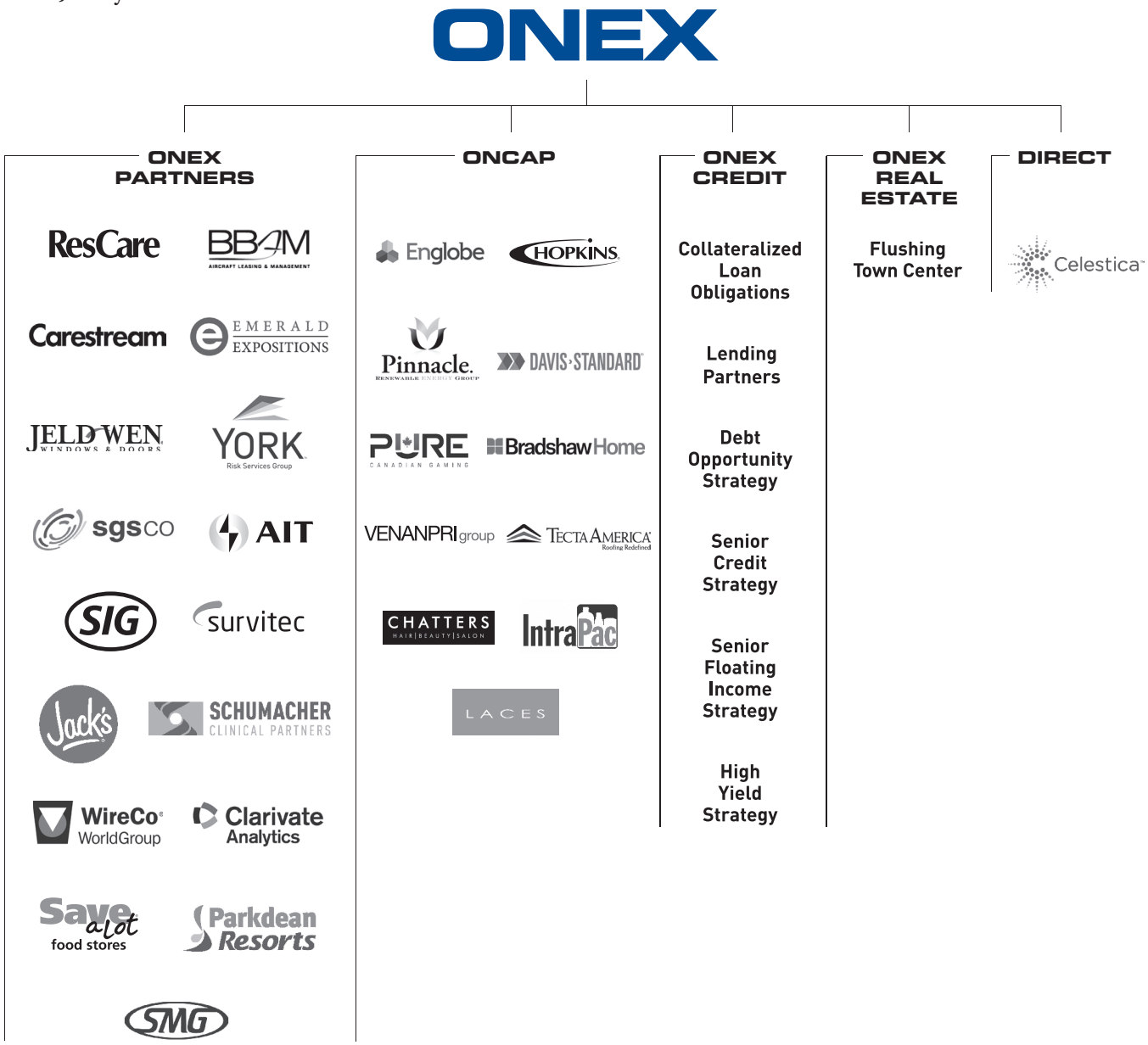
ONEX

Management's Discussion and Analysis and Financial Statements

First Quarter Ended March 31, 2018

ONEX AND ITS OPERATING BUSINESSES

Onex is a public company whose shares trade on the Toronto Stock Exchange under the symbol ONEX. Onex' businesses have assets of $49 billion, generate annual revenues of $31 billion and employ approximately 207,000 people worldwide. Onex operates from offices located in Toronto, New York, New Jersey and London.



Onex Partners includes investments made through Onex Partners I, II, III and IV.

ONCAP includes investments made through ONCAP II, III and IV.

Throughout this report, all amounts are in U.S. dollars unless otherwise indicated.

Table of Contents

ONEX CORPORATION

Who We Are and What We Do

Onex is an investor first and foremost, with $6.7 billion of shareholder capital primarily invested in or committed to private equity and non-investment grade credit. We also manage $24.1 billion of invested and committed capital on behalf of fund investors from around the world, including public and private pension plans, sovereign wealth funds, banks, insurance companies and family offices, that have chosen to invest alongside us.

With an experienced management team, significant financial resources and no debt at the parent company, Onex is well-positioned to continue building shareholder value through its investing and asset management activities.

Private Equity Investing

Founded in 1984, Onex is one of the oldest and most successful private equity firms. We acquire and build high-quality businesses in partnership with talented management teams. Onex invests through its two private equity platforms: Onex Partners for larger transactions and ONCAP for middle-market transactions.

We are focused on three primary investment strategies: (i) cost reduction and operational restructurings; (ii) platforms for add-on acquisitions; and (iii) carve-outs of subsidiaries and mission-critical supply divisions from multinational corporations.

We have built 95 operating businesses, completing about 595 acquisitions with a total value of $72 billion. Onex' private equity investing has generated a gross multiple of capital invested of 2.8 times since inception, resulting in a 28% Gross IRR on realized, substantially realized and publicly traded investments.

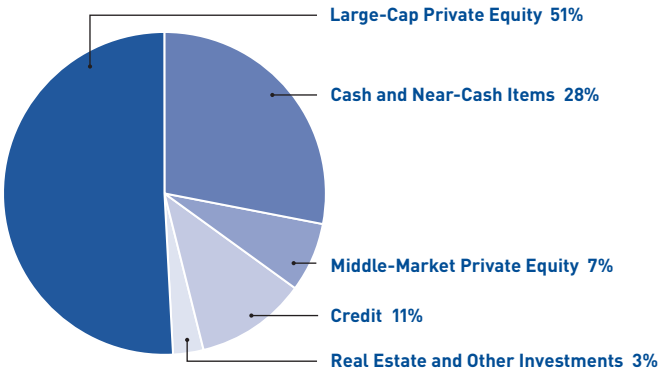
Credit Investing

Established in 2007, our credit platform invests primarily in non-investment grade debt through its collateralized loan obligations, private debt and other credit strategies. We practise value-oriented investing, employing a bottom-up, fundamental and structural analysis of the underlying borrowers. We seek to generate strong risk-adjusted and absolute returns across market cycles. With a disciplined approach to investing and a focus on capital preservation, Onex Credit now manages $9.8 billion.

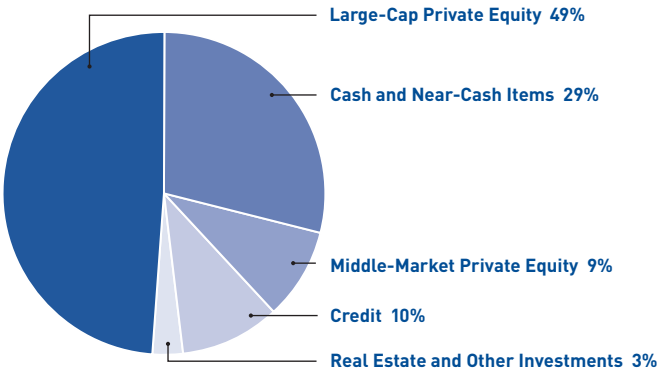
Onex Capital

At March 31, 2018, Onex' $6.7 billion of capital was primarily invested in or committed to its private equity and credit platforms.

Onex' $6.7 billion of Capital at March 31, 2018



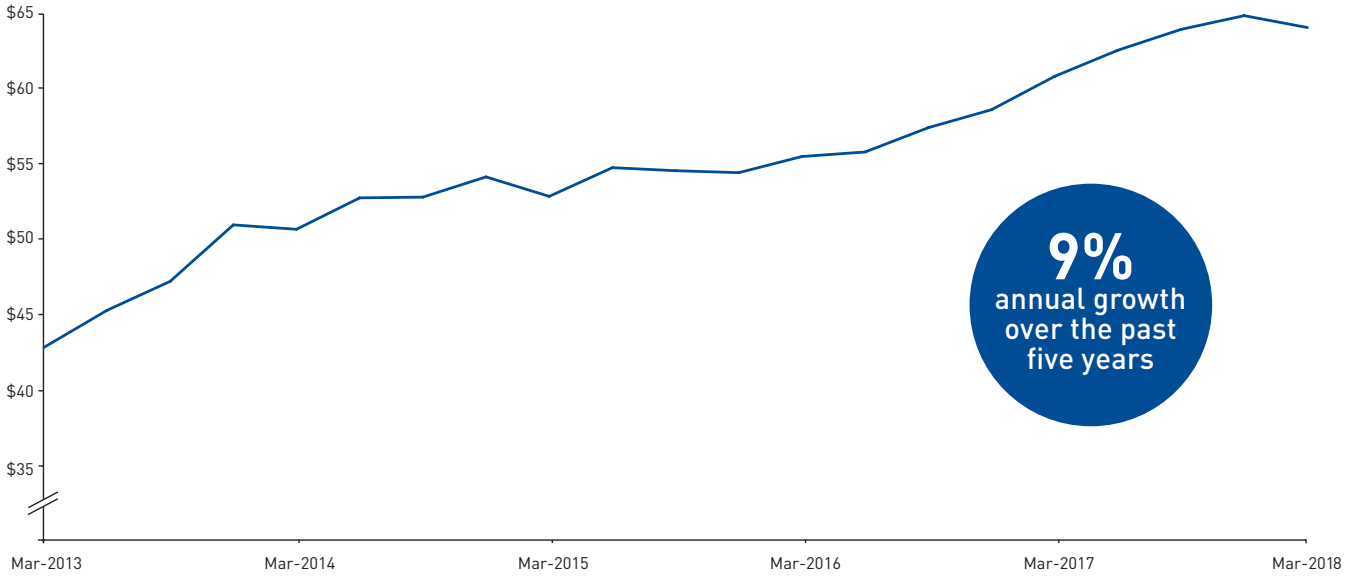
Onex' $6.8 billion of Capital at December 31, 2017



The How We Are Invested schedule details Onex' $6.7 billion of capital at March 31, 2018 (December 31, 2017 – $6.8 billion).

For the three months ended March 31, 2018, Onex capital per share decreased by 1% (increased by 2% in Canadian dollars). For the 12 months ended March 31, 2018, Onex capital per share increased by 6% (2% in Canadian dollars). Over the past five years, Onex capital per share has increased by 9% per year (14% per year in Canadian dollars).

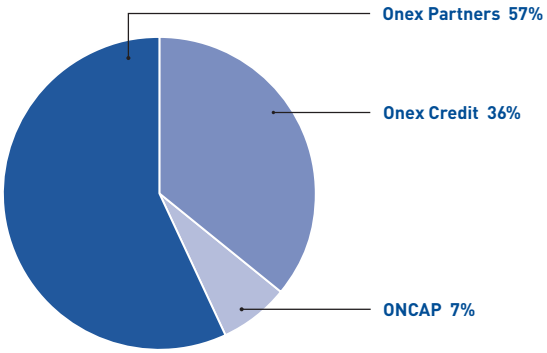
Onex Capital per Share (USD) (March 31, 2013 to March 31, 2018)



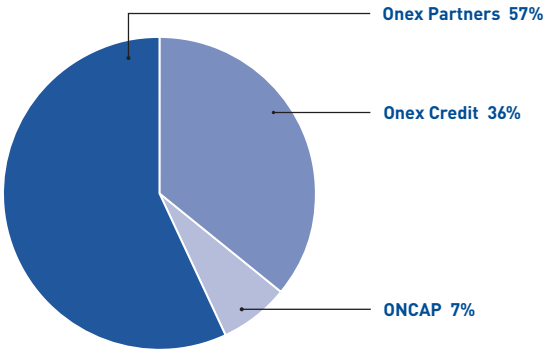
Fund Investor Capital

Onex manages $24.1 billion of invested and committed capital on behalf of investors from around the world.

Onex' $24.1 billion of Fund Investor Capital at March 31, 2018



Onex' $24.2 billion of Fund Investor Capital at December 31, 2017



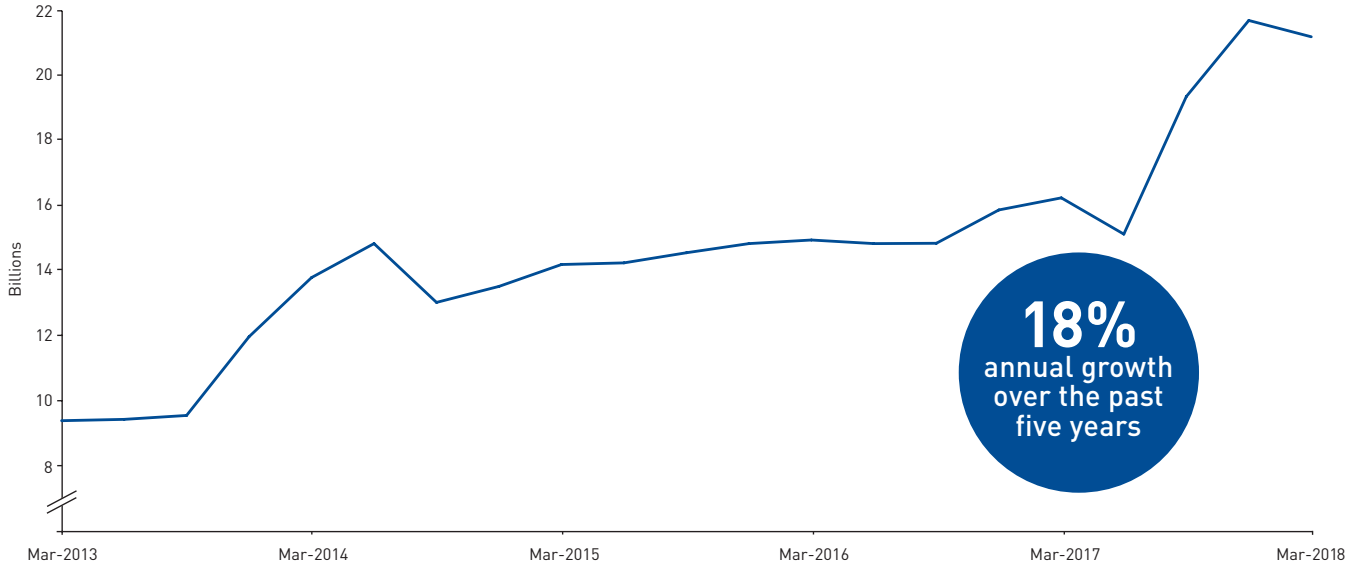
Fund investor capital includes capital managed on behalf of co-investors and the Onex management team.

Asset Management

Onex' management of fund investor capital provides two significant financial benefits: (i) a committed stream of annual management fees and (ii) the opportunity to share in fund investors' profits. Onex has run-rate management fees of $147 million, consisting of $98 million from private equity and $49 million from credit. During the 12 months ended March 31, 2018, combined management fees and carried interest received more than offset operating expenses. Onex expects its run-rate management fees to increase when fees begin to accrue from Onex Partners V.

For the 12 months ended March 31, 2018, fee-generating capital under management grew by 30% to $21.2 billion. The closing of Onex Partners V increased fee-generating capital under management for the 12 months ended March 31, 2018 by approximately $5.0 billion. Over the past five years, fee-generating capital under management has increased by 18% per year.

Fee-Generating Capital Under Management (March 31, 2013 to March 31, 2018)



HOW WE ARE INVESTED

All dollar amounts, unless otherwise noted, are in millions of U.S. dollars.

This How We Are Invested schedule details Onex' $6.7 billion of capital and provides private company performance and public company ownership information. This schedule includes values for Onex' investments in controlled companies based on estimated fair values prepared by management. The estimated fair values for investments are presented net of management incentive programs. The presentation of controlled investments in this manner is a non-GAAP financial measure. This schedule may be used by investors as a means of comparison to the fair values they may prepare for Onex and Onex' investments. While the schedule provides a snapshot of Onex' assets, it does not fully reflect the value of Onex' asset management business as it includes only an estimate of the unrealized carried interest due to Onex based on the current estimated fair values of the investments and allocates no value to future management company income. The presentation of Onex capital and capital per share information in this manner does not have a standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and is therefore unlikely to be comparable to similar measures presented by other companies.

This schedule also includes the LTM adjusted EBITDA and net debt for significant private companies, which are also non-GAAP financial measures. The LTM adjusted EBITDA is a financial measure used by management in assessing the performance and value of a company, while net debt is a financial measure used by management to monitor the financial leverage of a company. Management believes these financial measures are useful to investors in assessing the financial strength and performance of significant private companies in which Onex has invested. These financial measures do not have standardized meanings prescribed under IFRS and are therefore unlikely to be comparable to similar measures presented by other companies.

Onex' unaudited interim consolidated financial statements prepared in accordance with IFRS for the three months ended March 31, 2018 are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval at www.sedar.com. Reconciliations for the preceding non-GAAP financial measures to information contained in the unaudited interim consolidated financial statements have not been presented as it is impractical.

Onex Capital

As at	March 31, 2018	December 31, 2017
Private Equity		
Onex Partners		
Private Companies[1]	**$ 2,665**	$ 2,492
Public Companies[2]	**430**	536
ONCAP		
Private Companies[3]	**398**	563
Public Company[4][5]	**67**	–
Unrealized Carried Interest[6]	**162**	185
Direct Investment – Public Company[2]	**186**	188
	3,908	3,964
Credit		
Collateralized Loan Obligations[7]	**543**	485
Onex Credit Funds[8]	**157**	154
Onex Credit Lending Partners	**18**	17
	718	656
Real Estate	**223**	238
Other Investments	**16**	17
Cash and Near-Cash[8][9][10]	**1,858**	1,947
Debt[11]	**–**	–
Onex Capital	**$ 6,723**	$ 6,822
Onex Capital per Share (U.S. dollars)[12][13]	**$ 64.01**	$ 64.79
Onex Capital per Share (Canadian dollars)[12][13]	**C$ 82.54**	C$ 81.28

(1) Based on the fair value of the investments in Onex Partners, net of the estimated Management Investment Plan ("MIP") liability on these investments of $41 million (December 31, 2017 – $40 million).

(2) Based on closing prices on March 31, 2018 and December 31, 2017 and net of the estimated MIP liability on these investments of $41 million (December 31, 2017 – $49 million).

(3) Based on the fair value of the investments in ONCAP, net of the estimated management incentive programs liability on these investments of $48 million (December 31, 2017 – $70 million.

(4) In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares (TSX: PL), including the exercise of an over-allotment option, priced at C$11.25 per share. At December 31, 2017, Pinnacle Renewable Energy was included in the private companies of ONCAP.

(5) Based on the closing price on March 31, 2018 and net of the estimated management incentive programs liability on this investment of $10 million (December 31, 2017 – nil).

(6) Represents Onex' share of the unrealized carried interest for Onex Partners and ONCAP Funds.

(7) Includes warehouse facilities.

(8) Onex Credit Funds excludes $184 million (December 31, 2017 – $181 million) invested in an Onex Credit segregated unlevered senior secured loan strategy fund, which has been included with Cash and Near-Cash items.

(9) Includes $931 million (December 31, 2017 – $1.0 billion) of investments managed by third-party investment managers.

(10) Includes $127 million (December 31, 2017 – $107 million) of management fees receivable from the limited partners of its private equity platforms.

(11) Represents debt at Onex Corporation, the parent company.

(12) Calculated on a fully diluted basis. Fully diluted shares were 112.5 million at March 31, 2018 (December 31, 2017 – 112.1 million). Fully diluted shares include all outstanding SVS as well as outstanding stock options where Onex' share price exceeds the exercise price of the stock options and the stock options have a dilutive impact to Onex' Capital per Share.

(13) The change in Onex Capital per Share is impacted by the fair value changes of Onex' investments. Shares repurchased and options exercised during the period will decrease or increase Onex Capital per Share to the extent that the price for share repurchases and option exercises was above or below Onex Capital per Share, respectively.

Public and Private Company Information

Public Companies As at March 31, 2018	Shares Subject to Carried Interest *(millions)*	Shares Held by Onex *(millions)*	Closing Price per Share[1]	Market Value of Onex' Investment
Onex Partners				
JELD-WEN	20.3	8.1	$ 30.62	$ 249
Emerald Expositions[2]	33.1	11.4	$ 19.48	222
ONCAP				
Pinnacle Renewable Energy[3]	5.8	6.7	C$ – 14.66 ($ 11.37)	77
				548
Estimated Management Incentive Program Liabilities				(51)
				497
Direct Investments – Celestica[4]	–	18.0	$ 10.35	186
				$ 683

Significant Private Companies As at March 31, 2018	Onex' and its Limited Partners' Economic Ownership	LTM Adjusted EBITDA[5]	Net Debt[6]	Cumulative Distributions	Onex' Economic Ownership	Original Cost of Onex' Investment
Onex Partners						
AIT[7]	50%	n/a	n/a	$ 249[8]	13%	$ 53
BBAM[9]	35%	$ 113	$ (49)[10]	450	9%	36
Carestream Health	91%	274[11]	941	1,311	33%[4]	186
Clarivate Analytics[7]	72%	310	1,976	–	27%	445
Jack's[7]	95%	60	249	85	31%	76
Meridian Aviation	100%	n/a	n/a	124	25%	19
Parkdean Resorts[7][12]	93%	£ 99[13]	£ 703[13]	–	28%	164[14]
ResCare	98%	132	364	235	20%	41
Save-A-Lot[7]	99%	145	649	–	32%	210
Schumacher[7]	68%	95	604	–	22%	105
sgsco	92%	126[15]	678	–	23%	66
SIG[7]	99%	€ 463	€ 2,534	–	35%	428[16]
SMG	99%	82[17]	574	–	32%	139
Survitec[7]	79%	£ 68	£ 414	–	21%	98[14]
WireCo[7]	71%	94	619	–	23%	86
York	88%	106	938	–	29%	173
						$ 2,325

(1) Closing prices on March 31, 2018.

(2) In March 2018, Emerald Expositions completed a secondary offering. The Onex Partners III Group sold 6.75 million shares in Emerald Expositions, including the exercise of an over-allotment option. The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 65% economic and voting interest. Onex continues to hold approximately 11.4 million shares for a 16% economic interest in Emerald Expositions.

(3) In February 2018, Pinnacle Renewable Energy completed an initial public offering. The ONCAP II Group received approximately 14.1 million shares in exchange for its preferred shares in Pinnacle Renewable Energy and its convertible debt. The ONCAP II Group did not sell any common shares as part of the initial public offering and continues to hold 14.1 million shares in Pinnacle Renewable Energy for an economic and voting interest of 43%. Onex continues to hold approximately 6.7 million common shares for a 20% economic interest in Pinnacle Renewable Energy.

(4) Excludes shares held in connection with the MIP.

(5) Adjusted EBITDA is a non-GAAP financial measure and is based on the local accounting standards of the individual operating companies. These adjustments may include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts.

(6) Net debt excludes restricted cash and other similar amounts.

(7) Onex' economic ownership and the original cost of Onex' investment reflect the increase in Onex' interest in Onex Partners IV since the initial investment in the private companies. The original cost of Onex' investment has been adjusted to include the additional cost of the companies at original cost.

(8) Cumulative distributions for AIT include a purchase price adjustment of $4 million.

(9) Ownership percentages, LTM adjusted EBITDA, net debt and cumulative distributions are presented for BBAM and do not reflect information for Onex' investments in FLY Leasing Limited (NYSE: FLY). The original cost of Onex' investment includes $7 million invested in FLY Leasing Limited.

(10) Net debt for BBAM is reduced for accrued compensation liabilities.

(11) LTM EBITDA is presented on a pro-forma basis to reflect the sale of Carestream Health's Dental Digital business in September 2017.

(12) In February 2018, Parkdean Resorts made a partial repayment of a loan note held by the Onex Partners IV Group and the remaining principal balance outstanding was converted into additional equity of Parkdean Resorts.

(13) LTM adjusted EBITDA is presented on a pro-forma basis to reflect the annualized rent impact of sale-leaseback transactions. Net debt excludes capital lease obligations related to long dated sale-leaseback transactions.

(14) The investments in Parkdean Resorts and Survitec were made primarily in pounds sterling and converted to U.S. dollars using the effective exchange rate on the date of the investments.

(15) LTM adjusted EBITDA is presented on a pro-forma basis to reflect the impact of acquired and/or divested businesses.

(16) The investment in SIG was made in U.S. dollars.

(17) LTM adjusted EBITDA is presented on a pro-forma basis to reflect the impact of run-rate earnings from venue management services.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Throughout this interim MD&A, all amounts are in U.S. dollars unless otherwise indicated.

The interim Management's Discussion and Analysis ("MD&A") provides a review of Onex Corporation's ("Onex") unaudited interim consolidated financial results for the three months ended March 31, 2018 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the unaudited interim consolidated statements of earnings, unaudited interim consolidated statements of comprehensive earnings, unaudited interim consolidated balance sheets and unaudited interim consolidated statements of cash flows of Onex. As such, this interim MD&A should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto included in this report. The financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Onex on a consolidated basis and should not be considered as providing sufficient information to make an investment or lending decision in regard to any particular Onex operating business. Onex' unaudited interim consolidated financial statements are prepared in accordance with IFRS, the results of which may differ from the accounting principles applied by the operating businesses in their financial statements.

The following interim MD&A is the responsibility of management and is as of May 10, 2018. Preparation of the interim MD&A includes the review of the disclosures on each business by senior managers of that business and the review of the entire document by each officer of Onex and by the Onex Disclosure Committee. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and recommended approval of the interim MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The interim MD&A is presented in the following sections:

Onex Corporation's financial filings, including the 2018 First Quarter interim MD&A and Financial Statements and Annual Report, Annual Information Form and Management Information Circular, are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

This interim MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve significant and diverse risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. Except as may be required by Canadian securities law, Onex is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this interim MD&A.

Non-GAAP Financial Measures

This interim MD&A contains non-GAAP financial measures which have been calculated using methodologies that are not in accordance with IFRS. The presentation of financial measures in this manner does not have a standardized meaning prescribed under IFRS and is therefore unlikely to be comparable to similar financial measures presented by other companies. Management believes that these financial measures provide helpful information to investors. Reconciliations for the non-GAAP financial measures to information contained in the unaudited interim consolidated financial statements have not been presented where it is impractical.

References

References to the **Company** represent Onex Corporation. References to the **Onex management team** include the management of Onex, ONCAP and Onex Credit. References to management without the use of team include only the relevant group. For example, Onex management does not include management of ONCAP or Onex Credit.

References to the **Onex Partners Groups** represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as investors. References to the **ONCAP Groups** represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as investors. For example, references to the Onex Partners IV Group represent Onex, the limited partners of Onex Partners IV, the Onex management team and, where applicable, certain other limited partners as investors.

Throughout the interim MD&A and unaudited interim consolidated financial statements, the following operating companies, joint ventures and associates, and their respective subsidiaries, will be referenced as follows:

- **"AIT"** – Advanced Integration Technology LP
- **"BBAM"** – BBAM Limited Partnership
- **"Bradshaw"** – Bradshaw International, Inc.
- **"Carestream Health"** – Carestream Health, Inc.
- **"Celestica"** – Celestica Inc.
- **"Chatters"** – Chatters Canada
- **"Clarivate Analytics"** – Clarivate Analytics
- **"Davis-Standard"** – Davis-Standard Holdings, Inc.
- **"Emerald Expositions"** – Emerald Expositions Events, Inc.
- **"EnGlobe"** – EnGlobe Corp.
- **"Flushing Town Center"** – Flushing Town Center
- **"FLY Leasing Limited"** – FLY Leasing Limited
- **"Genesis Healthcare"** – Genesis Healthcare, Inc.
- **"Hopkins"** – Hopkins Manufacturing Corporation
- **"Incline Aviation Fund"** – Incline Aviation Fund
- **"IntraPac"** – IntraPac International Corporation
- **"Jack's"** – Jack's Family Restaurants
- **"JELD-WEN"** – JELD-WEN Holding, Inc.
- **"Laces"** – Laces Group
- **"Mavis Discount Tire"** – Mavis Tire Supply LLC
- **"Meridian Aviation"** – Meridian Aviation Partners Limited and affiliates
- **"ONCAP I"** – ONCAP I L.P.
- **"ONCAP II"** – ONCAP II L.P.
- **"ONCAP III"** – ONCAP III LP
- **"ONCAP IV"** – ONCAP IV LP
- **"Onex Partners I"** – Onex Partners LP
- **"Onex Partners II"** – Onex Partners II LP
- **"Onex Partners III"** – Onex Partners III LP
- **"Onex Partners IV"** – Onex Partners IV LP
- **"Onex Partners V"** – Onex Partners V LP
- **"Parkdean Resorts"** – Parkdean Resorts
- **"Pinnacle Renewable Energy"** – Pinnacle Renewable Holdings, Inc.
- **"PowerSchool"** – PowerSchool Group LLC
- **"PURE Canadian Gaming"** – PURE Canadian Gaming Corp.
- **"ResCare"** – Res-Care, Inc.
- **"Save-A-Lot"** – Save-A-Lot
- **"Schumacher"** – Schumacher Clinical Partners
- **"sgsco"** – SGS International, LLC
- **"SIG"** – SIG Combibloc Group Holdings S.à r.l.
- **"Sitel Worldwide"** – SITEL Worldwide Corporation
- **"SMG"** – SMG Holdings Inc.
- **"Survitec"** – Survitec Group Limited
- **"Tecta"** – Tecta America Corporation
- **"USI"** – USI Insurance Services
- **"Venanpri Group"** – Venanpri Group
- **"WireCo"** – WireCo WorldGroup
- **"York"** – York Risk Services Holding Corp.

A glossary of terms commonly used within the interim MD&A is included on page 48.

OUR BUSINESS, OUR OBJECTIVE AND OUR STRATEGIES

OUR BUSINESS: We invest and manage our own capital and that of investors from around the world, including public and private pension funds, sovereign wealth funds, banks, insurance companies and family offices. Onex has generated a Gross MOC of 2.8 times from its private equity activities since inception on realized, substantially realized and publicly traded investments. In our credit platform, we seek to generate strong risk-adjusted and absolute returns across market cycles.

Investment approach

Over more than three decades, we have developed a successful approach to investing. In our private equity platforms, we pursue businesses with world-class capabilities and strong free cash flow characteristics where we have identified an opportunity, in partnership with company management, to effect change and build market leaders. As an active owner, we are focused on execution rather than macro-economic or industry trends. Specifically, we focus on: (i) cost reduction and operational restructurings; (ii) platforms for add-on acquisitions; and (iii) carve-outs of subsidiaries and mission-critical supply divisions from multinational corporations.

Historically, we have been relatively conservative with the use of financial leverage, which has served Onex and its businesses well through many cycles. In addition, we typically acquire a control position, which allows us to drive important strategic decisions and effect change at our businesses. Onex does not get involved in the daily operating decisions of the businesses.

In our credit platform, we focus on non-investment grade debt. We practise value-oriented investing with bottom-up, fundamental and structural analysis. Stringent oversight of portfolio construction risk, profile and liquidity management complements our approach to investment research. Our team maintains disciplined risk management, with a focus on capital preservation across all strategies.

Experienced team with significant depth

Onex is led by an Executive Committee comprised of the firm's founder and CEO, Gerry Schwartz, and four Senior Managing Directors. Collectively, these executives have more than 150 years of investing experience and have worked at Onex for an average of 27 years. Onex' stability results from its ownership culture, rigorous recruiting standards and highly collegial environment.

Onex' 101 investment professionals are each dedicated to a separate investment platform: Onex Partners (57), ONCAP (21) and Onex Credit (23). These investment teams are supported by approximately 85 professionals dedicated to Onex' corporate functions and its investment platforms.

Substantial financial resources available for future growth

Onex' policy is to maintain a financially strong parent company with funds available for new acquisitions and to support the growth of its businesses. Onex' financial strength comes from both its own capital as well as the committed capital from its fund investors. Today, Onex has substantial financial resources available to support its investing strategy with:

- approximately $1.9 billion of cash and near-cash items and no debt at the parent company;
- $992 million of limited partner uncalled capital available for future Onex Partners IV investments prior to the pending investment in PowerSchool;
- $5.5 billion of limited partner uncalled capital available for future Onex Partners V investments;
- $555 million of limited partner uncalled capital available for future ONCAP IV investments; and
- $140 million of limited partner uncalled capital for Onex Credit Lending Partners.

Strong alignment of interests

Critical to our success is the strong alignment of interests between Onex' shareholders, our limited partners and the Onex management team. In addition to Onex being the largest limited partner in each private equity fund and having meaningful investments in our credit platform, the Company's distinctive ownership culture requires the management team to have a significant ownership in Onex shares and to invest meaningfully in each operating business acquired. At March 31, 2018, the Onex management team:

- was the largest shareholder in Onex, with a combined holding of approximately 16.7 million shares, or 17% of outstanding shares, and 0.7 million DSUs;
- had a total cash investment in Onex' current operating businesses of approximately $435 million; and
- had a total investment at market in credit strategies of approximately $360 million.

As well, Onex management is required to reinvest 25% of all Onex Partners carried interest and MIP distributions in Onex shares until they individually own at least one million shares and must hold these shares until retirement.

OUR OBJECTIVE: Onex' business objective is to create long-term value for shareholders and to have that value reflected in our share price. Our strategies to deliver this value are concentrated on (i) acquiring and building industry-leading businesses and (ii) managing and growing fund investor capital in our private equity and credit platforms. We believe Onex has the investment philosophy, talent, financial resources and track record to continue to deliver on its objective. The discussion that follows outlines Onex' strategies and reviews how we performed relative to those strategies to date in 2018.

OUR STRATEGIES

Acquiring and building industry-leading businesses

The growth in Onex capital is driven by the success of our private equity investments. Our private equity investing strategy focuses on an active ownership approach to acquiring and building industry-leading businesses in partnership with talented management teams.

One of Onex' long-term goals is to grow its capital per share by 15% per year. As of March 31, 2018, Onex' capital per share was $64.01 (C$82.54) (December 31, 2017 – $64.79 (C$81.28)). The following table outlines the increase (decrease) in Onex' capital per share and the return from Onex' private equity investments as of March 31, 2018.

	Three months ended March 31, 2018	Twelve months ended March 31, 2018	Five years ended March 31, 2018[1]
Increase in value of Onex' private equity investments in U.S. dollars[2]	1 %	12%	20%
Increase (decrease) in capital per share in U.S. dollars[3]	(1)%	6%	9%
Increase in capital per share in Canadian dollars[3]	2 %	2%	14%

(1) Represents the annualized percentage increase.

(2) Adjusted for realizations and distributions.

(3) Includes the impact of cash, credit investments and other investments.

Acquiring businesses

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues. The Onex Partners IV Group invested $429 million for a 99% economic interest in SMG. Onex' share of the investment was $139 million for an economic interest of 32%.

In addition, in April 2018, the Onex Partners IV Group agreed to invest in PowerSchool, a non-instructional software provider primarily to K-12 primary schools and currently owned by Vista Equity Partners ("Vista"). Concurrent with this transaction, PowerSchool will acquire PeopleAdmin, a provider of cloud-based talent management solutions for the education sector and also currently owned by Vista. The Onex Partners IV Group expects to make an investment of approximately $850 million for an economic interest of approximately 50% in PowerSchool and will be an equal partner with Vista. Onex' share of the investment is expected to be approximately $275 million. The transaction is expected to close during the second half of 2018, subject to customary conditions and regulatory approvals.

Today, we have approximately $9.9 billion of uncalled capital available to deploy for new private equity investments, including $2.8 billion of Onex commitments and prior to giving effect to the pending investment in PowerSchool. As we continue to evaluate investment opportunities, our focus remains on identifying investments that will deliver long-term growth for our shareholders and partners.

Building businesses

During the first quarter of 2018, nine of our operating businesses completed 13 follow-on acquisitions for total consideration of approximately $550 million. Our existing operating businesses also collectively raised or refinanced a total of $2.0 billion of debt, in part due to strong credit markets during the quarter. In addition, our existing businesses paid down debt totalling approximately $70 million.

Realizing on value

The table below presents the significant proceeds received to date in 2018 from realizations and cash distributions primarily from private equity activity.

Company	Fund	Transaction	Period	Total Amount ($ millions)	Onex' Share[1] ($ millions)
Mavis Discount Tire	ONCAP III	Sale of business	Mar '18	$ 518[2][3]	$ 173[2]
Emerald Expositions	Onex Partners III	Secondary offering, dividend	Mar '18	124	33
Parkdean Resorts	Onex Partners IV	Repayment of loan note	Feb '18	74[3]	22
Onex Real Estate	Direct investment	Distributions	Mar '18 and Apr '18	58	51
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt	Feb '18	16	7
Total				$ 790	$ 286

(1) Onex' share includes carried interest received by Onex and is reduced for amounts paid under the MIP and Onex' net payment of carried interest for ONCAP investments, if applicable.

(2) Excludes amounts held in escrow.

(3) Includes proceeds received by certain limited partners and others.

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire for net proceeds of $519 million. The ONCAP III Group acquired Mavis Discount Tire in October 2014 and in total made an equity investment of $150 million. Onex' portion of the sale proceeds was $173 million, including carried interest of $15 million and after the reduction for amounts paid to the Onex and ONCAP management teams. Included in the net proceeds is $1 million held in escrow. The investment in Mavis Discount Tire generated a Gross MOC of 3.5 times in U.S. dollars and 3.8 times in Canadian dollars.

In March 2018, Emerald Expositions completed a secondary offering of 6.75 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $18.50 per share for gross proceeds of $125 million. No treasury shares were issued as part of the offering. The Onex Partners III Group sold all of the shares in this transaction for net proceeds of $120 million. Onex' portion of the net proceeds was $32 million, including $3 million of carried interest. Subsequent to the secondary offering, the Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for an economic and voting interest of 65%. Onex continues to hold approximately 11.4 million shares for a 16% economic interest in Emerald Expositions.

In February 2018, Parkdean Resorts made a partial repayment of a loan note held by the Onex Partners IV Group, totalling £52 million ($74 million), including accrued interest, with net proceeds from a sale-leaseback transaction. Onex' share of the repayment was £15 million ($22 million).

During 2018, Flushing Town Center distributed $58 million of proceeds primarily from the sale of residential condominium units. Onex' share of the distribution was $51 million.

In February 2018, Pinnacle Renewable Energy completed an initial public offering of 15.3 million shares of its common stock (TSX: PL), including the exercise of an over-allotment option. The offering was priced at C$11.25 per share for gross proceeds of C$173 million. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C$29 million of existing shareholder subordinated debt with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C$20 million ($16 million) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C$9 million ($7 million). The ONCAP II Group did not sell any common shares as part of this transaction.

The ONCAP II Group continues to hold approximately 14.1 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 43%. Onex continues to hold approximately 6.7 million common shares of Pinnacle Renewable Energy for an economic interest of 20%.

Managing and growing fund investor capital

Over the years, Onex has raised $17.8 billion of limited partner capital through nine Onex Partners and ONCAP Funds. Most recently, in November 2017 Onex successfully completed the fundraising for Onex Partners V, reaching aggregate commitments of $7.15 billion and exceeding our target size of $6.5 billion. This included Onex' commitment of $2.0 billion, Onex management's minimum 2% commitment and capital from fund investors around the world.

Since its inception, the Onex credit platform has raised $10.2 billion of fund investor capital and today manages $9.7 billion across various strategies, with a continued focus on growing its product lines and distribution channels.

Onex Credit has closed 16 CLOs, with offerings of securities and loans totalling approximately $9.1 billion, including approximately $740 million of Onex capital. At March 31, 2018, capital under management related to the remaining CLOs was $8.1 billion, including $477 million of Onex capital. Our credit business also manages non-investment grade debt through several investment strategies comprising event-driven, long/short, long-only, par, stressed and distressed opportunities, including two closed-end funds listed on the Toronto Stock Exchange (TSX: OCS-UN and OSL-UN).

To date, Onex has raised $314 million towards its $500 million fund size target for its first fund in Onex Credit Lending Partners ("OCLP I"), including $100 million from Onex and a $41 million commitment from the Onex management team. Onex Credit Lending Partners focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe. The strategy invests the majority of its capital in senior secured loans of companies primarily in less cyclical and less capital-intensive industries, with a focus on capital preservation. This platform employs a buy-and-hold approach to investing, with a goal of owning a diversified pool of investments. Onex Credit Lending Partners is a natural extension of Onex Credit's business and leverages the firm's infrastructure and knowledge of the loan market.

The management of fund investor capital provides two significant benefits to Onex: (i) we earn management fees on $21.2 billion of fee-generating capital under management and (ii) we have the opportunity to share in our investors' profits through carried interest and incentive fee participation. This enhances Onex' return from its investment activities. Onex earned a total of $146 million in management fees during the 12 months ended March 31, 2018 (December 31, 2017 – $148 million), and today has run-rate management fees of $147 million. Onex expects future management fees, carried interest and incentive fees will offset operating expenses.

Our private equity funds contribute $98 million to the run-rate management fees. Onex does not earn any management fees on the capital it has invested or committed to its private equity funds. Onex expects its run-rate management fees will increase when fees begin to accrue from Onex Partners V.

Onex Credit contributes $49 million to the run-rate management fees, which includes $3 million of management fees earned on Onex' capital invested in Onex Credit Lending Partners and Onex Credit Funds.

At March 31, 2018, Onex' share of the unrealized carried interest on Onex Partners and ONCAP's operating businesses based on their fair values was $162 million compared to $185 million at December 31, 2017. The unrealized carried interest decreased since December 31, 2017 primarily due to $20 million of carried interest received during the first three months of 2018. The actual amount of carried interest realized by Onex will depend on the ultimate performance of each fund.

At March 31, 2018, Onex managed $24.1 billion of fund investor capital, in addition to Onex' capital.

Fund Investor Capital Under Management[1][2]

(Unaudited) ($ millions)	Total			Fee-Generating		Uncalled Commitments	
	March 31, 2018[3]	December 31, 2017[3]	**Change in Total**	**March 31, 2018**	December 31, 2017	**March 31, 2018[3]**	December 31, 2017[3]
Funds							
Onex Partners	**$ 13,788**	$ 13,787	**–**	**$ 11,451**	$ 11,666	**$ 6,829**	$ 6,787
ONCAP[4]	**1,569**	1,788	**(12)%**	**1,301**	1,479	**621**	606
Onex Credit	**8,711**	8,644	**1 %**	**8,430**	8,534	**176**	175
Total	**$ 24,068**	$ 24,219	**(1)%**	**$ 21,182**	$ 21,679	**$ 7,626**	$ 7,568

(1) Capital under management is a non-GAAP financial measure.

(2) Invested amounts included in fund investor capital under management are presented at fair value.

(3) Uncalled commitments include capital available for future Onex-sponsored acquisitions, possible future funding of remaining businesses and future investments by Onex Credit Lending Partners. Includes committed amounts from the Onex management team and directors based on the assumption that all of the remaining limited partners' commitments are invested. Uncalled commitments at March 31, 2018 are reduced for management fees receivable of $127 million (December 31, 2017 – $107 million), which are included in Onex capital.

(4) Capital under management for ONCAP II and III is in Canadian dollars and has been converted to U.S. dollars using the exchange rate on March 31, 2018 and December 31, 2017.

Growth in fund investor capital under management

The amount of fund investor capital under management will fluctuate as new capital is raised and existing investments are realized. One of Onex' long-term goals is to grow its fee-generating capital by 10% per year. For the 12 months ended March 31, 2018, fee-generating capital under management increased by 30% primarily due to our successful fundraising for Onex Partners V, CLOs and Onex Credit Lending Partners, partially offset by the sales of USI and Mavis Discount Tire, the partial sales of BBAM, Emerald Expositions and JELD-WEN, and the redemption of CLO-3. Over the past five years, fee-generating capital under management has increased by 18% per year.

Performance

Private equity

The ability to raise new capital commitments is primarily dependent on the general fundraising environment and Onex' investment track record with prior funds. The following table summarizes the performance of the Onex Partners and ONCAP Funds from inception through March 31, 2018.

		Performance Returns[1][2]			
	Vintage	Gross IRR	Net IRR[3]	Gross MOC	Net MOC[3]
Funds					
Onex Partners I	2003	55%	38%	3.9x	3.0x
Onex Partners II	2006	17%	13%	2.3x	1.9x
Onex Partners III	2009	21%	14%	2.3x	1.9x
Onex Partners IV	2014	8%	2%	1.1x	1.0x
ONCAP I[4][5]	1999	43%	33%	4.1x	3.1x
ONCAP II[4]	2006	30%	22%	4.0x	2.8x
ONCAP III[4]	2011	28%	20%	2.9x	2.2x
ONCAP IV	2016	39%	12%	1.2x	1.1x

(1) Performance returns are a non-GAAP financial measure.

(2) Onex Partners V has been excluded from the table as no investments have been made through the fund as of March 31, 2018.

(3) Net IRR and Net MOC are presented for limited partners in the Onex Partners and ONCAP Funds and exclude the capital contributions and distributions attributable to Onex' commitment as a limited partner in each fund.

(4) Returns are calculated in Canadian dollars, the functional currency of these ONCAP Funds.

(5) ONCAP I has been fully realized.

Credit

As of March 31, 2018, Onex had a net investment of $519 million in CLOs after dispositions and distributions, including $67 million for two warehouse facilities. Onex primarily invests in the equity tranches of CLOs. Market pricing for CLO equity is more volatile than the underlying leveraged loan market due to the leverage employed in a CLO and the relative illiquidity of CLO equity. CLO equity pricing may also be affected by changes in fixed income market sentiment and investors' general appetite for risk. Onex generated $5 million of losses on a mark-to-market basis on its CLO investments during the three months ended March 31, 2018 (2017 – less than $1 million). Investments in our two fully realized CLOs generated a Net IRR of approximately 15%.

All of Onex' CLOs remain onside with their various coverage tests. Onex received $12 million of distributions from its CLO investments during the first three months of the year. Onex remains a long-term investor in its CLOs.

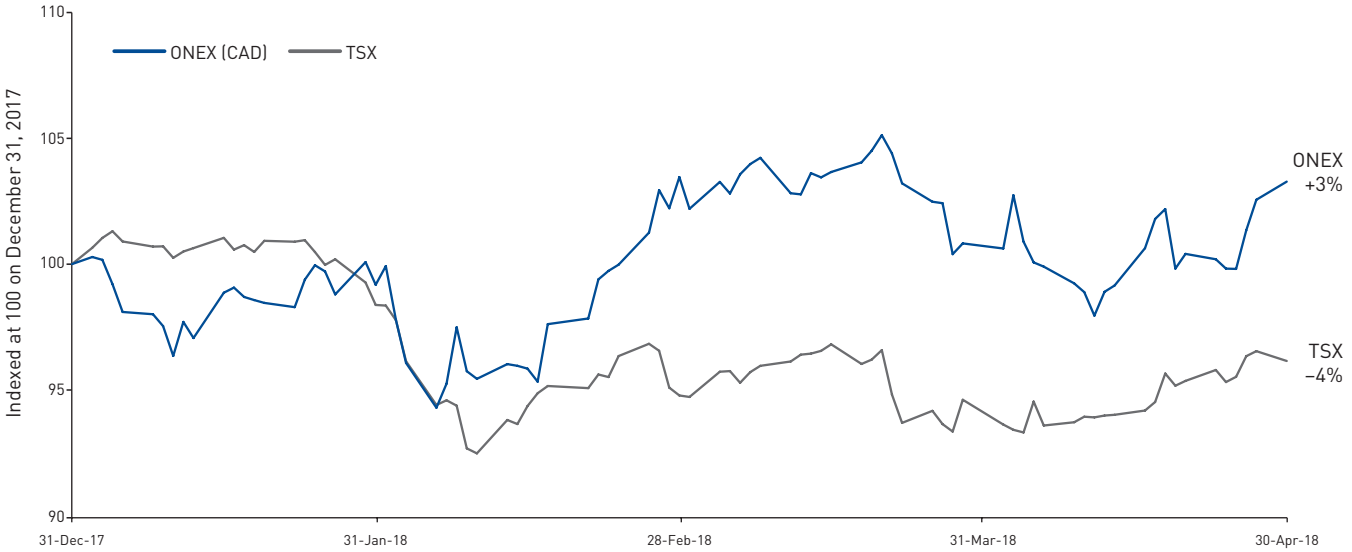
Share price

Our goal is to have the value of our investing and asset management activities reflected in our share price. These efforts are supported by a long-standing quarterly dividend and an active stock buyback program. In May 2018, Onex increased its quarterly dividend by 17% to C$0.0875 per SVS beginning in July 2018. This increase follows similar increases in the previous five years and reflects Onex' success and ongoing commitment to its shareholders. Year-to-date through April 30, 2018, $12 million was returned to shareholders through dividends and Onex repurchased and cancelled 254,328 SVS at a total cost of $18 million (C$23 million), or an average purchase price of $71.60 (C$89.34) per share.

At April 30, 2018, Onex' SVS closed at C$95.10, a 3% increase from December 31, 2017. This compares to a 4% decrease in the S&P/TSX Composite Index ("TSX").

The chart below shows the performance of Onex' SVS during the first four months of 2018 relative to the TSX.

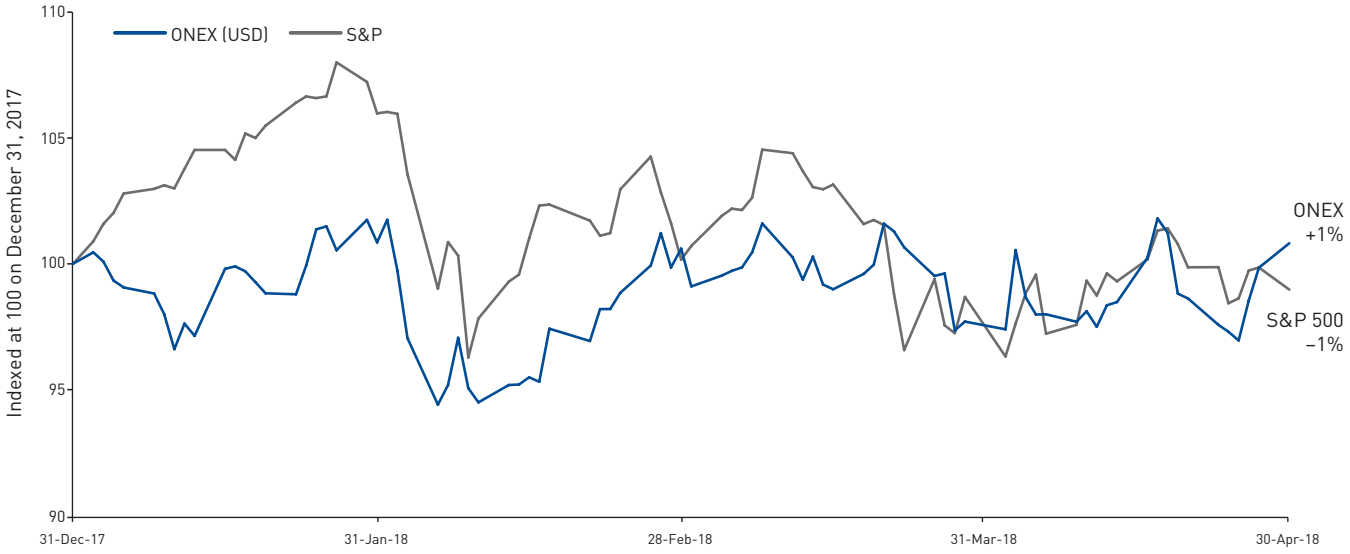
Onex Relative Performance (CAD) (December 31, 2017 to April 30, 2018)



As a substantial portion of Onex' investments are denominated in U.S. dollars, Onex' Canadian dollar share price will also be impacted by the change in the exchange rate between the U.S. dollar and Canadian dollar. During the four months ended April 30, 2018, the value of Onex' SVS increased by 1% in U.S. dollars compared to a 1% decrease in the Standard & Poor's 500 Index ("S&P 500").

The chart below shows the performance of Onex' SVS in U.S. dollars during the first four months of 2018 relative to the S&P 500.

Onex Relative Performance (USD) (December 31, 2017 to April 30, 2018)



INDUSTRY SEGMENTS

At March 31, 2018, Onex had nine reportable industry segments. In January 2018, the Onex Partners IV Group completed the acquisition of SMG, the results of which have been presented in the business and information services industry segment. A description of our operating businesses by industry segment, and the economic and voting ownerships of Onex, the parent company, and its limited partners in those businesses, is presented below and in the pages that follow. The information by segment is presented in the chronological order in which the operating segments became reportable. We manage our businesses and measure performance based on each operating business' individual results.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Electronics Manufacturing Services	**Celestica Inc.** (TSX/NYSE: CLS), a global provider of electronics manufacturing services (www.celestica.com). **Onex shares held: 18.0 million[a]**	13%[a]	13%[a]/79%
Healthcare Imaging	**Carestream Health, Inc.,** a global provider of medical and dental imaging and healthcare information technology solutions (www.carestream.com). **Total Onex Partners II Group investment at original cost: $471 million** **Onex portion at cost: $186 million** **Onex Partners II portion subject to a carried interest: $266 million**	91%	33%[a]/100%
Health and Human Services	**Res-Care, Inc.,** a leading provider of residential, training, educational and support services for people with disabilities and special needs in the United States (www.rescare.com). **Total Onex Partners I and Onex Partners III Groups investment at original cost: $204 million** **Onex portion at cost: $41 million** **Onex Partners I portion subject to a carried interest: $61 million** **Onex Partners III portion subject to a carried interest: $94 million**	98%	20%/100%
Insurance Services	**York Risk Services Holding Corp.,** an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States (www.yorkrsg.com). **Total Onex Partners III Group investment at original cost: $521 million** **Onex portion at cost: $173 million** **Onex Partners III portion subject to a carried interest: $279 million**	88%	29%/100%

(a) Excludes shares held in connection with the MIP.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Packaging Products and Services	**IntraPac International Corporation,** a designer and manufacturer of specialty rigid packaging solutions (www.intrapacinternational.com). **Total ONCAP IV Group investment at original cost: $118 million** **Onex portion at cost: $46 million** **ONCAP IV portion subject to a carried interest: $58 million**	98%	38%/98%
	SGS International, LLC, a global leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them (www.sgsco.com). **Total Onex Partners III Group investment at original cost: $260 million** **Onex portion at cost: $66 million** **Onex Partners III portion subject to a carried interest: $183 million**	92%	23%/92%
	SIG Combibloc Group Holdings S.à r.l., a world-leading provider of aseptic carton packaging solutions for beverages and liquid food (www.sig.biz). **Total Onex Partners IV Group investment at original cost: $1,215 million** **Onex portion at cost: $428 million** **Onex Partners IV portion subject to a carried interest: $383 million**	99%	35%/94%
Business and Information Services	**Clarivate Analytics,** owner and operator of a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management (www.clarivate.com). **Total Onex Partners IV Group investment at original cost: $1,177 million** **Onex portion at cost: $445 million** **Onex Partners IV portion subject to a carried interest: $418 million**	72%	27%/72%
	Emerald Expositions Events, Inc.[a] (NYSE: EEX), a leading operator of business-to-business trade shows in the United States (www.emeraldexpositions.com). **Total Onex Partners III Group shares held: 47.1 million** **Onex shares held: 11.4 million** **Onex Partners III shares subject to a carried interest: 33.1 million**	65%	16%/65%
	SMG Holdings Inc., a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues (www.smgworld.com). **Total Onex Partners IV Group investment at original cost: $429 million** **Onex portion at cost: $139 million** **Onex Partners IV portion subject to a carried interest: $261 million**	99%	32%/99%
Food Retail and Restaurants	**Jack's Family Restaurants,** a regional premium quick-service restaurant operator based in the United States (www.eatatjacks.com). **Total Onex Partners IV Group investment at original cost: $234 million** **Onex portion at cost: $76 million** **Onex Partners IV portion subject to a carried interest: $140 million**	95%	31%/100%
	Save-A-Lot, one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States (www.save-a-lot.com). **Total Onex Partners IV Group investment at original cost: $660 million** **Onex portion at cost: $210 million** **Onex Partners IV portion subject to a carried interest: $394 million**	99%	32%/99%

(a) In March 2018, Emerald Expositions completed a secondary offering, as described on page 26 of this interim MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Credit Strategies	**Credit Strategies,** a platform that is comprised of:		
	Onex Credit Manager specializes in managing credit-related investments, including event-driven, long/short, long-only, par, stressed, distressed and market dislocation strategies.	100%	100%/(a)
	Onex Credit Collateralized Loan Obligations, leveraged structured vehicles that hold a widely diversified collateral asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity.		
	Total Onex investment in collateralized loan obligations, including warehouse facilities, at market value: $543 million		
	Onex Credit Funds, investment funds, other than the CLOs, providing exposure to the performance of actively managed, diversified portfolios.		
	Onex investment in Onex Credit Funds at market value: $341 million, of which $184 million is invested in a segregated unlevered senior secured loan portfolio that purchases assets with greater liquidity and $157 million is invested in other Onex Credit Funds.		
	Onex Credit Lending Partners, a private debt fund which focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.		
	Onex investment in Onex Credit Lending Partners at market value: $18 million		
Other Businesses			
• *Aerospace Automation, Tooling and Components*	**Advanced Integration Technology LP,** a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries (www.aint.com).	50%	13%/50%[b]
	Total Onex Partners IV Group investment at original cost: $204 million **Onex portion at cost: $53 million** **Onex Partners IV portion subject to a carried interest: $134 million**		
• *Aircraft Leasing & Management*	**BBAM Limited Partnership,** the world's largest dedicated manager of leased aircraft (www.bbam.com).	35%[b]	9%/(b)
	Total Onex Partners III Group remaining investment at original cost: $143 million **Onex portion at cost: $36 million** **Onex Partners III portion subject to a carried interest: $101 million**		
	Included with the investment in BBAM Limited Partnership is an investment of $28 million made concurrently in FLY Leasing Limited (NYSE: FLY) by the Onex Partners III Group, of which Onex' share was $7 million.		
	Meridian Aviation Partners Limited and affiliates, an aircraft investment company managed by BBAM and established by the Onex Partners III Group.	100%	25%/100%
	Total Onex Partners III Group investment at original cost: $77 million **Onex portion at cost: $19 million** **Onex Partners III portion subject to a carried interest: $54 million**		

(a) Onex controls the Onex Credit asset management platform through contractual rights.

(b) Onex has certain contractual rights and protections, including the right to appoint members to the boards of directors, in respect of these entities, which are accounted for at fair value in Onex' unaudited interim consolidated financial statements.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• *Building Products*	**JELD-WEN Holding, Inc.**[a] (NYSE: JELD), one of the world's largest manufacturers of interior and exterior doors, windows and related products for use primarily in the residential and light commercial new construction and remodelling markets (www.jeld-wen.com). **Total Onex Partners III Group shares held: 32.9 million** **Onex shares held: 8.1 million** **Onex Partners III shares subject to a carried interest: 20.3 million**	**31%**	**8%/31%**
• *Holiday Parks*	**Parkdean Resorts,** a leading operator of caravan holiday parks in the United Kingdom (www.parkdeanresorts.co.uk). **Total Onex Partners IV Group investment at original cost: $551 million**[b][c] **Onex portion at cost: $164 million**[b][c] **Onex Partners IV portion subject to a carried interest: $233 million**[b][c]	**93%**[b]	**28%**[b]**/80%**
• *Hospital Management Services*	**Schumacher Clinical Partners,** a leading provider of emergency and hospital medicine physician practice management services in the United States (www.schumacherclinical.com). **Total Onex Partners IV Group investment at original cost: $323 million** **Onex portion at cost: $105 million** **Onex Partners IV portion subject to a carried interest: $193 million**	**68%**	**22%/68%**
• *Survival Equipment*	**Survitec Group Limited,** a market-leading provider of mission-critical marine, defence and aerospace survival equipment (www.survitecgroup.com). **Total Onex Partners IV Group investment at original cost: $371 million**[c] **Onex portion at cost: $98 million**[c] **Onex Partners IV portion subject to a carried interest: $244 million**[c]	**79%**	**21%/68%**
• *Industrial Products*	**WireCo WorldGroup,** a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products (www.wirecoworldgroup.com). **Total Onex Partners IV Group investment at original cost: $270 million** **Onex portion at cost: $86 million** **Onex Partners IV portion subject to a carried interest: $161 million**	**71%**	**23%/71%**

(a) The Onex Partners III Group's investment in JELD-WEN is accounted for at fair value in Onex' unaudited interim consolidated financial statements.

(b) Adjusted to reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity of Parkdean Resorts in February 2018, as described on page 26 of this interim MD&A.

(c) The investments in Parkdean Resorts and Survitec were made primarily in pounds sterling and converted to U.S. dollars using the prevailing exchange rate on the dates of the investments.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• *Middle-Market Opportunities*	**ONCAP,** private equity funds focused on acquiring and building the value of mid-market companies based in North America (www.oncap.com).		
	ONCAP II	**100%**	**47%[a]/100%**
	ONCAP II actively manages investments in EnGlobe (www.englobecorp.com), Pinnacle Renewable Energy[b] (www.pinnaclepellet.com) (TSX: PL) and PURE Canadian Gaming (www.purecanadiangaming.com).		
	Total ONCAP II Group unrealized investments at original cost: $212 million (C$218 million) **Onex portion at cost: $100 million (C$102 million)** **ONCAP II limited partners portion at cost: $92 million (C$94 million)**		
	ONCAP III	**100%**	**29%/100%**
	ONCAP III actively manages investments in Hopkins (www.hopkinsmfg.com), PURE Canadian Gaming (www.purecanadiangaming.com), Davis-Standard (www.davis-standard.com), Bradshaw (www.goodcook.com), Venanpri Group (www.agrisolutionscorp.com), Chatters (www.chatters.ca) and Tecta (www.tectaamerica.com).		
	Total ONCAP III Group unrealized investments at original cost: $435 million (C$481 million) **Onex portion at cost: $128 million (C$142 million)** **ONCAP III limited partners portion at cost: $266 million (C$294 million)**		
	ONCAP IV	**100%**	**39%/100%**
	ONCAP IV actively manages investments in Tecta (www.tectaamerica.com) and Laces. ONCAP IV also actively manages an investment in IntraPac, which is included in the Packaging Products and Services industry segment.		
	Total ONCAP IV Group unrealized investments at original cost: $164 million **Onex portion at cost: $65 million** **ONCAP IV limited partners portion at cost: $83 million**		
• *Real Estate*	**Flushing Town Center,** a three million-square-foot development located on approximately 14 acres in Flushing, New York. The project is substantially complete and consists of approximately 1,200 condominium units constructed above retail space and parking structures.	**88%**	**88%/100%**
	Onex' remaining investment in Flushing Town Center at fair value: $223 million		

(a) This represents Onex' blended economic ownership in the ONCAP II investments.

(b) In February 2018, Pinnacle Renewable Energy completed an initial public offering, as described on page 26 of this interim MD&A.

FINANCIAL REVIEW

This section discusses the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three months ended March 31, 2018 compared to those for the period ended March 31, 2017, and compares Onex' financial condition at March 31, 2018 to that at December 31, 2017.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with Onex' unaudited interim consolidated statements of earnings for the three months ended March 31, 2018 and 2017, the corresponding notes thereto and the December 31, 2017 audited annual consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with applicable transitional provisions.

a) IFRS 15 – Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, supersedes IAS 18, *Revenue*, and provides a comprehensive five-step revenue recognition model for all contracts with customers. On January 1, 2018, and in accordance with the transition provisions in IFRS 15, the standard was adopted retrospectively and comparative period information has been restated.

Under IAS 18, revenue from product sales was recognized when the following criteria were met: significant risks and rewards of ownership had been transferred; involvement in the capacity as an owner of the goods had ceased; revenue and costs incurred could be reliably measured; and economic benefits were expected to be realized. As a result of adopting IFRS 15, revenue on product sales is recognized when or as performance obligations are satisfied by transferring control of the goods to the customer. The Company's revenue recognition policies relating to the provision of services were not significantly impacted as a result of adopting IFRS 15.

Certain new judgements and estimates are required in applying IFRS 15, including: identifying and allocating the transaction price among performance obligations; determining when performance obligations are satisfied; and measuring progress of completion when performance obligations are satisfied over time.

As a result of adopting IFRS 15, total equity on January 1, 2017 has increased by $13 million.

b) IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments*, supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. On January 1, 2018, the Company adopted IFRS 9 retrospectively and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 9. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies. The following significant accounting policy changes were adopted, as of January 1, 2018:

Classification – Financial Assets

As of January 1, 2018, financial assets are classified in the following measurement categories:

- Those to be subsequently measured at fair value through earnings;
- Those to be subsequently measured at fair value through other comprehensive income; and
- Those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Classification – Financial Liabilities

As of January 1, 2018, financial liabilities are classified in the following measurement categories:

- Those to be subsequently measured at fair value through earnings; and
- Those to be measured at amortized cost.

Modification of Financial Liabilities

When a financial liability that is measured at amortized cost has its cash flows modified without resulting in derecognition, the carrying value of the financial liability is adjusted to the present value of the modified cash flows, discounted at the financial liability's original effective interest rate, with a resulting gain or loss recognized in earnings.

For certain variable-rate financial liabilities which are pre-payable at par, amendments to the contractual terms of the financial liability to revise the interest rate to a new market interest rate are accounted for prospectively and over the remaining term of the financial liability by adjusting the financial liability's effective interest rate.

Impairment

Onex' operating companies have applied the simplified approach, permitted by IFRS 9, to calculate the expected credit losses on accounts receivable. This approach requires the expected lifetime losses of accounts receivable to be recognized at the initial recognition of the accounts receivable, using the company's historical credit loss experience to assign provision rates depending on the number of days that the accounts receivable have been outstanding.

Impact of adoption as of January 1, 2018

As a result of adopting IFRS 9, total equity on January 1, 2018 has increased by $12 million due to adjustments related to previous modifications of long-term debt which did not result in derecognition. Note 1 to the unaudited interim consolidated financial statements provides information concerning the reclassification of financial instruments on January 1, 2018, as a result of adopting IFRS 9.

Variability of results

Onex' unaudited interim consolidated operating results may vary substantially from quarter to quarter and year to year for a number of reasons, including some of the following: the current economic environment; the current political environment; the impact of foreign exchange fluctuations; acquisitions or dispositions of businesses by Onex, the parent company; the change in value of stock-based compensation for both the parent company and its operating businesses; changes in the fair value of Onex' publicly traded operating businesses; changes in the fair value of Onex' privately held operating businesses; changes in the fair value of credit securities; changes in tax legislation or in the application of tax legislation; and activities at Onex' operating businesses. These activities may include the purchase or sale of businesses; fluctuations in customer demand, materials and employee-related costs; changes in the mix of products and services produced or delivered; changes in the financing of the business; changes in contract accounting estimates; impairments of goodwill, intangible assets or long-lived assets; litigation; decisions to restructure operations; and natural disasters. Given the diversity of Onex' operating businesses, the associated exposures, risks and contingencies may be many, varied and material.

Investments held by credit strategies, as well as debt issued by the CLOs, are recorded at fair value, with changes in fair value recognized in the unaudited interim consolidated statements of earnings. Fair values are impacted by the CLO market, leveraged loan market and credit risk (both own and counterparty), which may vary substantially from quarter to quarter and year to year.

Significant transactions

Transactions in this section are presented in chronological order by private equity and credit.

Acquisition of SMG

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, a leading global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues. The Onex Partners IV Group's total investment was $429 million for an economic interest of 99%. Onex' share of the investment was $139 million for an economic interest of 32%. The remainder of the purchase price was financed through a rollover of equity by management of SMG and debt financing, without recourse to Onex Corporation. SMG is included within the business and information services segment.

As part of the acquisition of SMG, the Onex Partners IV Group also acquired $44 million of SMG's second lien debt, which bears interest at LIBOR plus a margin of up to 7.00% and matures in January 2026. To finance the investment in SMG's second lien debt, the Onex Partners IV Group entered into a revolving credit facility in January 2018. The facility bears interest at LIBOR plus a margin of 1.75%, matures in January 2021 and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex Corporation, the parent company, is only obligated

to fund borrowings under the revolving credit facility based on its proportionate share of Onex Partners IV's investment in SMG.

Partial loan note repayment by Parkdean Resorts

In February 2018, Parkdean Resorts made a partial repayment of a loan note outstanding with the Onex Partners IV Group totalling £52 million ($74 million), including accrued interest, with net proceeds from a sale-leaseback transaction completed for certain parks in August 2017. Onex' share of the repayment was £15 million ($22 million). The remaining principal balance of £25 million ($31 million) outstanding under the loan note, of which Onex' share was £7 million ($9 million), was converted into additional equity of Parkdean Resorts in accordance with the loan note agreement. Subsequent to the transaction, the Onex Partners IV Group has a 93% economic interest in Parkdean Resorts, of which Onex' share is 28%.

Initial public offering by Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares (TSX: PL), including the exercise of an over-allotment option. The offering was priced at C$11.25 per share for gross proceeds of C$173 million. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C$29 million of existing shareholder subordinated debt with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C$20 million ($16 million) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C$9 million ($7 million). The ONCAP II Group did not sell any common shares as part of this transaction.

The ONCAP II Group continues to hold approximately 14.1 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 43%. Onex continues to hold approximately 6.7 million common shares for an economic interest of 20%.

As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the unaudited interim consolidated statements of earnings. In addition, a gain of $82 million was recorded based on the excess of the interest retained at fair value over the historical accounting carrying value of the investment. The gain is entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value. Pinnacle Renewable Energy does not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control have not been presented as a discontinued operation.

Secondary offering by Emerald Expositions

In March 2018, Emerald Expositions completed a secondary offering of 6.75 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $18.50 per share for gross proceeds of $125 million. No treasury shares were issued as part of the offering. The Onex Partners III Group sold all of the shares in this transaction for net proceeds of $120 million, of which $13 million was received in April 2018. Onex' portion of the net proceeds was $32 million, including carried interest.

Amounts received on account of the carried interest related to this transaction totalled $8 million. Onex' share of the carried interest received was $3 million and was included in the net proceeds to Onex. Management's share of the carried interest was $5 million. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle was not met on realizations to date.

The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 65% economic and voting interest. Onex continues to hold approximately 11.4 million shares for a 16% economic interest. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the unaudited interim consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $49 million being recorded directly to retained earnings.

Sale of Mavis Discount Tire

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire. The ONCAP III Group received net proceeds of $519 million, of which Onex' share was $173 million, including carried interest and after the reduction for amounts paid to the Onex and ONCAP management teams. Included in the net proceeds is $1 million held in escrow. No gain was realized as a result of this transaction as the Company's interest in Mavis Discount Tire was recorded at fair value.

Onex' share of carried interest received was $15 million and was included in the net proceeds to Onex. ONCAP management's share of carried interest was $37 million, including $14 million from Onex and Onex management. Management of Onex and ONCAP earned $14 million on account of management incentive programs related to this transaction.

In addition, the unaudited interim consolidated financial statements include net proceeds of $15 million from the sale of Mavis Discount Tire attributable to a third-party investor.

Pending investment in PowerSchool

In April 2018, the Onex Partners IV Group agreed to invest in PowerSchool, a non-instructional software provider primarily to K-12 primary schools and currently owned by Vista. Concurrent with this transaction, PowerSchool will acquire PeopleAdmin, a provider of cloud-based talent management solutions for the education sector and also currently owned by Vista. The Onex Partners IV Group expects to make an investment of approximately $850 million for an economic interest of approximately 50% in PowerSchool and will be an equal partner with Vista. Onex' share of the investment is expected to be approximately $275 million. The transaction is expected to close during the second half of 2018, subject to customary conditions and regulatory approvals.

Distributions from operating businesses

To date in 2018, the Company received distributions of $155 million from certain operating businesses. Onex' portion of the distributions was $83 million, including carried interest. The distributions include the repayment of a loan note by Parkdean Resorts and the repayment of existing shareholder subordinated debt by Pinnacle Renewable Energy, as described on page 26 of this interim MD&A. The other significant distributions received by the Company are described below.

In March and April 2018, Flushing Town Center distributed $58 million of proceeds primarily from the sale of residential condominium units, of which Onex' share was $51 million.

Credit Strategies

Warehouse facility of CLO-15

In January 2018, Onex established a warehouse facility in connection with its fifteenth CLO denominated in U.S. dollars ("CLO-15"). During the three months ended March 31, 2018, Onex invested $30 million to support the warehouse facility and a financial institution provided borrowing capacity of up to $120 million backed by the underlying collateral.

Onex consolidated the warehouse facility for CLO-15.

Warehouse facility of EURO CLO-3

In March 2018, Onex established a warehouse facility in connection with its third CLO denominated in euros ("EURO CLO-3"). During the three months ended March 31, 2018, Onex invested €30 million ($37 million) to support the warehouse facility and a financial institution provided borrowing capacity of up to €120 million ($148 million) backed by the underlying collateral.

Onex consolidated the warehouse facility for EURO CLO-3.

Distributions

During the three months ended March 31, 2018, Onex received $12 million of distributions from CLO investments.

REVIEW OF MARCH 31, 2018 UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow identify those material factors that affected Onex' operating segments and Onex' unaudited interim consolidated results for the three months ended March 31, 2018.

Discontinued operations for the three months ended March 31, 2017 represent the results of operations of JELD-WEN and USI. There are no discontinued operations for the three months ended March 31, 2018.

Consolidated revenues and cost of sales

Table 1 provides revenues and cost of sales by industry segment for the three months ended March 31, 2018 and 2017.

Revenues and Cost of Sales by Industry Segment

TABLE 1 *(Unaudited) ($ millions)*	Revenues			Cost of Sales		
Three months ended March 31	**2018**	2017	**Change**	**2018**	2017	**Change**
Electronics Manufacturing Services	**$ 1,499**	$ 1,482	**1 %**	**$ 1,382**	$ 1,358	**2 %**
Healthcare Imaging	**377**	421	**(10)%**	**220**	252	**(13)%**
Health and Human Services	**431**	437	**(1)%**	**326**	331	**(2)%**
Insurance Services[(a)]	**200**	188	**6 %**	**–**	–	**n/a**
Packaging Products and Services[(b)]	**607**	501	**21 %**	**408**	329	**24 %**
Business and Information Services[(c)]	**430**	345	**25 %**	**209**	138	**51 %**
Food Retail and Restaurants[(d)]	**1,139**	1,120	**2 %**	**968**	939	**3 %**
Credit Strategies[(e)]	**1**	1	**–**	**–**	–	**n/a**
Other[(f)]	**1,338**	1,196	**12 %**	**942**	869	**8 %**
Total	**$ 6,022**	$ 5,691	**6 %**	**$ 4,455**	$ 4,216	**6 %**

Results are reported in accordance with IFRS and may differ from those reported by the individual operating companies.

(a) The insurance services segment consists of York, which reports its costs in operating expenses. The insurance services segment previously included USI, which has been recorded within the other segment as a discontinued operation (up to May 2017).

(b) The packaging products and services segment consists of IntraPac, sgsco and SIG. IntraPac began to be consolidated in December 2017, after the business was acquired by the ONCAP IV Group.

(c) The business and information services segment consists of Clarivate Analytics, Emerald Expositions and SMG. SMG began to be consolidated in January 2018, after the business was acquired by the Onex Partners IV Group.

(d) The food retail and restaurants segment consists of Jack's and Save-A-Lot.

(e) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Onex Credit Lending Partners (since May 2017). Costs of the credit strategies segment are recorded in operating expenses.

(f) 2018 and 2017 other includes Flushing Town Center, Meridian Aviation, Parkdean Resorts, Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

Electronics Manufacturing Services

Celestica's revenues during the first quarter of 2018 were up 1%, or $17 million, compared to the same period in 2017. Revenue increased primarily due to growth in the Advanced Technology Solutions segment, driven by strong demand in the semiconductor business and new programs in aerospace and defence, partially offset by softer demand in the Connectivity and Cloud Solutions segment, as lower demand in the communications end market more than offset growth in storage.

Cost of sales for the first three months of 2018 increased by 2%, or $24 million. Gross profit decreased by 6% to $117 million compared to the same period in 2017. Gross profit was negatively impacted by unfavourable changes in overall mix, increased pricing pressures primarily in the Connectivity and Cloud Solutions segment and the costs of ramping up new programs. These decreases were partially offset by gross profit attributable to higher revenue and margin improvements in the Advanced Technology Solutions segment.

Healthcare Imaging

Carestream Health's revenues for the first quarter of 2018 decreased by 10%, or $44 million, compared to the same period in 2017. The decrease in revenues was primarily driven by the sale of the Dental Digital business in September 2017, partially offset by higher volumes in Film and favourable foreign exchange translation of $16 million.

Cost of sales for the first quarter of 2018 decreased by 13%, or $32 million, compared to the same period in 2017. Lower costs were driven by the sale of the Dental Digital business and cost productivity, partially offset by higher volumes in Film and unfavourable foreign exchange translation of $5 million. Gross profit for the first three months of 2018 decreased by $12 million compared to the same period in 2017. This was primarily due to the sale of the Dental Digital business, partially offset by higher Film volumes and favourable foreign exchange translation.

Health and Human Services

During the three months ended March 31, 2018, ResCare's revenues decreased by 1%, or $6 million, compared to the same period in 2017. The decrease in revenue was primarily due to exiting the skilled line of business in the HomeCare segment and the loss of contracts in the Workforce segment, partially offset by increased revenue in the Residential and HomeCare segments.

Cost of sales for the first quarter of 2018 decreased by 2%, or $5 million, compared to the same period in 2017. The decrease in cost of sales was primarily due to exiting the skilled line of business in the HomeCare segment and the loss of contracts in the Workforce segment.

Insurance Services

York's revenues for the three months ended March 31, 2018 increased by 6%, or $12 million, to $200 million compared to the first quarter of 2017. The increase in revenues was primarily driven by organic growth. York records its cost of services in operating costs.

Packaging Products and Services

The packaging products and services segment consists of the operations of IntraPac, sgsco and SIG. IntraPac was acquired by the ONCAP IV Group in December 2017.

During the three months ended March 31, 2018, the packaging products and services segment reported an increase in revenues of 21%, or $106 million, and an increase in cost of sales of 24%, or $79 million, compared to the same period in 2017. Excluding the impact of foreign exchange translation, the increase in revenues and cost of sales was primarily due to the inclusion of IntraPac, which was acquired in December 2017.

Business and Information Services

The business and information services segment consists of the operations of Clarivate Analytics, Emerald Expositions and SMG. SMG was acquired by the Onex Partners IV Group in January 2018.

During the three months ended March 31, 2018, the business and information services segment reported an increase in revenues of 25%, or $85 million, and an increase in cost of sales of 51%, or $71 million, compared to the same period in 2017. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of SMG, which was acquired in January 2018.

Food Retail and Restaurants

The food retail and restaurants segment consists of the operations of Jack's and Save-A-Lot.

During the three months ended March 31, 2018, the food retail and restaurants segment reported an increase in revenues of 2%, or $19 million, and an increase in cost of sales of 3%, or $29 million, compared to the same period in 2017. The increase in revenues and cost of sales was partially due to organic growth at Jack's.

Credit Strategies

The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Onex Credit Lending Partners.

Gross revenues earned by Onex Credit Manager during the three months ended March 31, 2018 were $12 million compared to $10 million in the same period in 2017. For the three months ended March 31, 2018, gross revenues included $1 million earned on investments in Onex Credit Funds held by Onex, the parent company, unchanged from the same period in 2017. Credit strategies segment revenue for the first quarter of 2018, net of management and incentive fees from credit strategies which are eliminated upon consolidation, was $1 million, unchanged from the first quarter in 2017. Costs of the credit strategies segment are recorded in operating expenses.

Other Businesses

The other businesses segment consists of the revenues and cost of sales of Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), Schumacher, Survitec, WireCo, the ONCAP companies (excluding IntraPac, which is included in the packaging products and services segment) and the parent company.

During the three months ended March 31, 2018, revenues increased by 12%, or $142 million, to $1.3 billion compared to the same period in 2017. Cost of sales during the three months ended March 31, 2018 increased by 8%, or $73 million, to $942 million compared to the same period in 2017. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Laces, which was acquired in December 2017, and a full quarter inclusion of the results of Parkdean Resorts, which was acquired in March 2017.

Interest expense of operating companies and credit strategies

New investments are structured with the acquired company having sufficient equity to enable it to self-finance a significant portion of its acquisition cost with a prudent amount of debt. The level of debt is commensurate with the operating company's available cash flow, including consideration of funds required to pursue growth opportunities. It is the responsibility of the acquired operating company to service its own debt obligations.

Consolidated interest expense for the three months ended March 31, 2018 was $311 million, up $34 million, or 12%, from the same period in 2017. The increase was primarily due to the inclusion of interest expense for: (i) Parkdean Resorts, which was acquired in March 2017; and (ii) additional debt from CLOs.

Increase (decrease) in value of investments in joint ventures and associates at fair value, net

Investments in joint ventures and associates are defined under IFRS as those investments in operating businesses over which Onex has joint control or significant influence, but not control. These investments are measured at fair value with both realized and unrealized gains and losses recognized in the unaudited interim consolidated statements of earnings as a result of increases or decreases in fair value. Investments deemed to be investments in joint ventures or associates and measured at fair value through earnings primarily comprise AIT, BBAM, JELD-WEN (since May 2017), Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018) and Venanpri Group.

During the three months ended March 31, 2018, Onex recorded a decrease in the fair value of investments in joint ventures and associates of $85 million compared to an increase of $25 million for the same period in 2017. The decrease was primarily due to a decrease in the public share price of JELD-WEN, partially offset by an increase in the fair value of Mavis Discount Tire (up to March 2018) and an increase in the public share price of Pinnacle Renewable Energy subsequent to its February 2018 initial public offering.

Of the total fair value decrease recorded during the first three months of 2018, $87 million (2017 – increase of $20 million) is attributable to the limited partners in the Onex Partners and ONCAP Funds, which contributes to the Limited Partners' Interests charge discussed on page 33 of this interim MD&A. Onex' share of the total fair value decrease was an increase of $2 million (2017 – $5 million).

Stock-based compensation expense

Onex recorded a consolidated stock-based compensation expense of $35 million during the first quarter of 2018 compared to $62 million in the same period in 2017. Stock option and MIP equity interests of Onex, the parent company, represented an expense of $10 million (2017 – $64 million).

The expense recorded by Onex, the parent company, on its stock options during the first quarter of 2018 was primarily due to the 1% increase in the market value of Onex' shares to C$92.92 at March 31, 2018 from C$92.19 at December 31, 2017. This compares to a 4% increase during the same period in 2017.

Table 2 details the change in stock-based compensation of Onex, the parent company, and Onex' operating companies.

Stock-Based Compensation Expense

TABLE 2	*(Unaudited) ($ millions)* Three months ended March 31	**2018**	2017	**Change**
Onex, the parent company, stock options		**$ 7**	$ 40	**$ (33)**
Onex, the parent company, MIP equity interests		**3**	24	**(21)**
Onex operating companies[a]		**25**	(2)	**27**
Total stock-based compensation		**$ 35**	$ 62	**$ (27)**

(a) Includes stock-based compensation on investments classified as liabilities that are remeasured at each reporting date.

Other gain

In February 2018, Pinnacle Renewable Energy completed an initial public offering, as described on page 26 of this interim MD&A. As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. A gain of $82 million was recorded based on the interest retained at fair value over the historical accounting carrying value of the investment. The gain is entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value.

Other expense

Table 3 provides a breakdown of and the change in other expense for the three months ended March 31, 2018 and 2017.

Other Expense

TABLE 3	*(Unaudited) ($ millions)* Three months ended March 31	**2018**	2017	**Change**
Transition, integration and other		**$ 42**	$ 38	**$ 4**
Foreign exchange losses (gains), net		**23**	(20)	**43**
Restructuring		**14**	49	**(35)**
Transaction costs		**10**	25	**(15)**
Derivatives losses, net		**7**	8	**(1)**
Carried interest charge due to Onex and ONCAP management		**6**	57	**(51)**
Change in fair value of other Onex Partners investments, net		**(1)**	22	**(23)**
Change in fair value of contingent consideration, net		**(5)**	(16)	**11**
Losses (gains) on investments and long-term debt in credit strategies, net		**(26)**	31	**(57)**
Impairment of goodwill, intangible assets and long-lived assets		**–**	21	**(21)**
Other		**(31)**	(5)	**(26)**
Total other expense		**$ 39**	$ 210	**$ (171)**

Transition, integration and other

Transition, integration and other expenses typically provide for the costs of establishing and transitioning an operating company from a prior parent company upon acquisition and to integrate new acquisitions at the operating companies. In addition, expenses may relate to the disposition and transition of business units at the operating companies. The costs may be incurred over several years as the establishment and transition of activities progress.

Transition, integration and other expenses for the first three months of 2018 were primarily due to Clarivate Analytics, Carestream Health and Survitec. Transition, integration and other expenses for the first three months of 2017 were primarily due to Clarivate Analytics, Save-A-Lot and Survitec.

Foreign exchange losses, net

Net foreign exchange losses during the three months ended March 31, 2018 were primarily due to losses recognized by Carestream Health as well as the recognition of accumulated currency translation adjustments related to Pinnacle Renewable Energy. Foreign exchange gains for the three months ended March 31, 2017 were primarily due to gains recognized by SIG.

Restructuring

Restructuring expenses typically provide for the costs of facility consolidations and workforce reductions incurred at the operating companies.

The operating companies with restructuring activities at December 31, 2017 continue to implement their restructuring activities. During the first three months of 2018, restructuring expenses were primarily due to Celestica and Save-A-Lot. Restructuring expenses for the first three months of 2017 were primarily due to Save-A-Lot as a result of a restructuring charge related to the closure of facilities and associated lease abandonment costs.

Transaction costs

Transaction costs are incurred by Onex and its operating companies to complete business acquisitions, and typically include advisory, legal and other professional and consulting costs.

Transaction costs for the three months ended March 31, 2018 were primarily due to the acquisition of SMG, in addition to acquisitions completed by the operating companies. Transaction costs for the three months ended March 31, 2017 were primarily due to the acquisition of Parkdean Resorts, in addition to acquisitions completed by operating companies.

Derivatives losses, net

Net derivatives losses for the three months ended March 31, 2018 and 2017 were primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

Carried interest charge due to Onex and ONCAP management

The General Partners of the Onex Partners and ONCAP Funds are entitled to a carried interest of 20% on the realized net gains of the limited partners in each fund, in accordance with the limited partnership agreements. Onex is allocated 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Onex management is allocated 60% of the carried interest realized in the Onex Partners Funds and ONCAP management is allocated 60% of the carried interest in the ONCAP Funds and an equivalent carried interest on Onex capital. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV. Onex' share of the carried interest change is recorded as an offset in the Limited Partners' Interests amount in the unaudited interim consolidated statements of earnings.

The carried interest due to management of Onex and ONCAP represents the share of the overall net gains in each of the Onex Partners and ONCAP Funds attributable to the management of Onex and ONCAP. The carried interest is estimated based on the current fair values of the underlying investments in the funds and the overall net gains in each respective fund determined in accordance with the limited partnership agreements. During the three months ended March 31, 2018, a charge of $6 million (2017 – $57 million) was recorded in the unaudited interim consolidated statements of earnings for management's share of carried interest primarily due to an increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds. The ultimate amount of carried interest realized by Onex will be based on the overall performance of each fund.

Losses (gains) on investments and long-term debt in credit strategies, net

Net gains on investments and long-term debt in credit strategies for the three months ended March 31, 2018 were driven by realized and unrealized gains on investments, as well as unrealized gains on long-term debt recorded at fair value in the CLOs, partially offset by realized losses on long-term debt in the CLOs.

Net losses on investments and long-term debt in credit strategies for the three months ended March 31, 2017 were driven by unrealized losses on long-term debt recorded at fair value in the CLOs, partially offset by realized and unrealized gains on investments.

Limited Partners' Interests charge

The Limited Partners' Interests charge in Onex' unaudited interim consolidated statements of earnings primarily represents the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds and credit strategies that is allocated to the limited partners and recorded as Limited Partners' Interests liability in Onex' unaudited interim consolidated balance sheets. The Limited Partners' Interests charge for the Onex Partners and ONCAP Funds includes the fair value changes of consolidated operating companies, investments in joint ventures and associates and other investments that are held in the Onex Partners and ONCAP Funds. The Limited Partners' Interests charge for the credit strategies includes the fair value changes of the underlying investments in the Onex Credit Lending Partners and Onex Credit Funds consolidated by Onex.

During the three months ended March 31, 2018, Onex recorded a charge of $11 million (2017 – $509 million) for Limited Partners' Interests for the Onex Partners and ONCAP Funds. The net increase in the fair value of certain of the investments held in the Onex Partners and ONCAP Funds contributed to the Limited Partners' Interests charge for the Onex Partners and ONCAP Funds recorded in the three months ended March 31, 2018 and 2017.

Included in the Limited Partners' Interests charge for the Onex Partners and ONCAP Funds is a decrease of $8 million (2017 – an increase of $94 million) in carried interest for the three months ended March 31, 2018. Onex' share of the change in carried interest for the first quarter of 2018 was a decrease of $3 million (2017 – an increase of $37 million). The change in the amount of carried interest that has been netted against the Limited Partners' Interests for the Onex Partners and ONCAP Funds decreased during the first three months of 2018 due to a slight net decrease in the fair value of certain of the investments in the Onex Partners and ONCAP Funds compared to an increase during the same period in 2017. The ultimate amount of carried interest realized will be dependent on the actual realizations for each fund in accordance with the limited partnership agreements.

During the three months ended March 31, 2018, Onex recorded a charge of $9 million (2017 – $10 million) for Limited Partners' Interests for the credit strategies.

Loss from continuing operations

Onex recorded a loss from continuing operations of $164 million during the first quarter of 2018 compared to $804 million in the same period in 2017. The loss from continuing operations attributable to equity holders of Onex Corporation was $158 million ($1.56 per share) compared to $791 million ($7.70 per share) in the first quarter of 2017. Note 16 to the unaudited interim consolidated financial statements shows the earnings (loss) from continuing operations by industry segment for the three months ended March 31, 2018 and 2017.

Included in the loss from continuing operations for the first quarter of 2018 was a loss of $82 million recorded in the other segment compared to $690 million recorded during the same period in 2017. Table 4 shows the major components of the loss from continuing operations recorded in the other segment for the three months ended March 31, 2018 and 2017.

Loss from Continuing Operations Recorded in the Other Segment

TABLE 4	*(Unaudited) ($ millions)* Three months ended March 31	**2018**	2017
Loss from continuing operations – other:			
	Decrease (increase) in value of investments in joint ventures and associates at fair value, net	**$ 85**	$ (25)
	Interest expense of operating companies	**73**	55
	Limited Partners' Interests charge	**11**	509
	Stock-based compensation expense	**11**	46
	Unrealized carried interest due to Onex and ONCAP management	**6**	57
	Other gain	**(82)**	–
	Other	**(22)**	48
Loss from continuing operations – other segment		**$ 82**	$ 690

Loss from discontinued operations

The loss of control by the Company over Pinnacle Renewable Energy, as described on page 26 of this interim MD&A, did not represent a separate major line of business, and as a result, has not been presented as a discontinued operation. Onex did not record any results from discontinued operations during the first quarter of 2018. Onex recorded an after-tax loss from discontinued operations of $132 million during the first quarter of 2017. The after-tax loss from discontinued operations attributable to equity holders of Onex Corporation was $120 million ($1.18 per share) during the first quarter of 2017. Earnings from discontinued operations for the three months ended March 31, 2017 represent the results of operations of JELD-WEN and USI.

JELD-WEN

In May 2017, the Onex Partners III Group sold approximately 15.7 million shares of JELD-WEN common stock in a secondary offering. As a result of this sale, the Onex Partners III Group no longer controls JELD-WEN. The operations of JELD-WEN have been presented as discontinued in the unaudited interim consolidated statements of earnings and cash flows for the three months ended March 31, 2017.

USI

In May 2017, the Onex Partners III Group sold its entire investment in USI. The operations of USI have been presented as discontinued in the unaudited interim consolidated statements of earnings and cash flows for the three months ended March 31, 2017.

Consolidated net loss

Onex recorded a consolidated net loss of $164 million during the first quarter of 2018 compared to $936 million in the same period in 2017. The net loss attributable to equity holders of Onex Corporation was $158 million ($1.56 per share) during the first quarter of 2018 compared to $911 million ($8.88 per share) in the first quarter of 2017. Note 16 to the unaudited interim consolidated financial statements shows the consolidated net earnings (loss) by industry segment and the amounts attributable to the equity holders of Onex Corporation and non-controlling interests for the three months ended March 31, 2018 and 2017.

Other comprehensive earnings

Other comprehensive earnings represent the unrealized gains or losses, all net of income taxes, related to cash flow hedges, remeasurements for post-employment benefit plans and foreign exchange gains or losses on foreign self-sustaining operations. During the three months ended March 31, 2018, Onex reported other comprehensive earnings of $120 million compared to $105 million in the same period last year. The earnings recorded during the first quarter of 2018 were largely due to favourable currency translation adjustments on foreign operations of $124 million (2017 – $81 million), partially offset by unfavourable remeasurements for post-employment benefit plans of $5 million (2017 – $7 million).

SUMMARY OF QUARTERLY INFORMATION

Table 5 summarizes Onex' key consolidated financial information for the last eight quarters. Historical financial information has been restated for discontinued operations.

Consolidated Quarterly Financial Information

TABLE 5 *(Unaudited)* *($ millions except per share amounts)*	2018	2017[a]				2016		
	March	Dec.	Sept.	June	March	Dec.	Sept.	June
Revenues	**$ 6,022**	$ 6,281	$ 6,360	$ 6,199	$ 5,691	$ 5,347	$ 4,342	$ 4,190
Earnings (loss) from continuing operations	**$ (164)**	$ 304	$ 368	$ (506)	$ (804)	$ (246)	$ (63)	$ (179)
Net earnings (loss)	**$ (164)**	$ 304	$ 368	$ 2,668	$ (936)	$ (152)	$ (76)	$ 367
Net earnings (loss) attributable to:								
Equity holders of Onex Corporation	**$ (158)**	$ 276	$ 324	$ 2,712	$ (911)	$ (135)	$ (130)	$ 322
Non-controlling Interests	**(6)**	28	44	(44)	(25)	(17)	54	45
Net earnings (loss)	**$ (164)**	$ 304	$ 368	$ 2,668	$ (936)	$ (152)	$ (76)	$ 367
Earnings (loss) per SVS of Onex Corporation								
Earnings (loss) from continuing operations	**$ (1.56)**	$ 2.73	$ 3.18	$ (5.05)	$ (7.70)	$ (2.07)	$ (1.11)	$ (1.76)
Earnings (loss) from discontinued operations	**–**	–	–	31.65	(1.18)	0.76	(0.16)	4.88
Net earnings (loss)	**$ (1.56)**	$ 2.73	$ 3.18	$ 26.60	$ (8.88)	$ (1.31)	$ (1.27)	$ 3.12

(a) The 2017 quarterly financial information has been restated to conform with IFRS 15, *Revenue from Contracts with Customers*, which was adopted by the Company retrospectively on January 1, 2018, as described on page 24 of this interim MD&A.

Onex' quarterly consolidated financial results do not follow any specific trends due to the acquisitions or dispositions of businesses by Onex, the parent company, and the varying business activities and cycles at Onex' operating companies and credit strategies.

CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $45.6 billion at March 31, 2018 compared to $44.7 billion at December 31, 2017. Onex' consolidated assets increased primarily due to the acquisition of SMG. The increase was partially offset by the loss of control over Pinnacle Renewable Energy.

Table 6 shows consolidated assets by industry segment as at March 31, 2018 and December 31, 2017. The industry segment percentages of consolidated assets held by continuing operations are also shown.

Consolidated Assets by Industry Segment

TABLE 6 *(Unaudited) ($ millions)*	**As at March 31, 2018**	**Percentage Breakdown**	As at December 31, 2017	Percentage Breakdown
Electronics Manufacturing Services	**$ 2,976**	**7%**	$ 2,964	7%
Healthcare Imaging	**1,279**	**3%**	1,321	3%
Health and Human Services	**990**	**2%**	971	2%
Insurance Services	**1,509**	**3%**	1,524	3%
Packaging Products and Services[(a)]	**6,831**	**15%**	6,808	15%
Business and Information Services[(b)]	**6,799**	**15%**	5,656	13%
Food Retail and Restaurants[(c)]	**2,087**	**5%**	2,094	5%
Credit Strategies[(d)]	**10,392**	**22%**	10,048	22%
Other[(e)]	**12,760**	**28%**	13,310	30%
Total consolidated assets	**$ 45,623**	**100%**	$ 44,696	100%

(a) The packaging products and services segment consists of IntraPac, sgsco and SIG.

(b) The business and information services segment consists of Clarivate Analytics, Emerald Expositions and SMG. The Company began consolidating SMG in January 2018, when the business was acquired by the Onex Partners IV Group.

(c) The food retail and restaurants segment consists of Jack's and Save-A-Lot.

(d) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Onex Credit Lending Partners.

(e) 2018 and 2017 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, Parkdean Resorts, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company. In addition, 2018 and 2017 other includes investments in AIT, BBAM, JELD-WEN, Incline Aviation Fund, Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018) and Venanpri Group.

Consolidated long-term debt, without recourse to Onex Corporation

It has been Onex' policy to preserve a financially strong parent company that has funds available for new acquisitions and to support the growth of its operating companies. This policy means that all debt financing is within the operating companies and each company is required to support its own debt without recourse to Onex Corporation or other Onex operating companies.

The financing arrangements of each operating company typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments, and acquisitions and sales of assets. The financing arrangements may also require the redemption of indebtedness in the event of a change of control of the operating company. In addition, the operating companies that have outstanding debt must meet certain financial covenants. Changes in business conditions relevant to an operating company, including those resulting from changes in financial markets and economic conditions generally, may result in non-compliance with certain covenants by that operating company.

Consolidated long-term debt does not include the debt of operating businesses that are included in investments in joint ventures and associates, as investments in those businesses are accounted for at fair value and are not consolidated. In addition, when operating companies are reported as discontinued operations or as held for sale, their long-term debt is excluded from consolidated long-term debt on a prospective basis. Prior periods are not restated.

Total consolidated long-term debt (consisting of the current and long-term portions of long-term debt, net of financing charges) was $22.6 billion at March 31, 2018 compared to $22.0 billion at December 31, 2017.

The following describes significant changes to the consolidated long-term debt of the operating companies from the information provided in the 2017 audited annual consolidated financial statements.

Onex Partners V (Other segment)

In December 2017 and January 2018, Onex Partners V entered into a $997 million revolving credit facility. The limited partners of Onex Partners V could elect to participate in the credit facility at the time of their commitment. Of the aggregate commitments to Onex Partners V, 46% of the commitments were from limited partners that elected to participate in the credit facility. Onex, as a limited partner of Onex Partners V, did not elect to participate in the credit facility. The credit facility is available to finance Onex Partners V capital calls, bridge investments in Onex Partners V operating companies and to finance other uses permitted by Onex Partners V's limited partnership agreement. Borrowings under the credit facility are limited to the lesser of the amount available under the credit facility and the maximum amount of obligations permitted under the partnership agreement. Amounts under the credit facility are available in U.S. dollars, Canadian dollars, euros, pounds sterling and other currencies as requested, subject to the approval of the lenders.

Borrowings drawn on the credit facility bear interest at an adjusted LIBOR rate, plus a margin of 1.50%, with respect to LIBOR rate loans and the reference rate in effect from day to day, plus a margin of 1.50%, for reference rate loans. In addition, a fee of 0.25% per annum accrues on the portion of the credit facility that is available but unused.

The credit facility matures on the earlier of December 15, 2020, or upon the occurrence of certain events defined in the agreement, with an option to extend for an additional 364 days.

At March 31, 2018, no amounts were outstanding under the revolving credit facility.

ONCAP IV (Other segment)

In January 2018, ONCAP IV repaid $64 million under its existing credit facility from capital contributions made primarily by the limited partners of ONCAP IV. At March 31, 2018, no amounts were outstanding under the credit facility.

SMG (Business and Information Services segment)

The Onex Partners IV Group acquired SMG in January 2018, as described on page 25 of this interim MD&A. In January 2018, SMG entered into a senior secured credit facility consisting of a $415 million first lien term loan, a $180 million second lien term loan and a $55 million revolving credit facility. Borrowings under the first lien term loan bear interest at LIBOR plus a margin of up to 3.25%, depending on the company's leverage ratio. The first lien term loan matures in January 2025. Borrowings under the second lien term loan bear interest at LIBOR plus a margin of up to 7.00%, depending on the company's leverage ratio. The second lien term loan matures in January 2026. Borrowings

under the revolving credit facility bear interest at LIBOR plus a margin of up to 3.25%, depending on the company's leverage ratio. The revolving credit facility matures in January 2023. Substantially all of SMG's assets are pledged as collateral under the senior secured credit facility.

At March 31, 2018, $415 million was outstanding under the first lien term loan, $180 million was outstanding under the second lien term loan and no amounts were outstanding under the revolving credit facility.

Onex Partners IV (Other segment)

In January 2018, the Onex Partners IV Group entered into a revolving credit facility, as described on page 25 of this interim MD&A. At March 31, 2018, $44 million was outstanding under the revolving credit facility.

sgsco (Packaging Products and Services segment)

In February 2018, sgsco's delayed draw term loan was fully drawn for $80 million to partially finance an acquisition. At March 31, 2018, $574 million was outstanding under the first lien term loan, including the delayed draw term loan.

SIG (Packaging Products and Services segment)

In March 2018, SIG amended its senior secured credit facility to reduce the rate at which borrowings under its U.S. dollar-denominated term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 2.75%. The amendment resulted in a total interest rate reduction of 25 basis points on the company's U.S. dollar-denominated term loan.

At March 31, 2018, $1.1 billion was outstanding under the U.S. dollar-denominated term loan.

ResCare (Health and Human Services segment)

In March 2018, ResCare amended and restated its existing senior secured credit facility, resulting in a term loan of $390 million and a revolving credit facility of $300 million. The term loan and revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of up to 2.75%, depending on the company's leverage ratio. The maturity dates for the term loan and revolving credit facility were extended to March 2023. The company may also borrow up to an additional $150 million on either its term loan or revolving credit facility, subject to the company's leverage ratio.

At March 31, 2018, $390 million was outstanding under the term loan and no amounts were outstanding under the revolving credit facility.

Onex Credit Lending Partners (Credit Strategies segment)

OCLP I

In February 2018, OCLP I amended its asset backed financing facility to increase the size of the facility to $700 million. At March 31, 2018, $256 million was outstanding under the asset backed financing facility.

Table 7 details the aggregate debt maturities as at March 31, 2018 for Onex' operating businesses for each of the years up to 2022 and in total thereafter. As the table includes debt of investments in joint ventures and associates and excludes debt of the credit strategies segment, the total amount does not correspond to total reported consolidated debt. As the following table illustrates, significant maturities occur in 2022 and thereafter.

Debt Maturity Amounts by Year

TABLE 7 *(Unaudited) ($ millions)*	2018	2019	2020	2021	2022	Thereafter	Total
Consolidated operating companies[a]	$ 138	$ 1,379	$ 430	$ 1,240	$ 4,648	$ 7,080	$ 14,915
Investments in joint ventures and associates[a]	24	123	120	42	206	1,558	2,073
Total	$ 162	$ 1,502	$ 550	$ 1,282	$ 4,854	$ 8,638	$ 16,988

(a) Debt amounts are presented gross of financing charges and exclude amounts invested by Onex, the parent company, in debt of the operating businesses. Additionally, debt amounts exclude debt of the credit strategies segment and debt amounts of discontinued operations.

Limited Partners' Interests

Limited Partners' Interests liability represents the fair value of limited partners' invested capital in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds and is affected primarily by the change in the fair value of the underlying investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds, the impact of carried interest and incentive fees, as well as any contributions by and distributions to limited partners in those funds.

Table 8 shows the change in Limited Partners' Interests from December 31, 2016 to March 31, 2018.

Limited Partners' Interests

TABLE 8 *(Unaudited) ($ millions)*	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests[a]	
Balance – December 31, 2016	$ 8,660	$ (556)	$ 8,104	$ 370	$ 8,474
Limited Partners' Interests charge	1,545	(215)	1,330	20	1,350
Contributions by Limited Partners	560	–	560	113	673
Distributions paid to Limited Partners	(2,582)	307	(2,275)	(42)	(2,317)
Limited Partnership commitments acquired by Onex, the parent company[b]	(156)	–	(156)	–	(156)
Balance – December 31, 2017[c]	8,027	(464)	7,563	461	8,024
Limited Partners' Interests charge	**3**	**8**	**11**	**9**	**20**
Contributions by Limited Partners	**355**	**–**	**355**	**–**	**355**
Distributions paid to Limited Partners	**(133)**	**4**	**(129)**	**(18)**	**(147)**
Balance – March 31, 2018	**8,252**	**(452)**	**7,800**	**452**	**8,252**
Current portion of Limited Partners' Interests[d]	**(421)**	**48**	**(373)**	**(13)**	**(386)**
Non-current portion of Limited Partners' Interests	**$ 7,831**	**$ (404)**	**$ 7,427**	**$ 439**	**$ 7,866**

(a) Net of incentive fees in credit strategies.

(b) In 2017, Onex, the parent company, acquired an interest in Onex Partners IV.

(c) At December 31, 2017, the current portion of the Limited Partners' Interests was $59 million. The current portion consisted primarily of (i) the distribution received from PURE Canadian Gaming; (ii) residual escrow balances from the sale of certain investments; and (iii) redemptions received by certain Onex Credit Funds.

(d) At March 31, 2018, the current portion of the Limited Partners' Interests was $386 million. The current portion consisted primarily of the limited partners' share of the proceeds from the sale of Mavis Discount Tire and proceeds from the sale of shares in Emerald Expositions' March 2018 secondary offering.

The Limited Partners' Interests charge is discussed in detail on page 33 of this interim MD&A.

Contributions by limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by $355 million for contributions made by the limited partners in the first three months of 2018, which related primarily to the acquisitions of SMG and Laces.

During the year ended December 31, 2017, the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by $560 million for contributions made during the period primarily for the acquisitions of Parkdean Resorts and IntraPac.

Distributions to limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds was reduced by $129 million of distributions in the first three months of 2018, primarily from the repayment of the shareholder loan note by Parkdean Resorts and a distribution from PURE Canadian Gaming received in December 2017.

During the year ended December 31, 2017, the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds was reduced by distributions of $2.3 billion primarily from the net proceeds from the sale of USI; the sale of shares in JELD-WEN's public offerings; distributions and proceeds from the partial sale of BBAM; and the sale of shares in Emerald Expositions' initial public offering.

Equity

Table 9 provides a reconciliation of the change in equity from December 31, 2017 to March 31, 2018.

Change in Equity

TABLE 9	*(Unaudited) ($ millions)*
Balance – December 31, 2017	**$ 5,038**
Change in accounting policy	**12**
Dividends declared	**(6)**
Repurchase and cancellation of shares	**(18)**
Investments in operating companies by shareholders other than Onex	**92**
Distributions to non-controlling interests	**(2)**
Repurchase of shares of operating companies	**(41)**
Sale of interests in operating company under continuing control	**66**
Non-controlling interests derecognized on loss of control of investment in operating company	**(48)**
Net loss for the period	**(164)**
Other comprehensive earnings for the period, net of tax	**120**
Equity as at March 31, 2018	**$ 5,049**

Change in accounting policy

On January 1, 2018, Onex adopted IFRS 9, *Financial Instruments*, as described on page 24 of this interim MD&A.

Dividend policy

In May 2018, Onex announced that it had increased its quarterly dividend by 17% to C$0.0875 per SVS beginning with the dividend declared by the Board of Directors payable in July 2018.

Table 10 presents Onex' dividend paid per share for the last twelve months ended March 31 during the past five years. The table reflects the increase in the dividend per share over this time.

TABLE 10	*(Unaudited) ($ per share amounts)*	Dividend Paid per Share
Last twelve months ended March 31:		
2014		**C$ 0.14**
2015		**C$ 0.19**
2016		**C$ 0.24**
2017		**C$ 0.27**
2018		**C$ 0.29**

Shares outstanding

At March 31, 2018, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' unaudited interim consolidated financial statements. Onex also had 101,279,777 SVS issued and outstanding. Note 8 to the unaudited interim consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during the first three months of 2018.

Table 11 shows the change in the number of SVS outstanding from December 31, 2017 to April 30, 2018.

			Average Price per Share		Total Cost	
TABLE 11	*($ millions except per share amounts)*	Number of SVS	(USD)	(CAD)	(USD)	(CAD)
SVS outstanding at December 31, 2017		101,532,181				
Shares repurchased and cancelled:						
Normal Course Issuer Bid		**(254,328)**	**$ 71.60**	**$ 89.34**	**$ 18**	**$ 23**
Issuance of shares:						
Dividend Reinvestment Plan		**3,636**	**$ 72.35**	**$ 91.66**	**less than $ 1**	**less than C$ 1**
SVS outstanding at April 30, 2018		**101,281,489**				

Shares repurchased and cancelled

The NCIB enables Onex to repurchase up to 10% of its public float of SVS during the period of the relevant Bid. Onex believes that it is advantageous for Onex and its shareholders to continue to repurchase Onex' SVS from time to time when the SVS are trading at prices that reflect a significant discount to their value as perceived by Onex.

On April 18, 2018, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2018. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 8,305,710 SVS. Onex may purchase up to 32,165 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2018. Onex may also purchase SVS from time to time under the Toronto Stock Exchange's block purchase exemption, if available, or by way of private agreement pursuant to an issuer bid exemption order, if sought and received, under the new NCIB. The new NCIB commenced on April 18, 2018 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2019. A copy of the Notice of Intention to make the NCIB filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 17, 2018, Onex repurchased 709,489 SVS at a total cost of $53 million (C$66 million) or an average purchase price of $74.21 (C$93.01) per share.

Issuance of shares – Dividend Reinvestment Plan

Onex' Dividend Reinvestment Plan enables Canadian shareholders to reinvest cash dividends to acquire new SVS of Onex at a market-related price at the time of reinvestment. During the period from January 1, 2018 to April 30, 2018, Onex issued 3,636 SVS at an average cost of C$91.66 per SVS, creating a cash savings of less than $1 million (less than C$1 million).

Sale of interests in operating company under continuing control

Onex reported an increase in equity of $66 million during the first three months of 2018 due to the sale of shares by the Onex Partners III Group in the March 2018 secondary offering of Emerald Expositions, as described on page 26 of this interim MD&A.

Non-controlling interests derecognized on loss of control of investment in operating company

Onex recorded a decrease in equity of $48 million during the three months ended March 31, 2018 related to the non-controlling interests in Pinnacle Renewable Energy which were derecognized upon loss of control over the company. Under IFRS, non-controlling interests represent the ownership interests of shareholders, other than Onex and its third-party limited partners in the Onex Partners and ONCAP Funds, in Onex' controlled operating companies.

Prior to the February 2018 initial public offering by Pinnacle Renewable Energy, the non-controlling interests balance included the ownership interests of management and founding shareholders.

Stock Option Plan

At March 31, 2018, Onex had 13,243,092 options outstanding to acquire SVS, of which 7,114,392 options were vested and exercisable. During the first quarter of 2018, Onex issued 1,052,250 options to acquire SVS with an exercise price of C$92.15 per share. The options vest at a rate of 20% per year from the date of grant. In addition, during the first quarter of 2018, 161,200 options were surrendered at a weighted average exercise price of C$22.59 for aggregate cash consideration of $9 million (C$11 million) and 26,400 options expired.

Management Deferred Share Unit Plan

In early 2018, Onex issued 74,646 DSUs to management having an aggregate value, at the date of grant, of $5 million (C$7 million) in lieu of that amount of cash compensation for Onex' 2017 fiscal year. At March 31, 2018, there were 741,110 (December 31, 2017 – 665,921) MDSUs outstanding.

Forward agreements were entered into with a counterparty financial institution to economically hedge Onex' exposure to changes in the value of all outstanding Management DSUs.

Management of capital

Onex considers the capital it manages to be the amounts it has invested in cash and cash equivalents, near-cash investments, short- and long-term investments managed by third-party investment managers, and the investments made in the operating businesses, credit strategies and other investments. Onex also manages capital from other investors in the Onex Partners and ONCAP Funds and credit strategies. Onex' objectives in managing capital have not changed since December 31, 2017.

At March 31, 2018, Onex, the parent company, had $616 million of cash and cash equivalents on hand and $1.2 billion of near-cash items at fair value. Near-cash items include short- and long-term investments managed by third-party investment managers, as described below, $184 million invested in a segregated unlevered fund managed by Onex Credit and $127 million in management fees receivable from limited partners of its private equity platforms.

Onex, the parent company, has a conservative cash management policy driven towards maintaining liquidity and preserving principal in all its short-term investments.

At March 31, 2018, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was $931 million. The investments are managed in a mix of short-term and long-term portfolios. Short-term investments consist of liquid investments and include money market instruments and commercial paper with original maturities of three months to one year. Long-term investments consist of securities and include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one to five years. The short- and long-term investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments. The investments are managed to maintain an overall weighted average duration of two years or less.

At March 31, 2018, Onex had access to uncalled committed limited partner capital for investments through Onex Partners IV ($992 million), Onex Partners V ($5.5 billion), ONCAP IV ($555 million) and OCLP I ($176 million).

Non-controlling interests

Non-controlling interests in equity in Onex' unaudited interim consolidated balance sheets as at March 31, 2018 primarily represent the ownership interests of shareholders, other than Onex and its limited partners in the funds, in Onex' controlled operating companies. The non-controlling interests balance totalled $2.2 billion at March 31, 2018 compared to $2.1 billion at December 31, 2017. The increase was primarily due to the sale of common stock in Emerald Expositions' March 2018 secondary offering by the Onex Partners III Group, offset by the derecognition of non-controlling interest from the loss of control over Pinnacle Renewable Energy.

LIQUIDITY AND CAPITAL RESOURCES

Major cash flow components

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows and the corresponding notes thereto. Table 12 summarizes the major consolidated cash flow components for the three months ended March 31, 2018 and 2017.

Major Cash Flow Components

TABLE 12	*(Unaudited) ($ millions)* Three months ended March 31	2018	2017
Cash from operating activities		$ 232	$ 371
Cash from financing activities		$ 551	$ 59
Cash used in investing activities		$ (1,240)	$ (449)
Consolidated cash and cash equivalents held by continuing operations		$ 2,944	$ 2,086

Cash from operating activities

Table 13 provides a breakdown of cash from operating activities by cash generated from operations and changes in non-cash working capital items, other operating activities and operating activities of discontinued operations for the three months ended March 31, 2018 and 2017.

Components of Cash from Operating Activities

TABLE 13	*(Unaudited) ($ millions)* Three months ended March 31	2018	2017
Cash generated from operations		$ 384	$ 336
Changes in non-cash working capital items:			
Accounts receivable		207	164
Inventories		(156)	(65)
Other current assets		39	29
Accounts payable, accrued liabilities and other current liabilities		(221)	(155)
Decrease in cash and cash equivalents due to changes in non-cash working capital items		(131)	(27)
Decrease in other operating activities		(21)	(17)
Cash from operating activities of discontinued operations		–	79
Cash from operating activities		$ 232	$ 371

Cash generated from operations includes the net earnings from continuing operations before interest and income taxes, adjusted for cash taxes paid and items not affecting cash and cash equivalents. The significant changes in non-cash working capital items for the three months ended March 31, 2018 were:

- a $207 million decrease in accounts receivable primarily at Carestream Health, Celestica, Parkdean Resorts, ResCare, SIG and Tecta, partially offset by an increase in accounts receivable at Emerald Expositions and WireCo;
- a $156 million increase in inventory primarily at Carestream Health, Celestica and SIG, partially offset by a decrease in inventory at Flushing Town Center; and
- a $221 million decrease in accounts payable, accrued liabilities and other current liabilities primarily at SIG and Onex, the parent company.

Cash from financing activities

Cash from financing activities was $551 million for the first three months of 2018 compared to cash from financing activities of $59 million for the same period in 2017. Cash from financing activities for the three months ended March 31, 2018 included:

- $605 million of net new long-term debt primarily from new long-term debt at SMG and an increase in outstanding debt at sgsco, partially offset by debt repayments made by Meridian Aviation;
- $355 million of contributions received primarily from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 40 of this interim MD&A; and
- $107 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions' March 2018 secondary offering.

Partially offsetting these were:

- $279 million of cash interest paid;
- $149 million of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 40 of this interim MD&A; and
- $41 million of cash used for share repurchases primarily by Celestica.

For the three months ended March 31, 2017, cash from financing activities was $59 million and included:

- $458 million of contributions received from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 40 of this interim MD&A; and
- $140 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in JELD-WEN's initial public offering.

Partially offsetting these were:

- $239 million of cash interest paid;
- $169 million of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 40 of this interim MD&A; and
- $95 million net repayment of long-term debt primarily by Celestica, Flushing Town Center and Meridian Aviation.

Cash used in investing activities

Cash used in investing activities totalled $1.2 billion for the three months ended March 31, 2018 compared to cash used in investing activities of $449 million during the same period in 2017. Cash used in investing activities during the three months ended March 31, 2018 primarily consisted of:

- $1.1 billion used to fund acquisitions primarily related to the Onex Partners IV Group's investment in SMG;
- $420 million of net purchases of investments and securities by the credit strategies;
- a $322 million change in restricted cash primarily due to proceeds from the sale of Mavis Discount Tire; and
- $174 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica, Parkdean Resorts, Save-A-Lot and SIG.

Partially offsetting these were:

- $533 million from the sale of Mavis Discount Tire;
- $110 million of cash interest received primarily by the CLOs in credit strategies; and
- $90 million of net proceeds received primarily from third-party investment managers from the sales of investments and securities primarily by Onex, the parent company.

Cash used in investing activities totalled $449 million for the three months ended March 31, 2017 and consisted primarily of:

- $586 million used to fund acquisitions primarily related to the Onex Partners IV Group's investment in Parkdean Resorts; and
- $139 million used for the purchase of property, plant and equipment primarily at Celestica, Save-A-Lot and SIG.

Partially offsetting these were:

- $161 million of net sales of investments and securities by credit strategies; and
- $91 million of cash interest received primarily by the CLOs in credit strategies.

Consolidated cash resources

At March 31, 2018, consolidated cash held by continuing operations decreased to $2.9 billion from $3.4 billion at December 31, 2017. The major component at March 31, 2018 was $616 million of cash on hand at Onex, the parent company (December 31, 2017 – $628 million). In addition to cash at the parent company, Onex had $1.2 billion of near-cash items at March 31, 2018 (December 31, 2017 – $1.3 billion). Near-cash items at March 31, 2018 include short- and long-term investments managed by third-party investment managers, as described on page 42 of this interim MD&A, $184 million (December 31, 2017 – $181 million) invested in a segregated unlevered fund managed by Onex Credit and $127 million (December 31, 2017 – $107 million) in management fees receivable from limited partners of its private equity platforms.

Cash and near-cash at Onex, the parent company

Table 14 provides a reconciliation of the change in cash and near-cash at Onex, the parent company, from December 31, 2017 to March 31, 2018.

Change in Cash and Near-Cash at Onex, the Parent Company

TABLE 14 *(Unaudited) ($ millions)*		Amount
Cash and near-cash on hand at December 31, 2017[a]		**$ 1,947**
Private equity realizations:		
Mavis Discount Tire sale	173	
Emerald Expositions secondary offering and dividend	30	
Parkdean Resorts repayment of loan note	22	
Pinnacle Renewable Energy repayment of shareholder subordinated debt	7	
Other	3	235
Flushing Town Center distribution		17
Acquisition of SMG		(139)
Net credit strategies investment activity, including warehouse facilities		(63)
Onex share repurchases, options exercised and dividends		(36)
Net other, including capital expenditures, management fees, operating costs and treasury income[b]		(103)
Cash and near-cash on hand at March 31, 2018[a][b]		**$ 1,858**

(a) Includes $931 million (December 31, 2017 – $1.0 billion) of short- and long-term investments managed by third-party investment managers, $184 million (December 31, 2017 – $181 million) invested in a segregated Onex Credit unlevered senior secured loan strategy fund and $127 million (December 31, 2017 – $107 million) of management fees receivable.

(b) Other includes the impact of incentive compensation payments paid in 2018, related to 2017, and foreign exchange on cash.

Subsequent to March 31, 2018, Onex, the parent company, received a distribution of $34 million from Flushing Town Center.

ADDITIONAL USES OF CASH

Onex' commitment to the Funds

Onex, the parent company, is the largest limited partner in each of the Onex Partners and ONCAP Funds. Table 15 presents the commitment and the uncalled committed capital of Onex, the parent company, in these funds at March 31, 2018.

Commitment and Uncalled Committed Capital of Onex, the Parent Company, at March 31, 2018

TABLE 15 *(Unaudited) ($ millions)*	Fund Size	Onex' Commitment	Onex' Uncalled Committed Capital[a]
Onex Partners I	$ 1,655	$ 400	$ 20[b]
Onex Partners II	$ 3,450	$ 1,407	$ 158[b]
Onex Partners III	$ 4,700	$ 1,200	$ 112
Onex Partners IV	$ 5,660	$ 1,700	$ 475
Onex Partners V	$ 7,150	$ 2,000	$ 2,000
ONCAP II	C$ 574	C$ 252	C$ 1[b]
ONCAP III	C$ 800	C$ 252	C$ 36
ONCAP IV	$ 1,107	$ 480	$ 367

(a) Onex' uncalled committed capital is calculated based on the assumption that all of the remaining limited partners' commitments are invested.

(b) Uncalled committed capital for Onex Partners I and II and ONCAP II is available only for possible future funding of partnership expenses.

ADDITIONAL SOURCES OF CASH

Private equity funds

Onex' private equity funds provide capital for Onex-sponsored acquisitions that are not related to Onex' operating companies that existed prior to the formation of the funds. The funds provide a substantial pool of committed capital, which enables Onex to be flexible and timely in responding to investment opportunities.

Table 16 provides a summary of the remaining commitments available from limited partners at March 31, 2018. The remaining commitments for Onex Partners IV, Onex Partners V and ONCAP IV will be used for future Onex-sponsored acquisitions. The remaining commitments from limited partners of Onex Partners I and II are for future funding of partnership expenses. The remaining commitments from limited partners of ONCAP II are for possible future funding of management fees and partnership expenses. The remaining commitments from limited partners of Onex Partners III and ONCAP III are for possible future funding of remaining businesses and future funding of management fees and partnership expenses.

Private Equity Funds' Uncalled Limited Partners' Committed Capital at March 31, 2018

TABLE 16 *(Unaudited) ($ millions)*	Available Uncalled Committed Capital (excluding Onex)[a]
Onex Partners I	$ 64
Onex Partners II	$ 241
Onex Partners III	$ 353
Onex Partners IV	$ 992
Onex Partners V	$ 5,483
ONCAP II	C$ 2
ONCAP III	C$ 86
ONCAP IV	$ 555

(a) Includes committed amounts from the management of Onex and ONCAP and directors, calculated based on the assumption that all of the remaining limited partners' commitments are invested.

The committed amounts from the limited partners are not included in Onex' consolidated cash and cash equivalents and are funded as capital is called.

Carried interest participation

The General Partners of the Onex Partners and ONCAP Funds, which are controlled by Onex, are entitled to a carried interest, as described on page 32 of this interim MD&A.

Table 17 shows the amount of net carried interest received by Onex, the parent company, by year since 2014 and up to March 31, 2018.

Carried Interest

TABLE 17 *(Unaudited) ($ millions)*	Carried Interest Received
2014	$ 171
2015	1
2016	14
2017	121
2018 (up to March 31)	20
Total	$ 327

During the first three months of 2018, Onex, the parent company, received carried interest totalling $20 million primarily from the sale of Mavis Discount Tire, the partial sale of Emerald Expositions and the realization of residual proceeds from the sale of certain investments. Onex has the potential to receive $162 million of carried interest on its businesses in the Onex Partners and ONCAP Funds based on their fair values as determined at March 31, 2018.

During the year ended December 31, 2017, Onex, the parent company, received carried interest of $121 million primarily related to the sale of USI and the partial sales of BBAM, Emerald Expositions and JELD-WEN.

During the three months ended March 31, 2018, management of Onex and ONCAP received carried interest totalling $47 million primarily from the sale of Mavis Discount Tire, the partial sale of Emerald Expositions and the realization of residual proceeds from the sale of certain investments. Management of Onex and ONCAP have the potential to receive $285 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at March 31, 2018.

During the year ended December 31, 2017, management of Onex and ONCAP received carried interest totalling $186 million primarily related to the sale of USI and the partial sales of BBAM, Emerald Expositions and JELD-WEN.

Management fees

Onex receives management fees on limited partner capital through its private equity platforms (Onex Partners and ONCAP Funds), its credit platform (Onex Credit Funds, CLOs and Onex Credit Lending Partners) and directly from certain of its operating businesses. As Onex consolidates the Onex Partners, ONCAP and Onex Credit Lending Partners, CLOs and certain Onex Credit Funds, the management fees received in respect of limited partner capital represent related party transactions.

During the initial fee period of the Onex Partners and ONCAP Funds, Onex receives a management fee based on limited partners' committed capital to each fund. At March 31, 2018, the management fees of Onex Partners IV and ONCAP IV are determined based on limited partners' committed capital. The management fees for Onex Partners V had not begun to accrue at March 31, 2018.

Following the termination of the initial fee period, Onex becomes entitled to a management fee based on limited partners' net funded commitments. At March 31, 2018, the management fees of Onex Partners III and ONCAP II and III are determined based on their limited partners' net funded commitments. As realizations occur in these funds, the management fees calculated based on limited partners' net funded commitments will decline.

Onex has elected to defer cash receipt of management fees from limited partners of certain private equity funds until the later stages of each fund's life. At March 31, 2018, $127 million (December 31, 2017 – $107 million) of management fees were receivable from the limited partners of the private equity funds.

Onex Credit earns management fees on $8.4 billion of fund investor capital as of March 31, 2018. The management fees currently range from 0.50% to 1.50% of the net asset value or 0.55% of the gross invested assets in Onex Credit Funds; up to 0.50% on the capital invested in its CLOs; and up to 1.25% of funded commitments, as well as up to 0.50% of unfunded commitments in Onex Credit Lending Partners.

Incentive fees

Onex Credit is entitled to incentive fees on $8.1 billion of fund investor capital that it manages as of March 31, 2018. Incentive fees range between 5% and 20%. Certain incentive fees are subject to a hurdle or minimum preferred return to investors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the time periods specified in securities legislation.

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

GLOSSARY

The following is a list of commonly used terms in Onex' interim MD&A and unaudited interim consolidated financial statements and their corresponding definitions.

Adjusted EBITDA is a non-GAAP financial measure and is based on the local accounting standards of the individual operating companies. The metric is based on earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments can include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts.

Assets under management is the sum of the fair value of invested assets and uncalled committed capital that Onex manages on behalf of fund investors, including Onex' own uncalled committed capital in excess of cash and cash equivalents.

Carried interest is an allocation of part of a fund investor's profits to Onex and its management team after realizing a preferred return.

CLO warehouse is a leveraged portfolio of credit investments that Onex establishes in anticipation of raising a new CLO. The leverage is typically provided by a financial institution that serves as the placement agent for the relevant CLO. The leverage provided by a financial institution may be in the form of a total return swap that transfers the credit and market risk of specified securities. Onex provides capital to support the CLO warehouse.

Co-investment is a direct investment made by limited partners alongside the fund.

Collateralized Loan Obligation ("CLO") is a structured investment fund that invests in non-investment grade debt. Interests in these funds are sold in rated tranches that have rights to the CLO's collateral and payment streams in descending order of priority. The yield to investors in each tranche decreases as the level of priority increases.

Committed capital is the amount contractually committed by limited partners that a fund may call for investments or to pay management fees and other expenses.

Deferred Share Units ("DSUs") are synthetic investments made by Directors and senior management of Onex, where the gain or loss mirrors the performance of the SVS. DSUs may be issued to Directors in lieu of director fees and to senior management in lieu of a portion of their annual short-term incentive compensation.

Discontinued operation is a component of Onex that has either been disposed of or is currently classified as held for sale, and represents either a major line of business or geographical area of operations, a single coordinated plan to dispose of a separate line of business or geographical area of operations, or a subsidiary acquired exclusively with a view to near-term resale.

Economic ownership is the percentage by which Onex economically participates in an operating company investment.

Fee-generating capital is the assets under management on which the Company receives management fees and/or carried interest or incentive fees.

Fund investor capital is the invested and committed uncalled capital of third-party investors.

General partner is a partner that determines most of the actions of a partnership and can legally bind the partnership. The general partners of Onex-sponsored funds are Onex-controlled subsidiaries.

Gross internal rate of return ("Gross IRR") is the annualized percentage return achieved on an investment or fund, taking time into consideration. This measure does not reflect a limited partner's return since it is calculated without deducting carried interest, management fees, taxes and expenses.

Gross multiple of capital ("Gross MOC") is an investment's or fund's total value divided by the capital that has been invested. This measure does not reflect a limited partner's multiple of capital since it is calculated without deducting carried interest, management fees, taxes and expenses.

Hurdle or **preferred return** is the minimum return required from an investment or fund before entitlement to payments under the MIP, carried interest or incentive fees.

Incentive fees are performance fees generated on fund investors' capital managed by Onex Credit. Certain incentive fees are subject to a hurdle or preferred return to investors in accordance with the terms of the relevant agreements.

International Financial Reporting Standards ("IFRS") is a set of standards adopted by Onex to determine accounting policies for the consolidated financial statements that were formulated by the International Accounting Standards Board, and allows for comparability and consistency across businesses. As a publicly listed entity in Canada, Onex is required to report under IFRS.

Joint ventures are a type of business arrangement in which two or more parties agree to share control over key decisions in order to reach a common objective, typically profit generation or cost reduction. Joint ventures held by Onex through its private equity funds are recorded at fair value.

Leveraged loans refer to the non-investment grade senior secured debt of relatively highly leveraged borrowers. A leveraged loan is typically issued by a company in connection with it being acquired by a private equity or corporate investor.

Limited partner is an investor whose liability is generally limited to the extent of their share of the partnership.

Limited Partners' Interests charge primarily represents the change in the fair value of the underlying investments in the Onex Partners, ONCAP and credit strategies funds, net of carried interest, which is allocated to the limited partners and recorded as Limited Partners' Interests liability.

Limited Partners' Interests liability represents the fair value of limited partners' invested capital in the Onex Partners, ONCAP and credit strategies funds and is affected primarily by the change in the fair value of the underlying investments in those funds, the impact of the carried interest, as well as any contributions by and distributions to the limited partners in those funds.

LTM adjusted EBITDA is Adjusted EBITDA of a business over the last twelve months.

Management investment plan ("MIP") is a plan that requires members of Onex' management to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment is 1.5% of Onex' interest in each acquisition or investment. Management is allocated 7.5% of Onex' realized gain from an operating business investment, subject to Onex realizing the full return of its investment plus a net 15% internal rate of return on the investment. The plan also has vesting requirements, certain limitations and voting requirements.

Multiple Voting Shares of Onex are the controlling class of shares which entitle Mr. Gerald W. Schwartz to elect 60% of Onex' Directors and to 60% of the total shareholder vote on most matters. The shares have no entitlement to distribution on wind-up or dissolution above their nominal paid-in value and do not participate in dividends or earnings.

Near-cash are investment holdings in readily marketable investments that can be converted to cash in an orderly market. In addition, near-cash includes management fees receivable from the limited partners of Onex' private equity funds.

Net debt is a non-GAAP financial measure and is based on the local accounting standards of the individual operating companies. The metric is based on the principal balance of debt and finance or capital lease obligations of the individual operating companies, net of cash, and subject to certain adjustments.

Net internal rate of return ("Net IRR") is the annualized percentage return earned by the limited partners of a fund, after the deduction of carried interest, management fees, taxes and expenses, taking time into consideration.

Net multiple of capital ("Net MOC") is the investment distributions and unrealized value, net of carried interest and taxes, to limited partners subject to carried interest and management fees in the funds, divided by the limited partners' total contributions for investments, fees and expenses.

Non-controlling interests represent the ownership interests in Onex' controlled operating companies by shareholders other than Onex and the limited partners in the Onex Partners and ONCAP Funds.

Normal Course Issuer Bid(s) ("NCIB" or the **"Bids")** is an annual program(s) approved by the Board of Directors that enables Onex to repurchase SVS for cancellation.

ONEX is the share symbol for Onex Corporation on the Toronto Stock Exchange.

Onex capital is the aggregate fair value of Onex Corporation's investments, cash and near-cash assets, less debt (which is nil). The fair value of Onex Corporation's investments includes the unrealized carried interest less the MIP liability based on the current fair values of the investments.

Onex capital per share is Onex capital divided by the number of fully diluted shares.

Onex Credit Funds are the actively managed, diversified portfolio investment funds of Onex Credit, which include two closed-end funds listed on the Toronto Stock Exchange (TSX: OCS-UN and OSL-UN). Onex controls and consolidates certain funds managed by Onex Credit in which Onex, the parent company, holds an investment.

Onex Credit Lending Partners is a private debt fund which provides credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe. The strategy invests the majority of its capital in senior secured loans of companies primarily in less cyclical and less capital-intensive industries, with a focus on capital preservation. The fund employs a buy-and-hold approach to investing, with a goal of owning a diversified pool of investments.

Private equity platform refers to our investing and asset management activities carried on through the Onex Partners and ONCAP Funds.

Subordinate Voting Shares ("SVS") are the non-controlling share capital of Onex. SVS shareholders are entitled to elect 40% of Onex' Directors and to 40% of the total shareholder vote on most matters. These shares are the only class of stock that economically participates in Onex Corporation. The SVS trade on the Toronto Stock Exchange.

CONSOLIDATED BALANCE SHEETS

(Unaudited) *(in millions of U.S. dollars)*	**As at March 31, 2018**	As at December 31, 2017	As at January 1, 2017
Assets			
Current assets			
Cash and cash equivalents	**$ 2,944**	$ 3,376	$ 2,371
Short-term investments	**268**	258	154
Accounts receivable	**3,244**	3,320	3,873
Inventories	**2,415**	2,248	2,510
Other current assets	**1,414**	1,119	1,412
	10,285	10,321	10,320
Property, plant and equipment	**5,294**	5,326	4,275
Long-term investments (note 5)	**12,075**	12,114	8,672
Other non-current assets	**863**	825	1,194
Intangible assets	**8,461**	7,887	9,286
Goodwill	**8,645**	8,223	9,174
	$ 45,623	$ 44,696	$ 42,921
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	**$ 4,424**	$ 4,396	$ 4,294
Current portion of provisions	**234**	235	305
Other current liabilities	**1,567**	1,470	1,579
Current portion of long-term debt of operating companies and credit strategies, without recourse to Onex Corporation (note 6)	**215**	333	407
Current portion of Limited Partners' Interests (note 7)	**386**	59	89
	6,826	6,493	6,674
Non-current portion of provisions	**241**	243	340
Long-term debt of operating companies and credit strategies, without recourse to Onex Corporation (note 6)	**22,377**	21,716	22,456
Other non-current liabilities	**2,002**	2,051	2,169
Deferred income taxes	**1,262**	1,190	1,533
Limited Partners' Interests (note 7)	**7,866**	7,965	8,385
	40,574	39,658	41,557
Equity			
Share capital (note 8)	**320**	321	324
Non-controlling interests	**2,160**	2,145	1,857
Retained earnings (deficit) and accumulated other comprehensive earnings (loss)	**2,569**	2,572	(817)
	5,049	5,038	1,364
	$ 45,623	$ 44,696	$ 42,921

See accompanying notes to the unaudited interim consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited) *(in millions of U.S. dollars except per share data)*	Three months ended March 31 **2018**	 2017
Revenues (note 9)	**$ 6,022**	$ 5,691
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	**(4,455)**	(4,216)
Operating expenses	**(1,071)**	(1,007)
Interest income (note 1)	**115**	86
Amortization of property, plant and equipment	**(171)**	(151)
Amortization of intangible assets and deferred charges	**(190)**	(162)
Interest expense of operating companies and credit strategies	**(311)**	(277)
Increase (decrease) in value of investments in joint ventures and associates at fair value, net (note 5)	**(85)**	25
Stock-based compensation expense	**(35)**	(62)
Other gain (note 10)	**82**	–
Other expense (note 11)	**(39)**	(210)
Limited Partners' Interests charge (note 7)	**(20)**	(519)
Loss before income taxes and discontinued operations	**(158)**	(802)
Provision for income taxes	**(6)**	(2)
Loss from continuing operations	**(164)**	(804)
Loss from discontinued operations (note 4)	**–**	(132)
Net Loss	**$ (164)**	$ (936)

Loss from Continuing Operations attributable to:		
Equity holders of Onex Corporation	**$ (158)**	$ (791)
Non-controlling Interests	**(6)**	(13)
Loss from Continuing Operations	**$ (164)**	$ (804)

Net Loss attributable to:		
Equity holders of Onex Corporation	**$ (158)**	$ (911)
Non-controlling Interests	**(6)**	(25)
Net Loss	**$ (164)**	$ (936)

Net Loss per Subordinate Voting Share of Onex Corporation (note 12)		
Basic and Diluted:		
Continuing operations	**$ (1.56)**	$ (7.70)
Discontinued operations	**–**	(1.18)
Net Loss per Subordinate Voting Share	**$ (1.56)**	$ (8.88)

See accompanying notes to the unaudited interim consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(Unaudited) *(in millions of U.S. dollars)*	Three months ended March 31 **2018**	2017
Net loss	**$ (164)**	$ (936)
Other comprehensive earnings (loss), net of tax		
Items that may be reclassified to net earnings (loss):		
Currency translation adjustments	**124**	81
Change in fair value of derivatives designated as hedges	**1**	12
	125	93
Items that will not be reclassified to net earnings (loss):		
Remeasurements for post-employment benefit plans	**(5)**	(7)
Other comprehensive earnings from discontinued operations, net of tax (note 4)	**–**	19
Other comprehensive earnings, net of tax	**120**	105
Total Comprehensive Loss	**$ (44)**	$ (831)

Total Comprehensive Earnings (Loss) attributable to:		
Equity holders of Onex Corporation	**$ (47)**	$ (770)
Non-controlling Interests	**3**	(61)
Total Comprehensive Loss	**$ (44)**	$ (831)

See accompanying notes to the unaudited interim consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited) *(in millions of U.S. dollars except per share data)*	Share Capital (note 8)	Retained Earnings (Deficit)	Accumulated Other Comprehensive Earnings (Loss)	Total Equity Attributable to Equity Holders of Onex Corporation	Non-controlling Interests	Total Equity
Balance – January 1, 2017	$ 324	$ (305)	$ (509)[a]	$ (490)	$ 1,841	$ 1,351
Change in accounting policy (note 1)	–	(3)	–	(3)	16	13
Dividends declared[b]	–	(5)	–	(5)	–	(5)
Repurchase and cancellation of shares (note 8)	(2)	(53)	–	(55)	–	(55)
Investments in operating companies by shareholders other than Onex[c]	–	269	–	269	323	592
Distributions to non-controlling interests	–	–	–	–	(1)	(1)
Repurchase of shares of operating companies	–	–	–	–	(3)	(3)
Sale of interests in operating companies under continuing control	–	133	–	133	7	140
Comprehensive Earnings (Loss)						
Net loss	–	(911)	–	(911)	(25)	(936)
Other comprehensive earnings (loss), net of tax:						
Currency translation adjustments	–	–	72	72	9	81
Change in fair value of derivatives designated as hedges	–	–	4	4	8	12
Remeasurements for post-employment benefit plans	–	8	–	8	(15)	(7)
Other comprehensive earnings (loss) from discontinued operations, net of tax (note 4)	–	1	56	57	(38)	19
Balance – March 31, 2017	$ 322	$ (866)	$ (377)[d]	$ (921)	$ 2,122	$ 1,201
Balance – December 31, 2017	$ 321	$ 2,547	$ 25[e]	$ 2,893	$ 2,145	$ 5,038
Change in accounting policy (note 1)	**–**	**11**	**–**	**11**	**1**	**12**
Dividends declared[b]	**–**	**(6)**	**–**	**(6)**	**–**	**(6)**
Repurchase and cancellation of shares (note 8)	**(1)**	**(17)**	**–**	**(18)**	**–**	**(18)**
Investments in operating companies by shareholders other than Onex	**–**	**7**	**–**	**7**	**85**	**92**
Distributions to non-controlling interests	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Repurchase of shares of operating companies[f]	**–**	**–**	**–**	**–**	**(41)**	**(41)**
Sale of interest in operating company under continuing control (note 2(d))	**–**	**49**	**–**	**49**	**17**	**66**
Non-controlling interests derecognized on loss of control of investment in operating company (note 2(c))	**–**	**–**	**–**	**–**	**(48)**	**(48)**
Comprehensive Earnings (Loss)						
Net loss	**–**	**(158)**	**–**	**(158)**	**(6)**	**(164)**
Other comprehensive earnings (loss), net of tax:						
Currency translation adjustments	**–**	**–**	**115**	**115**	**9**	**124**
Change in fair value of derivatives designated as hedges	**–**	**–**	**1**	**1**	**–**	**1**
Remeasurements for post-employment benefit plans	**–**	**(5)**	**–**	**(5)**	**–**	**(5)**
Balance – March 31, 2018	**$ 320**	**$ 2,428**	**$ 141[g]**	**$ 2,889**	**$ 2,160**	**$ 5,049**

(a) Accumulated Other Comprehensive Earnings (Loss) as at January 1, 2017 consisted of currency translation adjustments of negative $473, unrealized losses on the effective portion of cash flow hedges of $38 and unrealized gains on financial assets of $2. Accumulated Other Comprehensive Earnings (Loss) as at January 1, 2017 included $153 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(b) Dividends declared per Subordinate Voting Share were C$0.075 for the three months ended March 31, 2018 (2017 – C$0.06875). In 2018, shares issued under the dividend reinvestment plan amounted to less than $1 (2017 – less than $1). There are no tax effects for Onex on the declaration or payment of dividends.

(c) Investments in operating companies by shareholders other than Onex during 2017 included the issuance of new shares by JELD-WEN in its initial public offering and a transfer of the historical accounting carrying value associated with that ownership interest.

(d) Accumulated Other Comprehensive Earnings (Loss) as at March 31, 2017 consisted of currency translation adjustments of negative $345, unrealized losses on the effective portion of cash flow hedges of $34 and unrealized gains on financial assets of $2. Accumulated Other Comprehensive Earnings (Loss) as at March 31, 2017 included $97 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(e) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2017 consisted of currency translation adjustments of positive $33, unrealized losses on the effective portion of cash flow hedges of $11 and unrealized gains on financial assets of $3. Income taxes did not have a significant effect on these items.

(f) Repurchase of shares of operating companies during the first three months of 2018 consisted primarily of shares repurchased by Celestica.

(g) Accumulated Other Comprehensive Earnings (Loss) as at March 31, 2018 consisted of currency translation adjustments of positive $148, unrealized losses on the effective portion of cash flow hedges of $10 and unrealized gains on financial assets of $3. Income taxes did not have a significant effect on these items.

See accompanying notes to the unaudited interim consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *(in millions of U.S. dollars)*	Three months ended March 31 **2018**	 2017
Operating Activities		
Loss for the period from continuing operations	**$ (164)**	$ (804)
Adjustments to loss from continuing operations:		
Provision for income taxes	**6**	2
Interest income	**(115)**	(86)
Interest expense of operating companies and credit strategies	**311**	277
Earnings (loss) before interest and provision for income taxes	**38**	(611)
Cash taxes paid	**(54)**	(36)
Items not affecting cash and cash equivalents:		
Amortization of property, plant and equipment	**171**	151
Amortization of intangible assets and deferred charges	**190**	162
Decrease (increase) in value of investments in joint ventures and associates at fair value, net (note 5)	**85**	(25)
Stock-based compensation expense	**23**	50
Other gain (note 10)	**(82)**	–
Foreign exchange (gain) loss	**27**	(27)
Limited Partners' Interests charge (note 7)	**20**	519
Change in provisions	**8**	40
Other	**(42)**	113
	384	336
Changes in non-cash working capital items:		
Accounts receivable	**207**	164
Inventories	**(156)**	(65)
Other current assets	**39**	29
Accounts payable, accrued liabilities and other current liabilities	**(221)**	(155)
Decrease in cash and cash equivalents due to changes in non-cash working capital items	**(131)**	(27)
Decrease in other operating activities	**(21)**	(17)
Cash flows from operating activities of discontinued operations (note 4)	**–**	79
	232	371
Financing Activities		
Issuance of long-term debt	**1,610**	137
Repayment of long-term debt	**(1,005)**	(232)
Cash interest paid	**(279)**	(239)
Cash dividends paid	**(6)**	(5)
Repurchase of share capital of Onex Corporation	**(18)**	(54)
Repurchase of share capital of operating companies	**(41)**	(3)
Contributions by Limited Partners (note 7)	**355**	458
Issuance of share capital by operating companies	**7**	18
Proceeds from sale of interests in operating companies under continuing control (note 2)	**107**	140
Distributions paid to non-controlling interests and Limited Partners (note 7)	**(149)**	(169)
Decrease due to other financing activities	**(30)**	(18)
Cash flows from financing activities of discontinued operations (note 4)	**–**	26
	551	59
Investing Activities		
Acquisitions, net of cash and cash equivalents in acquired companies of $55 (2017 – $68) (note 3)	**(1,089)**	(586)
Purchase of property, plant and equipment	**(174)**	(139)
Proceeds from sale of investment in joint venture (note 5)	**533**	–
Distributions received from investments in joint ventures and associates (note 5)	**17**	15
Purchase of investments in joint ventures and associates (note 5)	**–**	(2)
Cash interest received	**110**	91
Change in restricted cash	**(322)**	60
Net sales (purchases) of investments and securities for credit strategies (note 5)	**(420)**	161
Net sales (purchases) of investments and securities at parent company and operating companies (note 5)	**90**	(13)
Increase due to other investing activities	**15**	3
Cash flows used in investing activities of discontinued operations (note 4)	**–**	(39)
	(1,240)	(449)
Decrease in Cash and Cash Equivalents for the Period	**(457)**	(19)
Increase in cash due to changes in foreign exchange rates	**25**	4
Cash and cash equivalents, beginning of the period – continuing operations	**3,376**	2,169
Cash and cash equivalents, beginning of the period – discontinued operations (note 4)	**–**	202
Cash and Cash Equivalents	**2,944**	2,356
Cash and cash equivalents held by discontinued operations (note 4)	**–**	270
Cash and Cash Equivalents Held by Continuing Operations	**$ 2,944**	$ 2,086

See accompanying notes to the unaudited interim consolidated financial statements, including the changes in accounting policies retrospectively adopted on January 1, 2018, as described in note 1.

These unaudited interim consolidated financial statements should be read in conjunction with the 2017 audited annual consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited) (in millions of U.S. dollars except per share data)

Onex Corporation and its subsidiaries (collectively, the "Company") is a diversified company with operations in a range of industries including electronics manufacturing services, healthcare imaging, health and human services, insurance services, packaging products and services, business and information services, food retail and restaurants, aerospace automation, tooling and components, aircraft leasing and management, building products, holiday parks, hospital management services, survival equipment and industrial products, and in various middle-market private equity opportunities. Additionally, the Company has investments in credit strategies and real estate. Throughout these statements, the term "Onex" refers to Onex Corporation, the ultimate parent company.

Onex Corporation is a Canadian corporation domiciled in Canada and is listed on the Toronto Stock Exchange under the symbol ONEX. Onex Corporation's shares are traded in Canadian dollars. The registered address for Onex Corporation is 161 Bay Street, Toronto, Ontario. Mr. Gerald W. Schwartz controls Onex Corporation by indirectly holding all of the outstanding Multiple Voting Shares of the corporation and also indirectly holds 12% of the outstanding Subordinate Voting Shares of the corporation as at March 31, 2018.

All amounts are in millions of U.S. dollars unless otherwise noted.

The unaudited interim consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2018.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These unaudited interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through total comprehensive earnings.

The U.S. dollar is Onex' functional currency. As such, the financial statements have been reported on a U.S. dollar basis.

CONSOLIDATION

The unaudited interim consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP ("Onex Partners I"), Onex Partners II LP ("Onex Partners II"), Onex Partners III LP ("Onex Partners III"), Onex Partners IV LP ("Onex Partners IV") and Onex Partners V LP ("Onex Partners V"), referred to collectively as "Onex Partners", and ONCAP II L.P. ("ONCAP II"), ONCAP III LP ("ONCAP III") and ONCAP IV LP ("ONCAP IV"), referred to collectively as "ONCAP" (as described in note 32 to the 2017 audited annual consolidated financial statements). In addition, Onex controls and consolidates the operations of the Onex Credit asset management platform, certain funds managed by Onex Credit ("Onex Credit Funds") in which Onex, the parent company, holds investments, collateralized loan obligations ("CLOs") of Onex Credit and Onex Credit Lending Partners, referred to collectively as "Onex Credit" or "credit strategies".

The results of operations of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany balances and transactions have been eliminated.

Certain investments in operating companies over which the Company has joint control or significant influence, but not control, are designated, upon initial recognition, at fair value through earnings. As a result, these investments are recorded at fair value in the unaudited interim consolidated balance sheets, with changes in fair value recognized in the unaudited interim consolidated statements of earnings.

References to the Onex management team include the management of Onex, ONCAP and Onex Credit. References to management without the use of team include only the relevant group. References to the Onex Partners Groups represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as investors. References to the ONCAP Groups represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as investors.

The principal operating companies and Onex' economic ownership, Onex' and the limited partners' economic ownership and voting interests in these entities are as follows:

	March 31, 2018			December 31, 2017		
	Onex' Ownership	**Onex' and Limited Partners' Ownership**	**Voting**	Onex' Ownership	Onex' and Limited Partners' Ownership	Voting
Investments made through Onex						
Celestica Inc. ("Celestica")	**13%**	**13%**	**79%**	13%	13%	79%
Investments made through Onex and Onex Partners II						
Carestream Health, Inc. ("Carestream Health")	**36%**	**91%**	**100%**	36%	91%	100%
Investments made through Onex and Onex Partners III						
BBAM Limited Partnership ("BBAM")	**9%**	**35%**	**(a)**	9%	35%	(a)
Emerald Expositions Events, Inc. ("Emerald Expositions")[b]	**16%**	**65%**	**65%**	18%	74%	74%
JELD-WEN Holding, Inc. ("JELD-WEN")	**8%**	**31%**	**31%**[a]	8%	31%	31%[a]
Meridian Aviation Partners Limited and affiliates ("Meridian Aviation")	**25%**	**100%**	**100%**	25%	100%	100%
SGS International, LLC ("sgsco")	**23%**	**92%**	**92%**	24%	94%	94%
York Risk Services Holding Corp. ("York")	**29%**	**88%**	**100%**	29%	88%	100%
Investments made through Onex, Onex Partners I and Onex Partners III						
Res-Care, Inc. ("ResCare")	**20%**	**98%**	**100%**	20%	98%	100%
Investments made through Onex and Onex Partners IV						
Advanced Integration Technology LP ("AIT")	**13%**	**50%**	**50%**[a]	13%	50%	50%[a]
Clarivate Analytics	**27%**	**72%**	**72%**	27%	72%	72%
Jack's Family Restaurants ("Jack's")	**31%**	**95%**	**100%**	31%	95%	100%
Parkdean Resorts	**28%**[c]	**93%**[c]	**80%**	28%[c]	93%[c]	80%
Save-A-Lot	**32%**	**99%**	**99%**	32%	99%	99%
Schumacher Clinical Partners ("Schumacher")	**22%**	**68%**	**68%**	22%	68%	68%
SIG Combibloc Group Holdings S.à r.l. ("SIG")	**35%**	**99%**	**94%**	35%	99%	94%
SMG Holdings Inc. ("SMG")	**32%**	**99%**	**99%**	–	–	–
Survitec Group Limited ("Survitec")	**21%**	**79%**	**68%**	21%	79%	68%
WireCo WorldGroup ("WireCo")	**23%**	**71%**	**71%**	23%	71%	71%
Investments made through Onex Real Estate						
Flushing Town Center	**88%**	**88%**	**100%**	88%	88%	100%
Other investments						
ONCAP II Fund ("ONCAP II")	**47%**[d]	**100%**	**100%**	47%[d]	100%	100%
ONCAP III Fund ("ONCAP III")	**29%**	**100%**	**100%**	29%	100%	100%
ONCAP IV Fund ("ONCAP IV")	**39%**	**100%**	**100%**	39%	100%	100%

(a) Onex exerts joint control or significant influence over these investments, which are designated at fair value through earnings, through its right to appoint members to the boards of directors of these entities.

(b) Emerald Expositions completed a secondary offering in March 2018, as described in note 2(d).

(c) Ownership interests reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity in Parkdean Resorts in February 2018, as described in note 2(b).

(d) Represents Onex' blended economic ownership in the ONCAP II investments.

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plan (the "MIP"), as described in note 32(d) to the 2017 audited annual consolidated financial statements. The allocation of net earnings (loss) and comprehensive earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests is calculated using the economic ownership of Onex and the limited partners.

The voting interests include shares that Onex has the right to vote through contractual arrangements or through multiple voting rights attached to particular shares. In certain circumstances, the voting arrangements give Onex the right to elect the majority of the boards of directors of the companies. Onex may also control a company through contractual rights.

SIGNIFICANT ACCOUNTING POLICIES

The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of IFRS for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2017.

The unaudited interim consolidated financial statements are based on accounting policies, as described in note 1 to the 2017 audited annual consolidated financial statements, except as described below.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with applicable transitional provisions.

a) IFRS 15 – Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, supersedes IAS 18, *Revenue*, and provides a comprehensive five-step revenue recognition model for all contracts with customers. On January 1, 2018, and in accordance with the transition provisions in IFRS 15, the standard was adopted retrospectively and comparative period information has been restated.

Under IAS 18, revenue from product sales was recognized when the following criteria were met: significant risks and rewards of ownership had been transferred; involvement in the capacity as an owner of the goods had ceased; revenue and costs incurred could be reliably measured; and economic benefits were expected to be realized. As a result of adopting IFRS 15, revenue on product sales is recognized when or as performance obligations are satisfied by transferring control of the goods to the customer. The Company's revenue recognition policies relating to the provision of services were not significantly impacted as a result of adopting IFRS 15.

Certain new judgements and estimates are required in applying IFRS 15, including: identifying and allocating the transaction price among performance obligations; determining when performance obligations are satisfied; and measuring progress of completion when performance obligations are satisfied over time.

As a result of adopting IFRS 15, total equity on January 1, 2017 has increased by $13.

b) IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments*, supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. On January 1, 2018, the Company adopted IFRS 9 retrospectively and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 9. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies. The following significant accounting policy changes were adopted as of January 1, 2018:

Classification – Financial Assets

As of January 1, 2018, financial assets are classified in the following measurement categories:

- Those to be subsequently measured at fair value through earnings;
- Those to be subsequently measured at fair value through other comprehensive income ("OCI"); and
- Those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Classification – Financial Liabilities

As of January 1, 2018, financial liabilities are classified in the following measurement categories:

- Those to be subsequently measured at fair value through earnings; and
- Those to be measured at amortized cost.

Modification of Financial Liabilities

When a financial liability that is measured at amortized cost has its cash flows modified without resulting in derecognition, the carrying value of the financial liability is adjusted to the present value of the modified cash flows, discounted at the financial liability's original effective interest rate, with a resulting gain or loss recognized in earnings.

For certain variable-rate financial liabilities which are pre-payable at par, amendments to the contractual terms of the financial liability to revise the interest rate to a new market interest rate are accounted for prospectively and over the remaining term of the financial liability by adjusting the financial liability's effective interest rate.

Impairment

Onex' operating companies have applied the simplified approach, permitted by IFRS 9, to calculate the expected credit losses on accounts receivable. This approach requires the expected lifetime losses of accounts receivable to be recognized at the initial recognition of the accounts receivable, using the company's historical credit loss experience to assign provision rates depending on the number of days that the accounts receivable have been outstanding.

Interest Income

Interest income recognized by the Company primarily relates to interest earned from investments recognized at fair value through net earnings.

Impact of adoption as of January 1, 2018

As a result of adopting IFRS 9, total equity on January 1, 2018 has increased by $12 due to adjustments related to previous modifications of long-term debt which did not result in derecognition.

Financial assets were assessed to determine which measurement category they apply to, resulting in the following reclassifications:

	Fair Value through Net Earnings		Fair Value through OCI (2017 – Available-for-Sale)	Amortized Cost (2017 – Loans and Receivables)	Derivatives Used for Hedging	Total
	Recognized	Designated				
January 1, 2018						
Opening balance – IAS 39	$ 4,398	$ 11,109	$ 88	$ 3,875	$ 130	$ 19,600
Reclassification of investments held by Onex credit strategies[a]	7,142	(7,142)	–	–	–	–
Reclassification of cash and cash equivalents[a]	3,376	(3,376)	–	–	–	–
Other	408	(220)	11	(69)	(130)	–
Opening balance – IFRS 9	$ 15,324	$ 371	$ 99	$ 3,806	$ –	$ 19,600

a) Under IFRS 9, financial assets that are managed and whose performance is measured on a fair value basis are required to be measured at fair value through net earnings. The Company previously made an election under IAS 39 to measure these financial assets at fair value through net earnings.

Financial assets held by the Company, presented by financial statement line item, immediately following the adoption of IFRS 9 on January 1, 2018 were as follows:

	Fair Value through Net Earnings		Fair Value through Other Comprehensive Income	Amortized Costs	Total
	Recognized	Designated			
January 1, 2018					
Assets as per balance sheet					
Cash and cash equivalents	$ 3,376	$ –	$ –	$ –	$ 3,376
Short-term investments	247	–	11	–	258
Accounts receivable	69	–	–	3,251	3,320
Other current assets	172	–	11	430	613
Long-term investments	11,276	371	77	10	11,734
Other non-current assets	184	–	–	115	299
Total	$ 15,324	$ 371	$ 99	$ 3,806	$ 19,600

There were no significant changes to the classification of financial liabilities as a result of adopting IFRS 9.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Standards, amendments and interpretations not yet adopted or effective

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*. The standard provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted if IFRS 15 is also applied. The Company is in the process of executing its implementation plan and intends to adopt IFRS 16 on January 1, 2019 on a modified retrospective basis. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements and currently expects a material recognition of right-of-use assets and corresponding lease liabilities upon transition.

2. SIGNIFICANT TRANSACTIONS

a) Acquisition of SMG

In January 2018, the Onex Partners IV Group completed the acquisition of SMG Holdings Inc., a global manager of convention centres, stadiums, arenas, theatres, performing arts centres and other venues. The Onex Partners IV Group's total investment was $429 for an economic interest of 99%. Onex' share of the investment was $139 for an economic interest of 32%. The remainder of the purchase price was financed through a rollover of equity by management of SMG and debt financing, without recourse to Onex Corporation. SMG is included within the business and information services segment.

As part of the acquisition of SMG, the Onex Partners IV Group also acquired $44 of SMG's second lien debt, which bears interest at LIBOR plus a margin of up to 7.00% and matures in January 2026. To finance the investment in SMG's second lien debt, the Onex Partners IV Group entered into a revolving credit facility in January 2018. The facility bears interest at LIBOR plus a margin of 1.75%, matures in January 2021 and is reimbursable by capital calls upon the limited partners of Onex Partners IV. Onex Corporation, the parent company, is only obligated to fund borrowings under the revolving credit facility based on its proportionate share of Onex Partners IV's investment in SMG.

b) Partial loan note repayment by Parkdean Resorts

In February 2018, Parkdean Resorts made a partial repayment of a loan note outstanding with the Onex Partners IV Group totalling £52 ($74), including accrued interest, with net proceeds from a sale-leaseback transaction completed for certain parks in August 2017. Onex' share of the repayment was £15 ($22). The remaining principal balance of £25 ($31) outstanding under the loan note, of which Onex' share was £7 ($9), was converted into additional equity of Parkdean Resorts in accordance with the loan note agreement. Subsequent to the transaction, the Onex Partners IV Group has a 93% economic interest in Parkdean Resorts, of which Onex' share is 28%.

c) Initial public offering by Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Holdings, Inc. ("Pinnacle Renewable Energy") completed an initial public offering of approximately 15.3 million common shares (TSX: PL), including the exercise of an over-allotment option. The offering was priced at C$11.25 per share for gross proceeds of C$173. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C$29 of existing shareholder subordinated debt with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C$20 ($16) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C$9 ($7). The ONCAP II Group did not sell any common shares as part of this transaction.

The ONCAP II Group continues to hold approximately 14.1 million common shares of Pinnacle Renewable Energy for an economic and voting interest of 43%. Onex continues to hold approximately 6.7 million common shares for an economic interest of 20%.

As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the unaudited interim consolidated statements of earnings. In addition, a gain of $82 was recorded based on the excess of the interest retained at fair value over the historical accounting carrying value of the investment. The gain is entirely attributable to the equity holders of Onex Corporation, as the interests of the Limited Partners were recorded as a financial liability at fair value. Pinnacle Renewable Energy does not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control have not been presented as a discontinued operation.

d) Secondary offering by Emerald Expositions

In March 2018, Emerald Expositions completed a secondary offering of 6.75 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $18.50 per share for gross proceeds of $125. No treasury shares were issued as part of the offering. The Onex Partners III Group sold all of the shares in this transaction for net proceeds of $120, of which $13 was received in April 2018. Onex' portion of the net proceeds was $32, including carried interest.

Amounts received on account of the carried interest related to this transaction totalled $8. Onex' share of the carried interest received was $3 and was included in the net proceeds to Onex. Management's share of the carried interest was $5. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle was not met on realizations to date.

The Onex Partners III Group continues to hold approximately 47.1 million shares of Emerald Expositions' common stock for a 65% economic and voting interest. Onex continues to hold approximately 11.4 million shares for a 16% economic interest. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the unaudited interim consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $49 being recorded directly to retained earnings.

e) Sale of Mavis Discount Tire

In March 2018, the ONCAP III Group sold its entire investment in Mavis Tire Supply LLC ("Mavis Discount Tire"). The ONCAP III Group received net proceeds of $519, of which Onex' share was $173, including carried interest and after the reduction for amounts paid to the Onex and ONCAP management teams. Included in the net proceeds is $1 held in escrow. No gain was realized as a result of this transaction as the Company's interest in Mavis Discount Tire was recorded at fair value.

Onex' share of carried interest received was $15 and was included in the net proceeds to Onex. ONCAP management's share of carried interest was $37, including $14 from Onex and Onex management. Management of Onex and ONCAP earned $14 on account of management incentive programs related to this transaction.

In addition, the unaudited interim consolidated financial statements include net proceeds of $15 from the sale of Mavis Discount Tire attributable to a third-party investor.

f) Pending investment in PowerSchool

In April 2018, the Onex Partners IV Group agreed to invest in PowerSchool Group LLC ("PowerSchool"), a non-instructional software provider primarily to K-12 primary schools and currently owned by Vista Equity Partners ("Vista"). Concurrent with this transaction, PowerSchool will acquire PeopleAdmin, a provider of cloud-based talent management solutions for the education sector and also currently owned by Vista. The Onex Partners IV Group expects to make an investment of approximately $850 for an economic interest of approximately 50% in PowerSchool and will be an equal partner with Vista. Onex' share of the investment is expected to be approximately $275. The transaction is expected to close during the second half of 2018, subject to customary conditions and regulatory approvals.

g) Distributions from operating businesses

Year-to-date through May 9, 2018, the Company received distributions of $155 from certain operating businesses. Onex' portion of the distributions was $83, including carried interest. The distributions include the repayment of a loan note by Parkdean Resorts, as previously described in note 2(b), and the repayment of existing shareholder subordinated debt by Pinnacle Renewable Energy, as previously described in note 2(c). The other significant distributions received by the Company are described below.

In March and April 2018, Flushing Town Center distributed $58 of proceeds primarily from the sale of residential condominium units, of which Onex' share was $51.

h) Credit Strategies

Warehouse facility of CLO-15

In January 2018, Onex established a warehouse facility in connection with its fifteenth CLO denominated in U.S. dollars ("CLO-15"). During the three months ended March 31, 2018, Onex invested $30 to support the warehouse facility and a financial institution provided borrowing capacity of up to $120 backed by the underlying collateral.

Onex consolidated the warehouse facility for CLO-15.

Warehouse facility of EURO CLO-3

In March 2018, Onex established a warehouse facility in connection with its third CLO denominated in euros ("EURO CLO-3"). During the three months ended March 31, 2018, Onex invested €30 ($37) to support the warehouse facility and a financial institution provided borrowing capacity of up to €120 ($148) backed by the underlying collateral.

Onex consolidated the warehouse facility for EURO CLO-3.

Distributions

During the three months ended March 31, 2018, Onex received $12 of distributions from its CLO investments.

3. ACQUISITIONS

Acquisitions completed by Onex are generally financed with proceeds from the Onex Partners or ONCAP Funds along with debt provided by third-party lenders. Debt provided by third-party lenders is within the acquired companies and is without recourse to Onex Corporation, the ultimate parent company. This debt, along with debt incurred to finance acquisitions made by existing Onex subsidiaries, is excluded from the purchase price allocation table below.

During the first three months of 2018, eight acquisitions were completed by Onex and its subsidiaries. Details of the purchase price and allocation to the assets and liabilities acquired are as follows:

	SMG[a]	ONCAP[b]	Other[c]	Total
Cash and cash equivalents	$ 51	$ 1	$ 3	$ 55
Other current assets	54	30	26	110
Intangible assets with limited life	638	12	50	700
Goodwill	376	24	29	429
Property, plant and equipment and other non-current assets	47	1	5	53
	1,166	68	113	1,347
Current liabilities	(85)	(9)	(12)	(106)
Non-current liabilities	(76)	–	–	(76)
Interests in net assets acquired	1,005	59	101	1,165
Non-controlling interests in net assets acquired	(1)	–	–	(1)
	$ 1,004	$ 59	$ 101	$ 1,164

a) In January 2018, the Company acquired SMG, as described in note 2(a).

b) ONCAP includes acquisitions made by Englobe Corp, Hopkins Manufacturing Corporation and Tecta America Corporation for total consideration of $59, of which $11 was non-cash consideration.

c) Other includes acquisitions made by Clarivate Analytics, ResCare and sgsco for total consideration of $101, of which $10 was non-cash consideration.

Included in the acquisitions above are gross receivables due from customers of $81, of which all contractual cash flows are expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be $81.

Revenue and net losses from the date of acquisition for these acquisitions to March 31, 2018 were $84 and $9, respectively.

The Company estimates it would have reported consolidated revenues of approximately $6,050 and a net loss of approximately $170 for the three months ended March 31, 2018 if acquisitions completed during 2018 had been acquired on January 1, 2018.

Goodwill of the acquisitions was attributable primarily to the skills and competence of the acquired workforce and non-contractual established customer bases of the acquired companies. Goodwill of the acquisitions that is expected to be deductible for tax purposes is $103.

4. DISCONTINUED OPERATIONS

The following table shows revenues, expenses and net after-tax results from discontinued operations for the three months ended March 31, 2017. The loss of control by the Company over Pinnacle Renewable Energy, as described in note 2(c), did not represent a separate major line of business, and as a result, has not been presented as a discontinued operation. The Company did not record any results from discontinued operations for the three months ended March 31, 2018.

Three months ended March 31, 2017	USI[a]	JELD-WEN[b]	Total
Revenues	$ 272	$ 848	$ 1,120
Expenses	(389)	(891)	(1,280)
Loss before income taxes	(117)	(43)	(160)
Recovery of income taxes	13	15	28
Net loss for the period	$ (104)	$ (28)	$ (132)

a) USI

The operations of USI have been presented as discontinued in the unaudited interim consolidated statements of earnings and cash flows for the three months ended March 31, 2017.

b) JELD-WEN

The operations of JELD-WEN have been presented as discontinued in the unaudited interim consolidated statements of earnings and cash flows for the three months ended March 31, 2017.

There are no assets or liabilities of discontinued operations at March 31, 2018 or December 31, 2017, as USI was sold in May 2017 and the Company ceased to consolidate JELD-WEN after losing control in May 2017.

The following table presents the summarized aggregate cash flows from (used in) discontinued operations of USI and JELD-WEN.

Three months ended March 31, 2017	USI	JELD-WEN	Total
Operating activities	$ 69	$ 10	$ 79
Financing activities	(53)	79	26
Investing activities	(31)	(8)	(39)
Increase (decrease) in cash and cash equivalents for the period	(15)	81	66
Increase in cash due to changes in foreign exchange rates	–	2	2
Cash and cash equivalents, beginning of the period	99	103	202
Cash and cash equivalents, end of the period	$ 84	$ 186	$ 270

5. LONG-TERM INVESTMENTS

Long-term investments comprised the following:

	March 31, 2018	December 31, 2017	January 1, 2017
Long-term investments held by credit strategies[a]	**$ 9,075**	$ 8,491	$ 7,025
Investments in joint ventures and associates – at fair value through earnings[b]	**1,752**	2,252	751
Onex Corporation investments in managed accounts[c]	**664**	774	325
Investments in joint ventures and associates – equity-accounted[d]	**360**	380	318
Other	**224**	217	253
Total	**$ 12,075**	$ 12,114	$ 8,672

a) Long-term investments held by credit strategies

During the three months ended March 31, 2018, Onex completed certain transactions which impacted the balance of long-term investments held by credit strategies. These transactions are described in note 2(h) and include establishing the warehouse facilities for CLO-15 and EURO CLO-3.

b) Investments in joint ventures and associates – at fair value through earnings

Certain investments in joint ventures and associates over which the Company has joint control or significant influence, but not control, are designated, upon initial recognition, at fair value. The fair value of these investments in joint ventures and associates is assessed at each reporting date, with changes to the values being recorded through earnings.

Investments in joint ventures and associates designated at fair value through earnings primarily include investments in AIT, BBAM, JELD-WEN (since May 2017), Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018) and Venanpri Group. With the exception of JELD-WEN and Pinnacle Renewable Energy, the fair value measurements for these investments include significant unobservable inputs (Level 3 of the fair value hierarchy). The fair value measurements for the investments in JELD-WEN and Pinnacle Renewable Energy include significant other observable inputs (Level 2 of the fair value hierarchy), as a marketability factor is applied to JELD-WEN and Pinnacle Renewable Energy's publicly traded share price. The joint ventures and associates typically have financing arrangements that restrict their ability to transfer cash and other assets to the Company.

Details of changes in investments recognized at fair value included in long-term investments are as follows:

Balance – January 1, 2017	$ 751
Purchase of investments	2
Distributions received	(15)
Increase in fair value of investments, net	25
Balance – March 31, 2017	763
Purchase of investments	4
Transfer of investment in JELD-WEN no longer under control	1,397
Distributions received	(56)
Sale of investments	(591)
Increase in fair value of investments, net	735
Balance – December 31, 2017	$ 2,252
Transfer of investment in Pinnacle Renewable Energy no longer under control	**136**
Sale of investment	**(534)**
Distributions received	**(17)**
Decrease in fair value of investments, net	**(85)**
Balance – March 31, 2018	**$ 1,752**

Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 15.3 million common shares. As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy, as described in note 2(c). The interest held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recognized in the unaudited interim consolidated statements of earnings.

Mavis Discount Tire

In March 2018, the ONCAP III Group sold its entire investment in Mavis Discount Tire, as described in note 2(e).

c) Onex Corporation investments in managed accounts

Long-term investments consist of securities that include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. Short-term investments consist of liquid investments that include money market instruments and commercial paper with original maturities of three months to one year. The investments are managed to maintain an overall weighted average duration of two years or less. At March 31, 2018, the fair value of investments managed by third-party investment managers was $922 (December 31, 2017 – $1,021), of which $258 (December 31, 2017 – $247) was included in short-term investments and $664 (December 31, 2017 – $774) was included in long-term investments.

d) Investments in joint ventures and associates – equity-accounted

Certain investments in joint ventures and associates over which the Company has joint control or significant influence, but not control, are initially recognized at cost, and the carrying amount of the investment is adjusted to recognize the Company's share of the profit or loss in the investment from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. The Company's share of the profit or loss is recognized in other income (expense) and any distributions received reduce the carrying amount of the investment.

At March 31, 2018 and December 31, 2017, the balances consisted primarily of investments in joint ventures and associates held by Meridian Aviation and SIG.

6. LONG-TERM DEBT OF OPERATING COMPANIES AND CREDIT STRATEGIES, WITHOUT RECOURSE TO ONEX CORPORATION

The following describes the significant changes to Onex Corporation's long-term debt from the information provided in the 2017 audited annual consolidated financial statements, in chronological order.

a) Onex Partners V

In December 2017 and January 2018, Onex Partners V entered into a $997 revolving credit facility. The limited partners of Onex Partners V could elect to participate in the credit facility at the time of their commitment. Of the aggregate commitments to Onex Partners V, 46% of the commitments were from limited partners that elected to participate in the credit facility. Onex, as a limited partner of Onex Partners V, did not elect to participate in the credit facility. The credit facility is available to finance Onex Partners V capital calls, bridge investments in Onex Partners V operating companies and to finance other uses permitted by Onex Partners V's limited partnership agreement. Borrowings under the credit facility are limited to the lesser of the amount available under the credit facility and the maximum amount of obligations permitted under the partnership agreement. Amounts under the credit facility are available in U.S. dollars, Canadian dollars, euros, pounds sterling and other currencies as requested, subject to the approval of the lenders.

Borrowings drawn on the credit facility bear interest at an adjusted LIBOR rate, plus a margin of 1.50%, with respect to LIBOR rate loans and the reference rate in effect from day to day, plus a margin of 1.50%, for reference rate loans. In addition, a fee of 0.25% per annum accrues on the portion of the credit facility that is available but unused.

The credit facility matures on the earlier of December 15, 2020, or upon the occurrence of certain events defined in the agreement, with an option to extend for an additional 364 days.

At March 31, 2018, no amounts were outstanding under the revolving credit facility.

b) ONCAP IV

In January 2018, ONCAP IV repaid $64 under its existing credit facility from capital contributions made primarily by the limited partners of ONCAP IV. At March 31, 2018, no amounts were outstanding under the credit facility.

c) SMG

The Onex Partners IV Group acquired SMG in January 2018, as described in note 2(a). In January 2018, SMG entered into a senior secured credit facility consisting of a $415 first lien term loan, a $180 second lien term loan and a $55 revolving credit facility. Borrowings under the first lien term loan bear interest at LIBOR plus a margin of up to 3.25%, depending on the company's leverage ratio. The first lien term loan matures in January 2025. Borrowings under the second lien term loan bear interest at LIBOR plus a margin of up to 7.00%, depending on the company's leverage ratio. The second lien term loan matures in January 2026. Borrowings under the revolving credit facility bear interest at LIBOR plus a margin of up to 3.25%, depending on the company's leverage ratio. The revolving credit facility matures in January 2023. Substantially all of SMG's assets are pledged as collateral under the senior secured credit facility.

At March 31, 2018, $415 was outstanding under the first lien term loan, $180 was outstanding under the second lien term loan and no amounts were outstanding under the revolving credit facility.

d) Onex Partners IV

In January 2018, Onex Partners IV entered into a revolving credit facility, as described in note 2(a). At March 31, 2018, $44 was outstanding under the revolving credit facility.

e) sgsco

In February 2018, sgsco's delayed draw term loan was fully drawn for $80 to partially finance an acquisition. At March 31, 2018, $574 was outstanding under the first lien term loan, including the delayed draw term loan.

f) SIG

In March 2018, SIG amended its senior secured credit facility to reduce the rate at which borrowings under its U.S. dollar-denominated term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 2.75%. The amendment resulted in a total interest rate reduction of 25 basis points on the company's U.S. dollar-denominated term loan.

At March 31, 2018, $1,098 was outstanding under the U.S. dollar-denominated term loan.

g) ResCare

In March 2018, ResCare amended and restated its existing senior secured credit facility, resulting in a term loan of $390 and a revolving credit facility of $300. The term loan and revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of up to 2.75%, depending on the company's leverage ratio. The maturity dates for the term loan and revolving credit facility were extended to March 2023. The company may also borrow up to an additional $150 on either its term loan or revolving credit facility, subject to the company's leverage ratio.

At March 31, 2018, $390 was outstanding under the term loan and no amounts were outstanding under the revolving credit facility.

h) Credit Strategies

OCLP I

In February 2018, Onex' first fund in Onex Credit Lending Partners ("OCLP I") amended its asset backed financing facility to increase the size of the facility to $700. At March 31, 2018, $256 was outstanding under the asset backed financing facility.

7. LIMITED PARTNERS' INTERESTS

The investments in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds by those other than Onex are presented within Limited Partners' Interests. Details of the change in Limited Partners' Interests are as follows:

	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests[i]	
Balance – January 1, 2017	$ 8,660	$ (556)	$ 8,104	$ 370	$ 8,474
Limited Partners' Interests charge[a]	603	(94)	509	10	519
Contributions by Limited Partners[b]	458	–	458	–	458
Distributions paid to Limited Partners[c]	(182)	18	(164)	(4)	(168)
Balance – March 31, 2017	9,539	(632)	8,907	376	9,283
Limited Partners' Interests charge[a]	942	(121)	821	10	831
Contributions by Limited Partners[b]	102	–	102	113	215
Distributions paid to Limited Partners[c]	(2,400)	289	(2,111)	(38)	(2,149)
Limited partnership interest acquired by Onex, the parent company[d]	(156)	–	(156)	–	(156)
Balance – December 31, 2017[e]	8,027	(464)	7,563	461	8,024
Limited Partners' Interests charge[a]	**3**	**8**	**11**	**9**	**20**
Contributions by Limited Partners[b]	**355**	**–**	**355**	**–**	**355**
Distributions paid to Limited Partners[c]	**(133)**	**4**	**(129)**	**(18)**	**(147)**
Balance – March 31, 2018	**8,252**	**(452)**	**7,800**	**452**	**8,252**
Current portion of Limited Partners' Interests[e]	**(421)**	**48**	**(373)**	**(13)**	**(386)**
Non-current portion of Limited Partners' Interests	**$ 7,831**	**$ (404)**	**$ 7,427**	**$ 439**	**$ 7,866**

(i) Net of incentive fees in the credit strategies.

a) The gross Limited Partners' Interests charge for the Onex Partners and ONCAP Funds is primarily due to net fair value increases of the underlying investments in the Onex Partners and ONCAP Funds. Onex' share of the change in carried interest was a decrease of $3 for the three months ended March 31, 2018 (2017 – an increase of $37) and an increase of $84 for the year ended December 31, 2017.

b) The following tables show contributions by limited partners of the Onex Partners and ONCAP Funds for the three months ended March 31, 2018 and 2017 and for the year ended December 31, 2017.

Company	Fund	Transaction	Contribution
SMG	Onex Partners IV	Original investment	$ 290
Laces[i]	ONCAP IV	Original investment	60
Management fees, partnership expenses and other	Various	Various	5
Contributions by Limited Partners – March 31, 2018			$ 355

Company	Fund	Transaction	Contribution
Parkdean Resorts[ii]	Onex Partners IV	Original investment	$ 446
Management fees, partnership expenses and other	Various	Various	12
Contributions by Limited Partners – March 31, 2017			$ 458
IntraPac	ONCAP IV	Original investment	72
Management fees, partnership expenses and other	Various	Various	30
Contributions by Limited Partners – December 31, 2017			$ 560

(i) Contributions received were used to repay borrowings under the ONCAP IV credit facility, as described in note 6(b).

(ii) Includes amounts from certain limited partners and others.

c) The following tables show distributions made to limited partners of the Onex Partners and ONCAP Funds for the three months ended March 31, 2018 and 2017 and the year ended December 31, 2017.

Company	Fund	Transaction	Distribution
Parkdean Resorts[i]	Onex Partners IV	Repayment of loan note	$ 52
PURE Canadian Gaming	ONCAP II & III	Distribution	20
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt	8
Other	Various	Various	49
Distributions to Limited Partners – March 31, 2018			$ 129

Company	Fund	Transaction	Distribution
JELD-WEN[i]	Onex Partners III	Initial public offering	$ 92
Hopkins	ONCAP III	Distribution	41
Tecta[ii]	ONCAP III	Syndication	24
PURE Canadian Gaming	ONCAP II & III	Distribution	6
AIT	Onex Partners IV	Distribution	1
Distributions to Limited Partners – March 31, 2017			$ 164
USI[i]	Onex Partners III	Sale of business	1,198
JELD-WEN[i]	Onex Partners III	Secondary offerings	599
BBAM	Onex Partners III	Distributions and partial sale of business	109
Emerald Expositions	Onex Partners III	Initial public offering and dividends	92
Jack's	Onex Partners IV	Distribution	58
Bradshaw	ONCAP III	Distribution	34
Genesis Healthcare	Onex Partners I	Sale of shares	13
Other	Various	Various	8
Distributions to Limited Partners – December 31, 2017			$ 2,275

(i) Includes amounts distributed to certain limited partners and others.

(ii) Represents contributions returned to the limited partners of ONCAP III from the syndication of a portion of the Tecta investment to ONCAP IV in 2016.

d) During 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner.

e) At March 31, 2018, the current portion of the Limited Partners' Interests was $386, and consisted primarily of the limited partners' share of the proceeds from the sale of Mavis Discount Tire and proceeds from the sale of shares in Emerald Expositions' March 2018 secondary offering.

At December 31, 2017, the current portion of the Limited Partners' Interests was $59, and consisted primarily of (i) the distribution received from PURE Canadian Gaming; (ii) residual escrow balances from the sale of certain investments; and (iii) redemptions received by certain Onex Credit Funds.

8. SHARE CAPITAL

a) At March 31, 2018, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2017 – 100,000) and 101,279,777 SVS (December 31, 2017 – 101,532,181). The Multiple Voting Shares have a nominal paid-in value in these unaudited interim consolidated financial statements.

There were no issued and outstanding Senior and Junior Preferred shares at March 31, 2018 or December 31, 2017.

The Company increased its quarterly dividend by 17% to C$0.0875 per SVS beginning with the dividend declared by the Board of Directors in May 2018.

b) During the first three months of 2018, under the Dividend Reinvestment Plan, the Company issued 1,924 SVS (2017 – 1,979) at an average cost of C$90.93 per share (2017 – C$88.94). In the first three months of 2018 and 2017, no SVS were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2018 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its SVS. The 10% limit represents approximately 8.3 million shares.

During the first three months of 2018, the Company repurchased and cancelled 254,328 of its SVS under the Normal Course Issuer Bid for a total cost of $18 (C$23) or an average cost per share of $71.60 (C$89.34). The excess of the purchase cost of these shares over the average paid-in amount was $17 (C$22), which was charged to retained earnings.

During the first three months of 2017, the Company repurchased and cancelled 771,316 of its SVS at a cost of $55 (C$73). The excess of the purchase cost of these shares over the average paid-in amount was $53 (C$70), which was charged to retained earnings. The shares repurchased were comprised of: (i) 21,316 SVS repurchased under the Normal Course Issuer Bid for a total cost of $2 (C$2) or an average cost per share of $71.22 (C$94.95); and (ii) 750,000 SVS repurchased in a private transaction for a total cost of $53 (C$71) or an average cost per share of $71.24 (C$94.98).

c) During the first three months of 2018, the total cash consideration paid on 161,200 options (2017 – 273,883) surrendered was $9 (C$11) (2017 – $13 (C$17)). This amount represents the difference between the market value of the SVS at the time of surrender and the exercise price, both as determined under Onex' Stock Option plan, as described in note 20(e) to the 2017 audited annual consolidated financial statements.

During the first three months of 2018, the Company issued 1,052,250 options to acquire SVS with an exercise price of C$92.15 per share. The options vest at a rate of 20% per year from the date of grant.

In addition, 26,400 options (2017 – 36,900) expired during the first three months of 2018. At March 31, 2018, the Company had 13,243,092 options (December 31, 2017 – 12,378,442) outstanding to acquire SVS, of which 7,114,392 options were vested and exercisable. The exercisable options at March 31, 2018 had a weighted average price of C$50.21.

d) The Directors have chosen to receive their Directors' fees in Deferred Share Units ("DSUs") in lieu of cash. During the first three months of 2018 and 2017, no DSUs were redeemed. At March 31, 2018, 706,933 Director DSUs were outstanding (December 31, 2017 – 704,036).

Certain members of Onex management have chosen in prior years to apply a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. In early 2018, 74,646 DSUs (2017 – 28,670) were issued to certain members of Onex management in lieu of a portion of cash compensation for the prior fiscal year. At March 31, 2018, 741,110 Management DSUs were outstanding (December 31, 2017 – 665,921).

The Company has entered into forward agreements with a counterparty financial institution to hedge the Company's exposure to changes in the market value of Onex' SVS associated with substantially all of the outstanding Director DSUs and all of the outstanding Management DSUs, as described in note 1 to the 2017 audited annual consolidated financial statements.

9. REVENUE

The Company derives revenue primarily from the transfer of goods and services and has recognized the following amounts of revenue in the statement of earnings:

Three months ended March 31, 2018	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Type of revenue										
Revenue from product sales	$ 1,447	$ 287	$ 27	$ –	$ 526	$ 37	$ 602	$ –	$ 694	$ 3,620
Revenue from the provision of services	52	90	404	199	55	393	15	1	505	1,714
Revenue from bundled product sales and services	–	–	–	–	–	–	522	–	115	637
Leasing revenue	–	–	–	1	20	–	–	–	23	44
Royalties	–	–	–	–	6	–	–	–	1	7
Total revenues	$ 1,499	$ 377	$ 431	$ 200	$ 607	$ 430	$ 1,139	$ 1	$ 1,338	$ 6,022
Timing of revenue recognition										
Revenue recognized at a point in time	$ 75	$ 377	$ 431	$ –	$ 551	$ 217	$ 1,139	$ –	$ 668	$ 3,458
Revenue recognized over time	1,424	–	–	200	56	213	–	1	670	2,564
Total revenues	$ 1,499	$ 377	$ 431	$ 200	$ 607	$ 430	$ 1,139	$ 1	$ 1,338	$ 6,022

Three months ended March 31, 2017	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Type of revenue										
Revenue from product sales	$ 1,433	$ 316	$ 24	$ –	$ 442	$ 5	$ 593	$ –	$ 609	$ 3,422
Revenue from the provision of services	49	105	413	187	40	340	15	1	473	1,623
Revenue from bundled product sales and services	–	–	–	–	–	–	512	–	96	608
Leasing revenue	–	–	–	1	19	–	–	–	17	37
Royalties	–	–	–	–	–	–	–	–	1	1
Total revenues	$ 1,482	$ 421	$ 437	$ 188	$ 501	$ 345	$ 1,120	$ 1	$ 1,196	$ 5,691
Timing of revenue recognition										
Revenue recognized at a point in time	$ 73	$ 421	$ 437	$ –	$ 455	$ 179	$ 1,120	$ –	$ 618	$ 3,303
Revenue recognized over time	1,409	–	–	188	46	166	–	1	578	2,388
Total revenues	$ 1,482	$ 421	$ 437	$ 188	$ 501	$ 345	$ 1,120	$ 1	$ 1,196	$ 5,691

10. OTHER GAIN

In February 2018, Pinnacle Renewable Energy completed an initial public offering, resulting in a gain of $82 being recognized by the Company, as described in note 2(c).

11. OTHER EXPENSE

Three months ended March 31	2018	2017
Transition, integration and other[a]	$ 42	$ 38
Foreign exchange losses (gains), net[b]	23	(20)
Restructuring[c]	14	49
Transaction costs[d]	10	25
Derivatives losses, net[e]	7	8
Carried interest charge due to Onex and ONCAP management[f]	6	57
Change in fair value of other Onex Partners investments, net	(1)	22
Change in fair value of contingent consideration, net	(5)	(16)
Losses (gains) on investments and long-term debt in credit strategies, net[g]	(26)	31
Impairment of goodwill, intangible assets and long-lived assets	–	21
Other	(31)	(5)
Total other expense	$ 39	$ 210

a) Transition, integration and other expenses typically provide for the costs of establishing and transitioning from a prior parent company the activities of an operating company upon acquisition and to integrate new acquisitions at the operating companies. In addition, expenses may relate to the disposition and transition of business units at the operating companies. The costs may be incurred over several years as the establishment and transition of activities progress.

Transition, integration and other expenses for the first three months of 2018 were primarily due to Clarivate Analytics, Carestream Health and Survitec. Transition, integration and other expenses for the first three months of 2017 were primarily due to Clarivate Analytics, Save-A-Lot and Survitec.

b) For the three months ended March 31, 2018, foreign exchange losses were primarily due to losses recognized by Carestream Health as well as the recognition of accumulated currency translation adjustments related to Pinnacle Renewable Energy. Foreign exchange gains for the three months ended March 31, 2017 were primarily due to gains recognized by SIG.

c) Restructuring expenses typically provide for the costs of facility consolidations and workforce reductions incurred at the operating companies.

The operating companies with restructuring activities at December 31, 2017 continue to implement their restructuring activities. During the first three months of 2018, restructuring expenses were primarily due to Celestica and Save-A-Lot. Restructuring expenses for the first three months of 2017 were primarily due to Save-A-Lot, related to the closure of facilities and associated lease abandonment costs.

The closing balance of restructuring provisions, including amounts from acquisitions, consisted of the following at:

	March 31, 2018	December 31, 2017	January 1, 2017
Employee termination costs	$ 40	$ 51	$ 40
Lease and other contractual obligations	15	15	7
Facility exit costs and other	4	4	3
	$ 59	$ 70	$ 50

d) Transaction costs are incurred by Onex and its operating companies to complete business acquisitions, and typically include advisory, legal and other professional and consulting costs. Transaction costs for the three months ended March 31, 2018 were primarily due to the acquisition of SMG, in addition to acquisitions completed by the operating companies. Transaction costs for the three months ended March 31, 2017 were primarily due to the acquisition of Parkdean Resorts, in addition to acquisitions completed by the operating companies.

e) Derivatives losses primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

f) Carried interest charge reflects the change in the amount of carried interest due to Onex and ONCAP management through the Onex Partners and ONCAP Funds. Unrealized carried interest is calculated based on the current fair values of the Funds' investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The unrealized carried interest liability is recorded primarily in other noncurrent liabilities and reduces the Limited Partners' Interests, as described in note 7. The liability will ultimately be settled upon the realization of the underlying investments in each respective Onex Partners and ONCAP Fund.

During the three months ended March 31, 2018, a charge of $6 (2017 – $57) was recorded in the consolidated statements of earnings for an increase in management's share of the carried interest primarily due to an increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds.

g) Net gains on investments and long-term debt in credit strategies for the three months ended March 31, 2018 were driven by realized and unrealized gains on investments, as well as unrealized gains on long-term debt recorded at fair value in the CLOs, partially offset by realized losses on long-term debt in the CLOs.

Net losses on investments and long-term debt in credit strategies for the three months ended March 31, 2017 were driven by unrealized losses on long-term debt recorded at fair value in the CLOs, partially offset by realized and unrealized gains on investments.

12. NET LOSS PER SUBORDINATE VOTING SHARE

The weighted average number of SVS for the purpose of the loss per share calculations was as follows:

Three months ended March 31	**2018**	2017
Weighted average number of shares outstanding *(in millions)*:		
Basic	**101**	103
Diluted	**101**	103

13. FINANCIAL INSTRUMENTS

Financial assets held by the Company, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings		Fair Value through Other Comprehensive Income	Amortized Cost	Total
	Recognized	Designated			
March 31, 2018					
Assets as per balance sheet					
Cash and cash equivalents	$ 2,944	$ –	$ –	$ –	$ 2,944
Short-term investments	258	–	10	–	268
Accounts receivable	19	–	–	3,225	3,244
Other current assets	465	3	12	380	860
Long-term investments	11,165	460	80	10	11,715
Other non-current assets	186	–	5	85	276
Total	$ 15,037	$ 463	$ 107	$ 3,700[i]	$ 19,307

(i) The carrying value of financial assets at amortized cost approximates their fair value.

	Fair Value through Net Earnings		Available-for-Sale	Loans and Receivables	Derivatives Used for Hedging	Total
	Recognized	Designated				
December 31, 2017						
Assets as per balance sheet						
Cash and cash equivalents	$ –	$ 3,376	$ –	$ –	$ –	$ 3,376
Short-term investments	247	–	11	–	–	258
Accounts receivable	–	–	–	3,320	–	3,320
Other current assets	2	150	–	430	31	613
Long-term investments	4,039	7,516	77	10	92	11,734
Other non-current assets	110	67	–	115	7	299
Total	$ 4,398	$ 11,109	$ 88	$ 3,875[i]	$ 130	$ 19,600

(i) The carrying value of loans and receivables approximates their fair value.

	Fair Value through Net Earnings		Available-for-Sale	Loans and Receivables	Derivatives Used for Hedging	Total
	Recognized	Designated				
January 1, 2017						
Assets as per balance sheet						
Cash and cash equivalents	$ –	$ 2,371	$ –	$ –	$ –	$ 2,371
Short-term investments	147	–	7	–	–	154
Accounts receivable	–	–	–	3,873	–	3,873
Other current assets	9	314	–	514	13	850
Long-term investments	1,979	6,221	71	–	83	8,354
Other non-current assets	94	197	–	94	9	394
Total	$ 2,229	$ 9,103	$ 78	$ 4,481[i]	$ 105	$ 15,996

(i) The carrying value of loans and receivables approximates their fair value.

Financial liabilities held by the Company, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings		Financial Liabilities at Amortized Cost	Total
	Recognized	Designated		
March 31, 2018				
Liabilities as per balance sheet				
Accounts payable and accrued liabilities	$ –	$ –	$ 4,354	$ 4,354
Other current liabilities	61	–	182	243
Long-term debt[i]	–	7,580	15,323	22,903
Obligations under finance leases	–	–	385	385
Other non-current liabilities	341	13	143	497
Limited Partners' Interests	–	8,252	–	8,252
Total	$ 402	$ 15,845	$ 20,387	$ 36,634

(i) Long-term debt is presented gross of financing charges.

	Fair Value through Net Earnings		Financial Liabilities at Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
December 31, 2017					
Liabilities as per balance sheet					
Accounts payable and accrued liabilities	$ –	$ –	$ 4,331	$ –	$ 4,331
Other current liabilities	11	19	184	10	224
Long-term debt[i]	–	7,575	14,782	–	22,357
Obligations under finance leases	–	–	392	–	392
Other non-current liabilities	386	11	135	14	546
Limited Partners' Interests	–	8,024	–	–	8,024
Total	$ 397	$ 15,629	$ 19,824	$ 24	$ 35,874

(i) Long-term debt is presented gross of financing charges.

	Fair Value through Net Earnings		Financial Liabilities at Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
January 1, 2017					
Liabilities as per balance sheet					
Accounts payable and accrued liabilities	$ –	$ –	$ 4,059	$ –	$ 4,059
Other current liabilities	43	21	300	59	423
Long-term debt[i]	–	5,855	17,394	–	23,249
Obligations under finance leases	–	–	77	–	77
Other non-current liabilities	550	30	113	17	710
Limited Partners' Interests	–	8,474	–	–	8,474
Total	$ 593	$ 14,380	$ 21,943	$ 76	$ 36,992

(i) Long-term debt is presented gross of financing charges.

14. FAIR VALUE MEASUREMENTS

Fair values of financial instruments

The estimated fair values of financial instruments as at March 31, 2018 and December 31, 2017 are based on relevant market prices and information available at those dates. The carrying values of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate the fair values of these financial instruments due to the short maturity of these instruments. The fair value of consolidated long-term debt at March 31, 2018 was $22,882 (December 31, 2017 – $22,258) compared to a carrying value of $22,592 (December 31, 2017 – $22,049). The fair value of consolidated long-term debt that is measured at amortized cost is substantially a Level 2 measurement in the fair value hierarchy and is calculated by discounting the expected future cash flows using an observable discount rate for instruments of similar maturity and credit risk. For certain operating companies, an adjustment is made by management for that operating company's own credit risk, resulting in a Level 3 measurement in the fair value hierarchy. The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustment by the Company and is a Level 3 measurement in the fair value hierarchy. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no significant transfers between the three levels of the fair value hierarchy during the first quarter of 2018. The three levels of the fair value hierarchy are as follows:

- Quoted prices in active markets for identical assets ("Level 1");
- Significant other observable inputs ("Level 2"); and
- Significant other unobservable inputs ("Level 3").

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at March 31, 2018 was as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through net earnings				
Investments in debt	**$ –**	**$ 9,927**	**$ 26**	**$ 9,953**
Investments in equities	**23**	**56**	**3**	**82**
Investments in joint ventures and associates	**–**	**1,111**	**641**	**1,752**
Restricted cash and other	**528**	**218**	**23**	**769**
Financial assets at fair value through other comprehensive income				
Investments in debt	**6**	**56**	**–**	**62**
Investments in equities	**27**	**–**	**–**	**27**
Other	**–**	**18**	**–**	**18**
Total financial assets at fair value	**$ 584**	**$ 11,386**	**$ 693**	**$ 12,663**

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at December 31, 2017 was as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings				
Investments in debt	$ –	$ 9,446	$ 16	$ 9,462
Investments in equities	28	55	4	87
Investments in joint ventures and associates	–	1,230	1,022	2,252
Restricted cash and other	216	92	22	330
Available-for-sale financial assets				
Investments in debt	3	57	–	60
Investments in equities	27	–	–	27
Other	–	1	–	1
Total financial assets at fair value	$ 274	$ 10,881	$ 1,064	$ 12,219

The allocation of financial liabilities in the fair value hierarchy at March 31, 2018 was as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests for Onex Partners and ONCAP Funds	$ –	$ –	$ 7,800	$ 7,800
Limited Partners' Interests for credit strategies	–	–	452	452
Unrealized carried interest due to Onex and ONCAP management	–	–	328	328
Long-term debt of credit strategies	–	–	7,580	7,580
Other	9	68	10	87
Total financial liabilities at fair value	$ 9	$ 68	$ 16,170	$ 16,247

The allocation of financial liabilities in the fair value hierarchy at December 31, 2017 was as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests for Onex Partners and ONCAP Funds	$ –	$ –	$ 7,563	$ 7,563
Limited Partners' Interests for credit strategies	–	–	461	461
Unrealized carried interest due to Onex and ONCAP management	–	–	327	327
Long-term debt of credit strategies	–	–	7,575	7,575
Other	23	48	29	100
Total financial liabilities at fair value	$ 23	$ 48	$ 15,955	$ 16,026

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3), excluding investments in joint ventures and associates designated at fair value through earnings (note 5) and Limited Partners' Interests designated at fair value (note 7), are as follows:

	Financial Assets at Fair Value through Net Earnings	Long-Term Debt of Credit Strategies at Fair Value through Net Earnings	Other Financial Liabilities at Fair Value through Net Earnings
Balance – January 1, 2017	$ 1	$ 5,855	$ 488
Change in fair value recognized in net earnings	12	97	156
Transfer to (from) Level 3	4	–	(86)
Additions	76	6,357	4
Acquisition of subsidiaries	–	–	5
Settlements	(63)	(4,785)	(200)
Foreign exchange	–	51	1
Other	12	–	(12)
Balance – December 31, 2017	42	7,575	356
Change in fair value recognized in net earnings	(5)	(7)	5
Transfer to Level 3	4	–	–
Additions	10	368	–
Settlements	–	(379)	(5)
Disposition of subsidiaries	–	–	(17)
Foreign exchange	–	22	–
Other	1	1	(1)
Balance – March 31, 2018	$ 52	$ 7,580	$ 338
Unrealized change in fair value of assets and liabilities held at the end of the reporting period	$ (5)	$ (21)	$ 4

Financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) are recognized in the unaudited interim consolidated statements of earnings in the following line items: (i) interest expense of operating companies and credit strategies; (ii) increase in value of investments in joint ventures and associates at fair value, net; (iii) other income (expense); and (iv) Limited Partners' Interests recovery (charge).

The valuation of investments in debt securities measured at fair value with significant other observable inputs (Level 2) is generally determined by obtaining quoted market prices or dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

The valuation of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) is determined quarterly utilizing company-specific considerations and available market data of comparable public companies. The valuation of investments in the Onex Partners and ONCAP Funds is reviewed and approved by the General Partner of the respective Fund each quarter. The General Partners of the Onex Partners and ONCAP Funds are indirectly controlled by Onex Corporation.

The fair value measurement of the Limited Partners' Interests for the credit strategies is primarily driven by the underlying fair value of the investments in the credit strategies. The investment strategies of the credit strategies are focused on a variety of event-driven, long/short, long-only, par, stressed and distressed opportunities.

The fair value measurements for investments in joint ventures and associates, Limited Partners' Interests for the Onex Partners and ONCAP Funds and unrealized carried interest are primarily driven by the underlying fair value of the investments in the Onex Partners and ONCAP Funds. A change to reasonably possible alternative estimates and assumptions used in the valuation of non-public investments in the Onex Partners and ONCAP Funds may have a significant impact on the fair values calculated for these financial assets and liabilities. A change in the valuation of the underlying investments may have multiple impacts on Onex' consolidated financial statements and those impacts are dependent on the method of accounting used for that investment, the fund(s) within which that investment is held and the progress of that investment in meeting the MIP exercise hurdles. For example, an increase in the fair value of an investment in an associate would have the following impacts on Onex' consolidated financial statements:

i) an increase in the unrealized value of investments in joint ventures and associates at fair value in the consolidated statements of earnings, with a corresponding increase in long-term investments in the consolidated balance sheets;
ii) a charge would be recorded for the limited partners' share of the fair value increase of the investment in associate on the Limited Partners' Interests line in the consolidated statements of earnings, with a corresponding increase to the Limited Partners' Interests in the consolidated balance sheets;
iii) a change in the calculation of unrealized carried interest in the respective Fund that holds the investment in associate may result in a recovery being recorded in the Limited Partners' Interests line in the consolidated statements of earnings, with a corresponding decrease to the Limited Partners' Interests in the consolidated balance sheets;
iv) a charge may be recorded for the change in unrealized carried interest due to Onex and ONCAP management on the other income (expense) line in the consolidated statements of earnings, with a corresponding increase to other current or non-current liabilities in the consolidated balance sheets; and
v) a change in the fair value of the vested investment rights held under the MIP may result in a charge being recorded on the stock-based compensation line in the consolidated statements of earnings, with a corresponding increase to other current or non-current liabilities in the consolidated balance sheets.

Valuation methodologies may include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The following table presents the significant unobservable inputs used to value the Company's private securities that impact the valuation of (i) investments in joint ventures and associates; (ii) unrealized carried interest liability due to Onex and ONCAP management; (iii) stock-based compensation liability for the MIP; and (iv) Limited Partners' Interests.

Valuation Technique	Significant Unobservable Inputs	Inputs at March 31, 2018	Inputs at December 31, 2017
Market comparable companies	Adjusted EBITDA multiple	7.5x – 12.4x	7.5x – 11.3x
Discounted cash flow	Weighted average cost of capital	11.6% – 15.5%	10.6% – 15.2%
	Exit multiple	6.5x – 10.5x	6.5x – 12.5x

In addition, at March 31, 2018 and December 31, 2017, the Company has an investment that was valued using market comparable transactions.

Generally, adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments can include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts. Adjusted EBITDA is a measurement that is not defined under IFRS.

The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustments by the Company. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

15. SUBSEQUENT EVENT

a) Pending investment in PowerSchool

In April 2018, the Onex Partners IV Group agreed to invest in PowerSchool, as discussed in note 2(f).

16. INFORMATION BY INDUSTRY SEGMENT

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, as described in note 2(a). The results of SMG have been presented in the business and information services industry segment.

2018 Industry Segments

(Unaudited) *(in millions of U.S. dollars)* Three months ended March 31, 2018	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other[a]	Consolidated Total
Revenues	$ 1,499	$ 377	$ 431	$ 200	$ 607	$ 430	$ 1,139	$ 1	$ 1,338	$ 6,022
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(1,382)	(220)	(326)	–	(408)	(209)	(968)	–	(942)	(4,455)
Operating expenses	(52)	(111)	(75)	(176)	(84)	(105)	(156)	(13)	(299)	(1,071)
Interest income	–	1	–	–	–	–	–	106	8	115
Amortization of property, plant and equipment	(19)	(17)	(7)	(2)	(58)	(3)	(22)	–	(43)	(171)
Amortization of intangible assets and deferred charges	(2)	(11)	(4)	(12)	(41)	(77)	(4)	(1)	(38)	(190)
Interest expense of operating companies and credit strategies	(4)	(23)	(6)	(18)	(56)	(45)	(21)	(65)	(73)	(311)
Decrease in value of investments in joint ventures and associates at fair value, net	–	–	–	–	–	–	–	–	(85)	(85)
Stock-based compensation expense	(10)	(3)	(2)	(1)	(1)	(5)	(2)	–	(11)	(35)
Other gain	–	–	–	–	–	–	–	–	82	82
Other income (expense)	(11)	(1)	–	1	(13)	(32)	1	27	(11)	(39)
Limited Partners' Interests charge	–	–	–	–	–	–	–	(9)	(11)	(20)
Earnings (loss) before income taxes	19	(8)	11	(8)	(54)	(46)	(33)	46	(85)	(158)
Recovery of (provision for) income taxes	(5)	(5)	2	(2)	2	(12)	11	–	3	(6)
Net earnings (loss)	$ 14	$ (13)	$ 13	$ (10)	$ (52)	$ (58)	$ (22)	$ 46	$ (82)	$ (164)
Net earnings (loss) attributable to:										
Equity holders of Onex Corporation	$ 2	$ (11)	$ 13	$ (9)	$ (51)	$ (47)	$ (22)	$ 46	$ (79)	$ (158)
Non-controlling interests	12	(2)	–	(1)	(1)	(11)	–	–	(3)	(6)
Net earnings (loss)	$ 14	$ (13)	$ 13	$ (10)	$ (52)	$ (58)	$ (22)	$ 46	$ (82)	$ (164)

(Unaudited) *(in millions of U.S. dollars)* As at March 31, 2018	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other[a]	Consolidated Total
Total assets	$ 2,976	$ 1,279	$ 990	$ 1,509	$ 6,831	$ 6,799	$ 2,087	$ 10,392	$ 12,760	$ 45,623
Long-term debt[b]	$ 181	$ 1,133	$ 386	$ 944	$ 3,905	$ 3,106	$ 933	$ 7,978	$ 4,026	$ 22,592

(a) Includes Survitec, Schumacher, WireCo, ONCAP II, III and IV, Flushing Town Center, Meridian Aviation, Parkdean Resorts and the parent company. Investments in joint ventures and associates recorded at fair value include AIT, BBAM, Incline Aviation Fund, JELD-WEN, Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018) and Venanpri Group.

(b) Long-term debt includes current portion, excludes finance leases and is net of financing charges.

2017 Industry Segments

(Unaudited) *(in millions of U.S. dollars)* Three months ended March 31, 2017	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other[a]	Consolidated Total
Revenues	$ 1,482	$ 421	$ 437	$ 188	$ 501	$ 345	$ 1,120	$ 1	$ 1,196	$ 5,691
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(1,358)	(252)	(331)	–	(329)	(138)	(939)	–	(869)	(4,216)
Operating expenses	(53)	(134)	(77)	(166)	(76)	(111)	(136)	(9)	(245)	(1,007)
Interest income	–	1	–	–	–	–	–	80	5	86
Amortization of property, plant and equipment	(16)	(16)	(7)	(2)	(48)	(3)	(24)	–	(35)	(151)
Amortization of intangible assets and deferred charges	(2)	(15)	(4)	(11)	(36)	(53)	(4)	(1)	(36)	(162)
Interest expense of operating companies and credit strategies	(3)	(37)	(5)	(18)	(51)	(42)	(18)	(48)	(55)	(277)
Increase in value of investments in joint ventures and associates at fair value, net	–	–	–	–	–	–	–	–	25	25
Stock-based compensation recovery (expense)	(11)	(1)	1	(1)	(1)	(2)	(1)	–	(46)	(62)
Other income (expense)	(8)	5	(2)	(3)	24	(20)	(54)	(31)	(121)	(210)
Limited Partners' Interests charge	–	–	–	–	–	–	–	(10)	(509)	(519)
Earnings (loss) before income taxes and discontinued operations	31	(28)	12	(13)	(16)	(24)	(56)	(18)	(690)	(802)
Recovery of (provision for) income taxes	(8)	(3)	(4)	4	2	(17)	24	–	–	(2)
Earnings (loss) from continuing operations	23	(31)	8	(9)	(14)	(41)	(32)	(18)	(690)	(804)
Loss from discontinued operations[b]	–	–	–	–	–	–	–	–	(132)	(132)
Net earnings (loss)	$ 23	$ (31)	$ 8	$ (9)	$ (14)	$ (41)	$ (32)	$ (18)	$ (822)	$ (936)
Net earnings (loss) attributable to:										
Equity holders of Onex Corporation	$ 3	$ (27)	$ 8	$ (8)	$ (14)	$ (22)	$ (32)	$ (18)	$ (801)	$ (911)
Non-controlling interests	20	(4)	–	(1)	–	(19)	–	–	(21)	(25)
Net earnings (loss)	$ 23	$ (31)	$ 8	$ (9)	$ (14)	$ (41)	$ (32)	$ (18)	$ (822)	$ (936)

(Unaudited) *(in millions of U.S. dollars)* As at December 31, 2017	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other[a]	Consolidated Total
Total assets	$ 2,964	$ 1,321	$ 971	$ 1,524	$ 6,808	$ 5,656	$ 2,094	$ 10,048	$ 13,310	$ 44,696
Long-term debt[c]	$ 187	$ 1,132	$ 379	$ 939	$ 3,770	$ 2,566	$ 943	$ 7,877	$ 4,256	$ 22,049

(a) Includes Survitec, Schumacher, WireCo, ONCAP II, III and IV, Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017) and the parent company. Investments in joint ventures and associates recorded at fair value include AIT, BBAM, Incline Aviation Fund, JELD-WEN (since May 2017), Mavis Discount Tire and Venanpri Group.

(b) Represents the after-tax results of JELD-WEN and USI.

(c) Long-term debt includes current portion, excludes finance leases and is net of financing charges.

SHAREHOLDER INFORMATION

First Quarter Dividend
A dividend of C$0.075 per Subordinate Voting Share was paid on April 30, 2018 to shareholders of record as of April 10, 2018. Registered shareholders can elect to receive dividend payments in U.S. dollars by submitting a completed currency election form to AST Trust Company (Canada) five business days before the record date of the dividend. Non-registered shareholders who wish to receive dividend payments in U.S. dollars should contact their broker to submit their currency election.

Shares
The Subordinate Voting Shares of the Company are listed and traded on the Toronto Stock Exchange.

Share Symbol
ONEX

Shareholder Dividend Reinvestment Plan
The Dividend Reinvestment Plan provides shareholders of record who are resident in Canada a means to reinvest cash dividends in new Subordinate Voting Shares of Onex Corporation at a market-related price and without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, AST Trust Company (Canada). Non-registered shareholders who wish to participate should contact their investment dealer or broker.

Corporate Governance Policies
A presentation of Onex' corporate governance policies is included in the Management Information Circular that is mailed to all shareholders and is available on Onex' website.

Registrar and Transfer Agent
AST Trust Company (Canada)
P.O. Box 700
Postal Station B
Montreal, Quebec H3B 3K3
(416) 682-3860
or call toll-free throughout Canada and the United States
1-800-387-0825
www.astfinancial.com/ca or
inquiries@astfinancial.com

All questions about accounts, stock certificates or dividend cheques should be directed to the Registrar and Transfer Agent.

Electronic Communications with Shareholders
We encourage individuals to receive Onex' shareholder communications electronically. You can submit your request online by visiting the AST Trust Company (Canada) website, www.astfinancial.com/ca, or contacting them at 1-800-387-0825.

Investor Relations Contact
Requests for copies of this report, other quarterly reports, annual reports and other corporate communications should be directed to:
Investor Relations
Onex Corporation
161 Bay Street
P.O. Box 700
Toronto, Ontario M5J 2S1
(416) 362-7711

Website
www.onex.com

Auditors
PricewaterhouseCoopers LLP
Chartered Professional Accountants

Duplicate Communication
Registered holders of Onex Corporation shares may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when shares are registered under different names and/or addresses, multiple mailings result. Shareholders who receive but do not require more than one mailing for the same ownership are requested to write to the Registrar and Transfer Agent and arrangements will be made to combine the accounts for mailing purposes.

Shares Held in Nominee Name
To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Investor Relations at Onex.

Typesetting by Moveable Inc.
www.moveable.com

Printed in Canada

ONEX

ONEX PARTNERS

ONCAP

ONEX CREDIT PARTNERS

AIT

BBAM AIRCRAFT LEASING & MANAGEMENT

Bradshaw Home

Carestream

Celestica

CHATTERS HAIR | BEAUTY | SALON

Clarivate Analytics

DAVIS-STANDARD

EMERALD EXPOSITIONS

Englobe

HOPKINS

IntraPac

Jack's

JELD-WEN WINDOWS & DOORS

LACES

Parkdean Resorts

Pinnacle. RENEWABLE ENERGY GROUP

PURE CANADIAN GAMING

ResCare

Save a lot food stores

SCHUMACHER CLINICAL PARTNERS

sgsco

SIG

SMG

survitec

TECTA AMERICA Roofing Redefined

VENANPRI group

WireCo WorldGroup

YORK Risk Services Group