*i.e.* prices) or indirectly (*i.e.* derived from prices); and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (*i.e.* unobservable inputs).

	December 31, 2013			December 31, 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cash equivalents (money market funds)	$96.9	$ —	$ 96.9	$47.7	$ —	$ 47.7
Derivatives — foreign currency forward contracts	—	1.5	1.5	—	3.6	3.6
	$96.9	$ 1.5	$ 98.4	$47.7	$ 3.6	$ 51.3
Liabilities:						
Derivatives — foreign currency forward contracts	$—	$(18.8)	$(18.8)	$—	$(18.6)	$(18.6)

See note 18 for the input levels used to measure the fair value of our pension assets.

Money market funds are valued using a market approach based on the quoted market prices of identical instruments. Foreign currency forward contracts are valued using an income approach, by comparing the current quoted market forward rates to our contract rates and discounting the values with appropriate market observable credit risk adjusted rates. We have not valued any of our financial instruments using level 3 (unobservable) inputs. There were no transfers of fair value measurements between level 1 and level 2 of the fair value hierarchy in 2014 or 2013.

Derivatives and hedging activities:

We enter into foreign currency contracts to hedge foreign currency risks relating to cash flow and balance sheet exposures. At December 31, 2014, we had forward exchange contracts to trade U.S. dollars in exchange for the following currencies:

Currency	Amount of U.S. dollars	Weighted average exchange rate of U.S. dollars	Maximum period in months	Fair value gain/(loss)
Canadian dollar	$293.3	$0.88	14	$ (6.7)
Thai baht	129.5	0.03	15	(1.1)
Malaysian ringgit	84.4	0.30	15	(5.1)
Mexican peso	32.2	0.07	14	(2.2)
British pound	98.3	1.59	4	1.7
Chinese renminbi	98.9	0.16	12	(0.1)
Euro	34.9	1.24	4	0.6
Romanian leu	15.8	0.29	12	(1.1)
Singapore dollar	25.3	0.79	12	(1.0)
Other	6.0	—	4	—
Total	$818.6			$(15.0)

At December 31, 2014, the fair value of these outstanding contracts was a net unrealized loss of $15.0 (December 31, 2013 — net unrealized loss of $17.3). Changes in the fair value of hedging derivatives to which we apply cash flow hedge accounting, to the extent effective, are deferred in OCI until the expenses or items being hedged are recognized in our consolidated statement of operations. Any hedge ineffectiveness, which at December 31, 2014 was not significant, is recognized immediately in our consolidated statement of operations. At December 31, 2014, we recorded $3.6 of derivative assets in other current assets and $18.6 of derivative liabilities in accrued and other current liabilities and other non-current liabilities (December 31, 2013 — $1.5 of derivative assets in other current assets and $18.8 of derivative liabilities in accrued and other current liabilities and other non-current liabilities). The unrealized gains or losses are a result of fluctuations in foreign exchange rates between the date the currency forward contracts were entered into and the valuation date at period end.

We have not designated certain forward contracts to trade U.S. dollars as hedges, most significantly certain Canadian dollar and British pound sterling contracts, and have marked these contracts to market each period in our consolidated statement of operations.

21. CAPITAL DISCLOSURES:

Our main objectives in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments we determine we require to grow our business. Our capital resources consist of cash, short-term investments, access to a revolving credit facility, intraday and overnight bank overdraft facilities, an accounts receivable sales program and capital stock.

We regularly review our borrowing capacity and make adjustments, to the extent available, for changes in economic conditions and the perceived needs of our business. As of December 31, 2014, we have a $300.0 revolving credit facility with an accordion feature that allows us to increase this limit by an additional $150.0 upon satisfaction of certain terms and conditions. See note 11. We also have access to $70.0 in intraday and overnight bank overdraft facilities, and we may sell up to $250.0 in accounts receivable on an uncommitted basis under an accounts receivable sales program to provide short-term liquidity. At December 31, 2014, we had sold $50.0 of accounts receivable under our accounts receivable sales program and we had no amounts outstanding under our revolving credit facility. At December 31, 2014, we also had $28.5 outstanding in letters of credit

under our revolving credit facility. Our $300.0 revolving credit facility matures in October 2018, and has restrictive covenants, including those relating to the incurrence of senior ranking indebtedness, the sale of assets and a change of control. The facility also contains financial covenants relating to indebtedness and interest coverage. Certain of our assets are pledged as security for borrowing under this facility. We closely monitor our business performance to evaluate compliance with our restrictive and financial covenants. We were in compliance with all applicable restrictive and financial covenants under our credit facility as of December 31, 2014. We continue to monitor and review the most cost-effective methods of raising capital, taking into account these restrictions and covenants. The term of our accounts receivable sales program has been extended by amendment for additional one-year periods (and is currently extendable to November 2016 under specified circumstances), but may be terminated earlier as provided in the agreement governing the program. See note 4. In addition, since our accounts receivable sales program is on an uncommitted basis, there can be no assurance that any participant bank will purchase the accounts receivable we intend to sell to them under this program. The timing and amounts we may borrow and repay under these facilities can vary significantly from month-to-month depending on our working capital and other cash requirements.

We commenced an NCIB in each of 2012, 2013, and 2014, pursuant to which we repurchased and cancelled 13.3 million, 4.1 million, and 8.5 million subordinate voting shares in 2012, 2013 and 2014, respectively. In 2012, we also completed an SIB pursuant to which we repurchased and cancelled 22.4 million subordinate voting shares. See note 12. In addition, we have purchased, and expect to continue to purchase, subordinate voting shares from time-to-time in the open market through a trustee for delivery under our stock-based compensation plans. We have not distributed, nor do we have any current plan to distribute, any dividends to our shareholders.

Our strategy on capital risk management has not changed significantly since the end of 2013. Other than the restrictive and financial covenants associated with our revolving credit facility noted above, we are not subject to any contractual or regulatory capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations or cash flows.

22. WEIGHTED AVERAGE NUMBER OF SHARES DILUTED (in millions):

	2012	2013	2014
Weighted average number of shares (basic)	208.6	183.4	178.4
Dilutive effect of outstanding awards under stock-based compensation plans	1.9	2.0	2.0
Weighted average number of shares (diluted)	210.5	185.4	180.4

For the year ended December 31, 2014, we excluded 0.3 million of stock-based awards (year ended December 31, 2013 — 2.8 million; year ended December 31, 2012 — 4.5 million) from the diluted weighted average per share calculation as they were out-of-the-money.

References to shares in this note 22 are to our subordinate voting shares and our multiple voting shares taken collectively.

23. COMMITMENTS, CONTINGENCIES AND GUARANTEES:

At December 31, 2014, we have future minimum lease payments as follows:

	Operating Leases
2015	$24.4
2016	15.5
2017	11.7
2018	8.3
2019	4.1
Thereafter	5.7

Our operating leases primarily relate to premises. As at December 31, 2014, we had committed $25.6 for capital expenditures, principally for machinery and equipment to support new customer programs, and we had also committed to purchasing up to $34.0 of inventory in relation to a program transfer scheduled for the first half of 2015.

We have contingent liabilities in the form of letters of credit, letters of guarantee and surety bonds which we have provided to various third parties. The foregoing, which are all guarantees, cover various payments, including customs and excise taxes, utility commitments and certain bank guarantees. At December 31, 2014, these guarantees amounted to $38.5 (December 31, 2013 — $40.5), including $28.5 (December 31, 2013 — $29.7) of letters of credit outstanding under our revolving credit facility.

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

Litigation:

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

In 2007, securities class action lawsuits were commenced against us and our former Chief Executive and Chief Financial Officers, in the United States District Court of the Southern District of New York by certain individuals, on behalf of themselves and other unnamed purchasers of our stock, claiming that they were purchasers of our stock during the period January 27, 2005 through January 30, 2007. The plaintiffs allege violations of United States federal securities laws and seek unspecified damages. They allege that during the purported period we made statements concerning our actual and anticipated future financial results that failed to disclose certain purportedly material adverse information with respect to demand and inventory in our Mexico operations and our information technology and communications divisions. In an amended complaint, the plaintiffs added one of our directors and Onex Corporation as defendants. On October 14, 2010, the District Court granted the defendants' motions to dismiss the consolidated amended complaint in its entirety. The plaintiffs appealed to the United States Court of Appeals for the Second Circuit the dismissal of their claims

against us, and our former Chief Executive and Chief Financial Officers, but not as to the other defendants. In a summary order dated December 29, 2011, the Court of Appeals reversed the District Court's dismissal of the consolidated amended complaint and remanded the case to the District Court for further proceedings. The discovery phase of the case has been completed. Defendants moved for summary judgment dismissing the case in its entirety, and plaintiffs moved for class certification and for partial summary judgment on certain elements of their claims. In an order dated February 21, 2014, the District Court denied plaintiffs' motion for class certification because they sought to include in their proposed class persons who purchased Celestica stock in Canada. Plaintiffs renewed their motion for class certification on April 23, 2014, removing Canadian stock purchasers from their proposed class in accordance with the District Court's February 21 order. Defendants opposed plaintiffs' renewed motion on May 5, 2014 on the grounds that the plaintiffs are not adequate class representatives. On August 20, 2014, the District Court denied our motion for summary judgment. The District Court also denied the majority of plaintiffs' motion for partial summary judgment, but granted plaintiffs' motion on market efficiency. The District Court also granted plaintiffs' renewed class certification motion and certified plaintiffs' revised class. A trial date has been set for April 20, 2015. On February 24, 2015, the parties reached an agreement in principle to settle the U.S. case. It is anticipated that the settlement amount will be covered by our liability insurance. However, as the settlement has not yet been finalized, and is in any event subject to approval by the District Court, there can be no assurance that the settlement will be entered into at all, that any actual settlement or other disposition of the lawsuit will not be in excess of amounts accrued or on terms less favorable to us than the agreement in principle, or that the actual settlement or other disposition of the lawsuit will not have a material adverse impact on our financial position or liquidity. If a settlement is not achieved on terms acceptable to us, we intend to continue to vigorously defend this lawsuit.

Parallel class proceedings remain against us and our former Chief Executive and Chief Financial Officers in the Ontario Superior Court of Justice. These proceedings are not affected by the agreement in principle discussed above. On October 15, 2012, the Ontario Superior Court of Justice granted limited aspects of the defendants' motion to strike, but dismissed the defendants' limitation period argument. The defendants' appeal of the limitation period issue was dismissed on February 3, 2014 when the Court of Appeal for Ontario overturned its own prior decision on the limitation period issue. On August 7, 2014, the defendants were granted leave to appeal the decision to the Supreme Court of Canada, together with two other cases that deal with the limitation period issue. The Supreme Court of Canada heard the appeal on February 9, 2015, and the decision is under reserve. A possible outcome of the Supreme Court appeal would be that the Canadian case is dismissed in its entirety. In a decision dated February 19, 2014, the Ontario Superior Court of Justice granted the plaintiffs leave to proceed with a statutory claim under the Ontario Securities Act and certified the action as a class proceeding on the claim that the defendants made misrepresentations regarding the 2005 restructuring. The court denied the plaintiffs leave and certification on the claims that the defendants did not properly report Celestica's inventory and revenue and that Celestica's financial statements did not comply with Canadian GAAP. The court also denied certification of the plaintiffs' common law claims. The action is at the discovery stage and, depending on the outcome of the Supreme Court appeal, the discoveries may resume. There have been some settlement discussions among the parties to the Canadian proceedings. However, there can be no assurance that such discussions will lead to a settlement, or that any settlements or other dispositions of the Canadian lawsuit will not be in excess of amounts covered by our liability insurance policies. If the Supreme Court appeal does not result in a dismissal of the Canadian action and/or settlement on terms acceptable to us is not reached, we intend to continue to vigorously defend the lawsuit. We believe the allegations in the claim are without merit. However, there can be no assurance that the outcome of the lawsuit will be favorable to us or that it will not have a material adverse impact on our financial position or liquidity. In addition, we may incur substantial litigation expenses in defending the claim. As the matter is ongoing, we cannot predict its duration or the resources required.

Income taxes:

We are subject to tax audits globally by various tax authorities of historical information, which could result in additional tax expense in future periods relating to prior results. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and a significant degree of judgment. If any of these tax authorities are successful with their challenges, our income tax expense may increase significantly and we could also be subject to interest and penalty charges.

Tax authorities in Canada have taken the position that income reported by one of our Canadian subsidiaries should have been materially higher in 2001 and 2002 and materially lower in 2003 and 2004 as a result of certain inter-company transactions, and have imposed limitations on benefits associated with favorable adjustments arising from inter-company transactions and other adjustments. We have appealed this decision with the Canadian tax authorities and have sought assistance from the relevant Competent Authorities in resolving the transfer pricing matter under relevant treaty principles. We could be required to provide security up to an estimated maximum range of $20 million to $25 million Canadian dollars (approximately $17 to $22 at year-end exchange rates) in the form of letters of credit to the tax authorities in connection with the transfer pricing appeal, however, we do not believe that such security will be required. If tax authorities are successful with their challenge, we estimate that the maximum net impact for additional income taxes and interest charges associated with the proposed limitations of the favorable adjustments could be approximately $41 million Canadian dollars (approximately $35 at year-end exchange rates).

Canadian tax authorities have taken the position that certain interest amounts deducted by one of our Canadian entities in 2002 through 2004 on historical debt instruments should be re-characterized as capital losses. If the tax authorities are successful with their challenge, we estimate that the maximum net impact for additional income taxes and interest charges could be approximately $32 million Canadian dollars (approximately $28 at year-end exchange rates). We have appealed this decision with the Canadian tax authorities and have provided the requisite security to the tax authorities, including a letter of credit in January 2014 of $5 million Canadian dollars (approximately $5 at year-end exchange rates), in addition to amounts previously on account, in order to proceed with the appeal. We believe that our asserted position is appropriate and would be sustained upon full examination by the tax authorities and, if necessary, upon consideration by the judicial courts. Our position is supported by our Canadian legal tax advisors.

We have and expect to continue to recognize the future benefit of certain Brazilian tax losses on the basis that these tax losses can and will be fully utilized in the fiscal period ending on the date of dissolution of our Brazilian subsidiary. While our ability to do so is not certain, we believe that our interpretation of applicable Brazilian law will be sustained upon full examination by the Brazilian tax authorities and, if necessary, upon consideration by the Brazilian judicial courts. Our position is supported by our Brazilian legal tax advisors. An adverse change to the benefit realizable on these Brazilian losses could increase our net deferred tax liabilities by approximately 25 million Brazilian reais (approximately $10 at year-end exchange rates).

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

24. SEGMENT AND GEOGRAPHIC INFORMATION:

We are required to disclose certain information regarding operating segments, products and services, geographic areas and major customers. Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our one reportable segment is comprised of our electronics manufacturing services business. Our chief operating decision maker is our Chief Executive Officer.

The following table indicates revenue by end market as a percentage of total revenue for the years indicated. Our revenue fluctuates from period-to-period depending on numerous factors, including but not limited to: the mix and complexity of the products or services we provide, the extent, timing and rate of new program wins, follow-on business or program losses, the phasing in or out of programs, the success in the marketplace of our customers' products, changes in customer demand, and the seasonality of our business. We expect that the pace of technological change, the frequency of customers transferring business among EMS competitors, the level of outsourcing by customers (including decisions to insource), and the dynamics of the global economy will also continue to impact our business from period-to-period.

	Year ended December 31		
	2012	2013	2014
Communications	35%	42%	40%
Consumer	18%	6%	5%
Diversified	20%	25%	28%
Servers	15%	13%	9%
Storage	12%	14%	18%

The following table details our external revenue allocated by manufacturing location among countries exceeding 10%:

	Year ended December 31		
	2012	2013	2014
Mexico	19%	*	*
Thailand	21%	34%	33%
China	17%	19%	23%
Malaysia	12%	13%	14%

* Less than 10% in the period indicated

The following table details our allocation of property, plant and equipment, intangible assets and goodwill among countries exceeding 10%:

	December 31	
	2013	2014
China	23%	22%
Canada	10%	10%
Thailand	13%	16%
United States	19%	16%
Malaysia	18%	19%

Customers:

We had three customers that individually represented more than 10% of total revenue in 2014. In aggregate, those customers comprised 37% of total revenue. At December 31, 2014, we had one customer that individually represented more than 10% of total accounts receivable.

We had two customers that individually represented more than 10% of total revenue in 2013. In aggregate, those customers comprised 24% of total revenue. At December 31, 2013, we had one customer that individually represented more than 10% of total accounts receivable.

We had two customers that individually represented more than 10% of total revenue in 2012. In aggregate, those customers comprised 23% of total revenue. At December 31, 2012, we had one customer that individually represented more than 10% of total accounts receivable.

25. COMPARATIVE INFORMATION:

We have reclassified certain prior year information to conform to the current year's presentation.