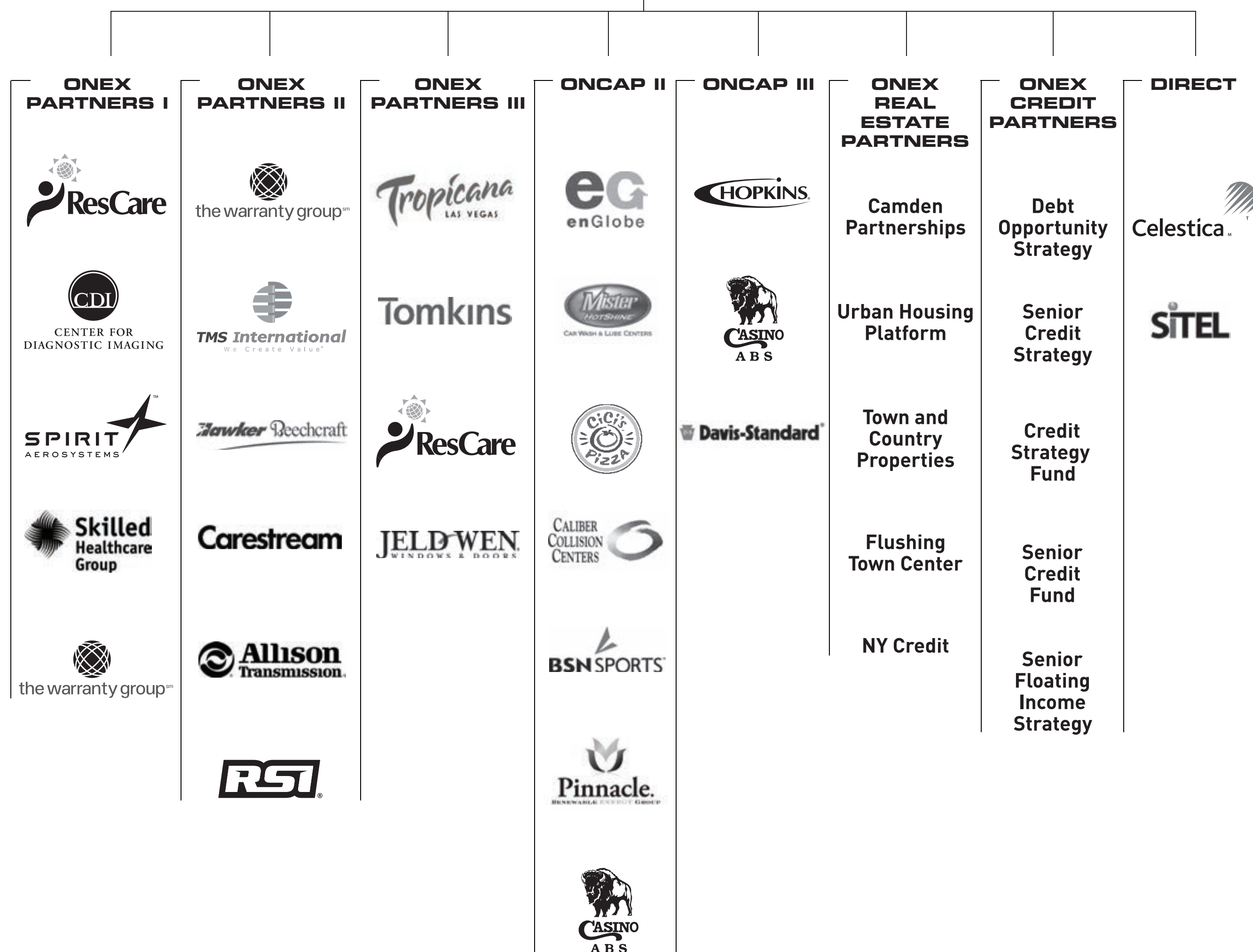
Management's Discussion and Analysis and Financial Statements

December 31, 2011

ONEX AND ITS OPERATING BUSINESSES

Onex is a public company whose shares trade on the Toronto Stock Exchange under the symbol OCX. Onex' businesses have assets of $41 billion, generate annual revenues of $37 billion and employ approximately 246,000 people worldwide.



The investment in The Warranty Group is split almost equally between Onex Partners I and II.
The investment in ResCare is split almost equally between Onex Partners I and III.
The investment in Casino ABS is split approximately 80%/20% between ONCAP II and III, respectively.

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

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CHAIRMAN'S LETTER

Dear Shareholders,

The current presidential primary season in the United States has brought more than usual attention to the private equity industry and, of course, not all of it has been good. We can't speak for the entire industry, but we're very proud of what we do here at Onex. We are and have been active owners and builders of some of the world's greatest companies. Our companies make products used by millions of people. When you go for a dental check-up, chances are good we're helping with the diagnosis, when you fly off for a holiday – you're probably in a plane we helped build, and when your children take the bus to school – the gears on the bus shift safely with one of our transmissions. We could go on and on.

Even though we own many businesses, we don't just put money in stock certificates. We're not passive investors or traders; that's not our business. We are active owners working with talented and aligned leadership to turn a good company into a great one. Oftentimes when we buy a business, it's been part of another, larger entity and didn't get the capital or attention it deserved. With its management, we lay out a plan for improvement and growth (we've never seen fortunes made with shrinking businesses). When we feel that our work is completed and our ownership becomes more passive, we think about realizing on some of our value created. That's what we do for you – our shareholders – and for our limited partners, who have asked us to manage about $9 billion, most of it coming from public employee pension plans.

The hardest part of our work is selling a company we love. We have wide ranging debates on the topic and get views from the youngest investment professional and the most seasoned amongst us. This year we sold two great companies: Husky International and Emergency Medical Services, generating total proceeds of $2.7 billion and multiples of 2.9 and 7.8 times on invested capital, respectively. These were obviously great outcomes for the companies' employee shareholders, Onex and our limited partners. We could have owned either business longer, but we felt that our role as an active owner was largely complete, hence the decision to sell. We wish both companies much continued success in the years to come.

In addition to the two sales above, we had some other highlights through the course of the year:

- We successfully completed the fundraising for ONCAP III, with capital commitments of C$800 million, including C$520 million from our Limited Partners;
- ONCAP was very active in the mid-market private equity space, investing a total of $324 million in four operating companies across a variety of sectors;
- Onex Partners' and ONCAP's private companies provided Onex with returns of 15 percent and 12 percent, respectively, in 2011;
- Our businesses paid down approximately $1.3 billion of debt and distributed approximately $470 million;
- Taking advantage of stronger capital markets in the first half of the year, Onex' operating businesses raised or refinanced approximately $3.4 billion of debt; and
- Onex and Onex Partners III invested $871 million and acquired a controlling interest in JELD-WEN, one of the world's largest manufacturers of doors and windows.

We're looking forward to 2012. We have $1.3 billion of cash and cash-like investments and $2.5 billion of uncalled third-party capital. We hope to find our next great business, give it a capital structure suitable for growth and give its employees and leadership team an opportunity to participate with us in value creation. That's our business, and we're proud of it. On behalf of the Onex team and our 246,000 employees worldwide, thank you for your continued support.

[signed]

Gerald W. Schwartz
Chairman & CEO, Onex Corporation

ONEX CORPORATION

Over 27 Years of Success

Founded in 1984, Onex is one of North America's oldest and most successful private equity firms committed to acquiring and building high-quality businesses. As an active owner, the Company has built more than 70 businesses, completing approximately 340 acquisitions with a total value of approximately $44 billion. Onex' long-term project returns have generated a multiple of invested capital of 3.3 times from its core private equity activities since inception, resulting in a 29 percent compound IRR on realized, substantially realized and publicly traded investments. The Company is guided by an ownership culture focused on achieving strong absolute growth, with an emphasis on capital preservation. With an experienced management team, significant financial resources and no debt at the parent company, Onex is well-positioned to continue to acquire and build businesses.

Onex manages its proprietary capital as well as capital entrusted to it by third-party investors from around the world, including public and private pension funds, sovereign wealth funds, banks, insurance companies, and fund of funds managed by other asset managers.

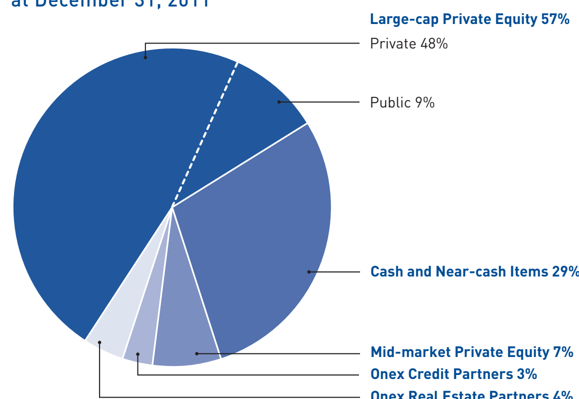
Onex' Capital

Onex manages its $4.5 billion of proprietary capital largely through its two private equity platforms: Onex Partners (for larger transactions) and ONCAP (for mid-market transactions). The Company also invests through Onex Real Estate Partners and Onex Credit Partners. Onex' long-term goal is to grow its proprietary capital by at least 15 percent per annum, and to have that growth reflected in its share price. Onex' proprietary capital per share grew by 8 percent over the last 12 months.

Third-party Capital

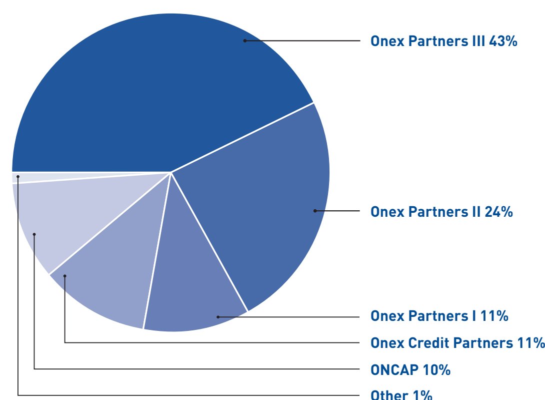
In addition to the management of Onex' proprietary capital, Onex is entrusted with third-party capital from institutional investors around the world. The Company currently manages $9.1 billion of invested and committed capital on behalf of its investors and partners, of which 89 percent relates to its private equity platform and the balance to Onex Credit Partners. The management of third-party capital provides two significant benefits to Onex. First, Onex receives a committed stream of annual management fees on $8.0 billion of third-party assets under management, substantially offsetting ongoing operating expenses. Second, Onex has the opportunity to share in the profits of its third-party investors through the carried interest participation. Carried interest, if realized, can significantly enhance Onex' investment returns.

How Onex' $4.5 billion of Capital is Deployed at December 31, 2011



Investments are valued at fair value as at December 31, 2011 with the exception of an investment that is valued based on the last third-party investment.

The Components of Onex' $9.1 billion of Third-Party Assets under Management at December 31, 2011



Assets under management include capital managed on behalf of co-investors and the management of Onex and ONCAP.

HOW WE ARE INVESTED

All amounts, unless otherwise noted, are in millions of U.S. dollars except per share data.

This How We Are Invested schedule, which is prepared quarterly and is included in the Company's earnings releases, details Onex' $4.5 billion of proprietary capital and provides private company performance and public company ownership information. This schedule includes values for Onex' private companies based upon estimated fair values and as such are non-GAAP measures. While it provides a snapshot of Onex' net assets, this schedule 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 upon the current values of the investments and allocates no value to the management company income.

As at December 31, 2011	Proprietary Capital
Private Equity	
Onex Partners	
Private Companies	$ 1,847[1]
Public Companies	235[2]
Unrealized Carried Interest on Onex Partners Investments	96[3]
ONCAP	319[4]
Direct Investments	
Private Companies	204[5]
Public Companies	130[2]
	2,831
Alternative Assets	
Onex Real Estate Partners	180[6]
Onex Credit Partners	100[7]
	280
Other Investments	81
Cash and Near-Cash	1,302[8]
Onex Corporation Debt	–
	$ 4,494
Proprietary Capital per Share (Canadian dollar equivalent – C$37.47)[9]	$ 36.85[9]

Significant Public Companies

As at December 31, 2011	Shares Subject to Carried Interest (millions)	Shares Held by Onex (millions)	Closing Price per Share[10]	Market Value of Onex' Investment
Onex Partners				
Skilled Healthcare Group	10.7	3.5	$ 5.46	$ 19[11]
Spirit AeroSystems	11.9	6.0[12]	$ 20.78	124[11]
TMS International	13.2	9.3	$ 9.88	92[11]
				235
Direct Investments – Celestica	–	17.8[12]	$ 7.33	130
				$ 365

Significant Private Companies

As at December 31, 2011	Onex and its Limited Partners Ownership	LTM EBITDA[13]	Net Debt	Cumulative Distributions	Onex' Economic Ownership	Original Cost of Onex' Investment
Onex Partners						
Center for Diagnostic Imaging	81%	$ 38	$ 102	$ 67	19%	$ 17
The Warranty Group	92%	108[14]	n/a	203	29%	154
Hawker Beechcraft	49%	n/a[15]	n/a[15]	11[16]	19%	212[17]
Carestream Health	95%	397	1,600	434	37%	186
Allison Transmission	49%	712	3,062	–	15%	237
RSI Home Products	50%	n/a	n/a	n/a	20%	126
Tropicana Las Vegas	76%	n/a[18]	49	–	17%	60
Tomkins	56%	727[19]	2,325	–	14%	315
ResCare	98%	129	347	–	20%	41
JELD-WEN[20]	59%[21]	n/a	n/a	42	20%[21]	298
						1,646
Direct Investments – Sitel Worldwide	68%	$ 129	$ 681	$ –	68%	251
						$ 1,897

Notes to Tables

(1) Based on the US$ fair value of the investments in Onex Partners' financial statements.

(2) Based on the December 31, 2011 market values.

(3) Represents Onex' share of the unrealized carried interest on public and private companies in the Onex Partners Funds.

(4) Based on the C$ fair value of the investments in ONCAP's financial statements and US$/C$ exchange rate of 1.0170.

(5) Based on value of last third-party investment.

(6) Based on the carrying value of Onex Real Estate Partners' investments at December 31, 2011.

(7) Based on the December 31, 2011 market values. Excludes approximately $312 million invested in a segregated Onex Credit Partners unleveraged senior secured loan strategy fund, which is included with cash and near-cash items.

(8) Includes approximately $312 million invested in a segregated Onex Credit Partners unleveraged senior secured loan strategy fund.

(9) Calculated on a diluted basis.

(10) Closing prices on December 31, 2011.

(11) Excludes Onex' potential participation in the carried interest.

(12) Excludes shares held in connection with the Management Investment Plan.

(13) EBITDA is a non-GAAP measure and is based on the local GAAP 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.

(14) Amount presented for The Warranty Group is adjusted net earnings rather than EBITDA and includes a one-time $6 million valuation allowance release in the first quarter of 2011. Net earnings on a U.S. GAAP basis, including the impacts of purchase accounting, were $105 million and include a one-time $6 million valuation allowance release in the first quarter of 2011.

(15) This information will be provided once the company reports to its debt holders.

(16) Represents interest received on the portion of the Senior Notes held by Onex, Onex Partners II and Onex management.

(17) Includes investment in Senior Notes.

(18) A comprehensive redevelopment underway at Tropicana Las Vegas caused a disruption to its operations, resulting in negative LTM EBITDA that is not reflective of a fully operational hotel and casino.

(19) LTM EBITDA excludes EBITDA from businesses divested as of December 31, 2011. Including EBITDA from these divested businesses would result in LTM EBITDA of $774 million as of December 31, 2011.

(20) In February 2012, Onex sold a portion of its original investment in JELD-WEN to certain limited partners and others at the same cost basis as Onex' original investment. Onex received proceeds of $79 million.

(21) On an as-converted basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Management's Discussion and Analysis ("MD&A") provides a review of how Onex Corporation ("Onex") performed in 2011 and assesses future prospects. The financial condition and results of operations are analyzed noting the significant factors that impacted the consolidated statements of earnings, consolidated statements of comprehensive earnings, consolidated balance sheets and consolidated statements of cash flows of Onex. As such, this MD&A should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in this report. The MD&A and the Onex consolidated financial statements have been prepared 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 company.

The following MD&A is the responsibility of management and is as of February 23, 2012. Preparation of the 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 MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The MD&A is presented in the following sections:

6 Our Business, Our Objective and Our Strategies
13 Industry Segments
16 Financial Review
69 Outlook
70 Risk Management

Onex Corporation's financial filings, including the 2011 MD&A and Financial Statements and interim quarterly reports, Annual Information Form and Management Information Circular, are available on Onex' website, www.onex.com, or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

References

Throughout this MD&A, references to the Onex Partners Groups represent Onex, the limited partners of the relevant Onex Partners Fund, Onex management and, where applicable, certain other limited partners and ONCAP management. References to the ONCAP Groups represent Onex, the limited partners of the relevant ONCAP Fund and the management of Onex and ONCAP. For example, references to the Onex Partners II Group represent Onex, the limited partners of Onex Partners II, Onex management and, where applicable, certain other limited partners and ONCAP management.

Forward-Looking/Safe Harbour Statements

This 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. 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 MD&A.

OUR BUSINESS, OUR OBJECTIVE AND OUR STRATEGIES

OUR BUSINESS: For over 27 years, Onex has employed an active ownership approach in acquiring and building industry-leading businesses. Onex manages its own capital and that of third-party investors from around the world, including public and private pension funds, sovereign wealth funds, banks, insurance companies, and fund of funds managed by other asset managers. The Company has generated 3.3 times capital on realized, substantially realized and publicly traded investments.

Active ownership approach

Throughout our history, we have developed a distinctive approach to acquiring, transforming and building high-quality businesses. We are disciplined and focus on: (i) carve-outs of subsidiaries and mission-critical supply divisions from multinational corporations; (ii) operational restructurings; and (iii) build-ups in a wide variety of industries.

We acquire high-quality businesses while employing prudent financial leverage and maintaining purchase price discipline. We focus on businesses with considerable cost-saving opportunities to generate EBITDA growth as well as strong free-cash-flow characteristics to pay down debt. Our goal is to build market leaders and ultimately create value for us and our investors.

Typically, Onex acquires a control position in its businesses, which enables it to exercise the rights of ownership, particularly the ability to make strategic decisions. Onex does not get involved in the daily operating decisions of the businesses.

Experienced team with significant depth

Onex' team of professionals is led by nine Managing Directors with an average of 16 years of working at the Company. Onex' stability results from its ownership culture, rigorous recruiting standards and highly collegial environment. The team is supported by professionals who are dedicated to the taxation, financial control, audit, legal and reporting matters of Onex, its Funds and their operating businesses.

Substantial financial resources available for future growth

Onex is in excellent financial condition with no debt and over $1.3 billion of cash and near-cash items at December 31, 2011. In addition, we have $2.5 billion of uncalled committed third-party capital in Onex Partners III and ONCAP III available for investment in Onex-sponsored acquisitions.

Strong alignment of interests

We continue to believe that our success in building companies and our record of capital preservation and superior returns are direct results of 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 every fund, Onex' distinctive ownership culture requires each member of the management team to have a significant ownership in Onex stock and to invest meaningfully in each operating company acquired. Onex' management team:

- is the largest shareholder in Onex, with a combined holding of approximately 27 million shares or 23 percent;
- has a total cash investment in Onex' current operating businesses of approximately $255 million; and
- is required to reinvest 25 percent of all gross carried interest and Management Investment Plan distributions in Onex shares until they individually own at least one million shares and 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 value to shareholders are concentrated on acquiring, building and growing high-quality businesses and on third-party asset management. We believe that Onex has the operating philosophy, human resources, financial resources, track record and structure to continue to deliver on its objective. The discussion that follows outlines Onex' strategies to achieve its objective and analyzes how we performed against those strategies during 2011.

OUR STRATEGIES

Acquire, Build and Grow High-Quality Businesses

Our investing strategy focuses on our value-oriented and active ownership approach of acquiring and building industry-leading businesses in partnership with talented management teams. We also maintain Onex as a financially strong parent company to support our businesses.

2011 performance

1) Acquire attractive businesses

The acquisition market can be divided into four sourcing segments: public-to-private transactions; corporate dispositions; recapitalizations, restructurings and bankruptcies; and secondary sales from private equity firms. During 2011, Onex and ONCAP completed five acquisitions for a total investment of $1.2 billion, of which Onex' share was $421 million. The JELD-WEN acquisition was a recapitalization, the Davis-Standard and Hopkins acquisitions were secondary sales from private equity firms and the remaining ONCAP acquisitions originated from corporate dispositions.

In early October 2011, Onex acquired a 57 percent as-converted equity ownership interest in JELD-WEN Holding, inc. ("JELD-WEN"), 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. The Onex Partners III Group invested $871 million, of which Onex' initial share was $298 million. Onex' investment was reduced to $205 million after giving effect to the October 2011 partial repayment of the convertible notes and the February 2012 sale to co-investors.

During 2011, ONCAP completed the following four acquisitions:

- **Pinnacle Pellet, Inc.** ("Pinnacle Renewable Energy Group"), a producer of wood pellets for markets around the world. The ONCAP II Group has an approximate 60 percent equity ownership in Pinnacle Renewable Energy Group.
- **Crown Amusements Ltd.** ("Casino ABS"), the largest casino operator in the Alberta, Canada market, with four casinos. In May 2011, the ONCAP II Group initially purchased 100 percent of the equity ownership in Casino ABS. As contemplated at the time of the original investment, the ONCAP III Group subsequently purchased 22 percent of the equity ownership in Casino ABS from the ONCAP II Group in December 2011 at the same price per share. At December 31, 2011, the combined holdings of the ONCAP II Group and the ONCAP III Group are close to 100 percent of the equity ownership in Casino ABS.

- **Hopkins Manufacturing Corporation ("Hopkins")**, a manufacturer, marketer and distributor of automotive aftermarket products for sale to distributors and retailers primarily in North America. The ONCAP III Group has an approximate 90 percent equity ownership in Hopkins.
- **Davis-Standard Holdings, Inc. ("Davis-Standard")**, a leading designer, manufacturer and supplier of highly engineered extrusion and converting machinery systems. The ONCAP III Group has an approximate 90 percent equity ownership in Davis-Standard.

A total of $324 million was invested in the ONCAP acquisitions completed during 2011, of which Onex' share was $123 million.

In November 2011, Onex notified its limited partners in Onex Partners III that it would be increasing its commitment to $1.2 billion from $800 million as a result of its considerable cash position. The increased commitment will apply to operating companies acquired by Onex Partners III after May 14, 2012.

2) Build our businesses into industry leaders

Today, most of Onex' operating businesses are leaders in their respective industries. As the economic downturn that began in 2008 lingered globally in 2011, certain of our businesses continued to face difficult operating environments and therefore remained focused on realigning their cost structures. The strong cash flow characteristics of our operating businesses enabled a number of them to complete follow-on acquisitions in 2011. Celestica, Center for Diagnostic Imaging, ResCare, Skilled Healthcare Group, TMS International and several of the ONCAP companies completed acquisitions collectively valued at approximately $162 million. We believe that our operating businesses have the management expertise, quality of products or services and financial capital to continue as industry leaders.

By design, most of Onex' operating businesses are conservatively capitalized. During 2011, Onex' operating businesses collectively raised or refinanced a total of $3.4 billion of debt. In addition, our operating businesses collectively paid down approximately $1.3 billion of debt. As a result of these efforts, the percentage of the operating businesses' total debt maturing in 2013 and 2014 has decreased to 36 percent at December 31, 2011 from 48 percent at December 31, 2010.

As part of our original investment theses to create value, both Tomkins and JELD-WEN sold certain non-core assets during 2011 with the proceeds used to reduce debt.

3) Grow the value of our businesses

Including realizations and distributions, Onex Partners' and ONCAP's private companies provided Onex with returns of 15 percent and 12 percent, respectively, in 2011. Including the public companies, the value of all of our operating businesses in the Onex Partners and ONCAP Funds, including distributions received, increased by 12 percent in 2011.

The table below shows the realizations and distributions during 2011 and the amounts received by all investors and Onex' share thereof:

Company	Fund	Transaction	Total Amount ($ millions)	Onex' Share ($ millions)
Carestream Health	Onex Partners II	Dividend/Return of Capital	$ 200	$ 78
Spirit AeroSystems	Onex Partners I	Secondary Offering	$ 252	$ 74
TMS International	Onex Partners II	Initial Public Offering/Repayment of Promissory Notes	$ 68[a]	$ 26
Center for Diagnostic Imaging	Onex Partners I	Dividend/Return of Capital	$ 67	$ 13
Emergency Medical Services Corporation	Onex Partners I	Sale of business	$ 878[b]	$ 342
Husky International	Onex Partners I & II	Sale of business	$ 1,844	$ 601
JELD-WEN	Onex Partners III	Repayment of Convertible Notes	$ 42	$ 14
The Warranty Group	Onex Partners I & II	Dividend	$ 42	$ 13
Other	Onex Partners II/ONCAP II	Dividend/Interest Income/Return of Capital	$ 79	$ 22
Total			$ 3,472	$ 1,183

(a) Represents the sale of a portion of the shares held by existing shareholders and the repayment of the Promissory Notes.

(b) Represents the Onex Partners I Group only.

4) Maintain substantial financial strength

Onex' financial strength comes from both its own capital, as well as that of its third-party limited partners in the Onex Partners and ONCAP Funds. At December 31, 2011, Onex had:

i. Approximately $1.3 billion of cash and near-cash items and no debt. Onex' practice is to maintain a debt-free parent company and not guarantee the debt of our operating businesses.
ii. $2.0 billion of third-party uncalled capital available for future Onex Partners III investments.
iii. $317 million of third-party uncalled capital in Onex Partners I and II, which is largely reserved for possible future funding of acquisitions by any of Onex Partners I or II's existing businesses and for management fees.
iv. C$469 million of third-party uncalled capital available for future ONCAP III investments.
v. C$16 million of third-party uncalled capital in ONCAP II, which is largely reserved for possible future funding of acquisitions by any of ONCAP II's existing businesses and for management fees.

Asset Management: Manage and Grow Third-Party Capital

Onex' management of third-party capital has grown significantly since Onex first began acquiring businesses in 1984. In its early years, Onex would primarily use its own capital to complete acquisitions and would include third-party investors in the acquired businesses to diversify risk, cultivate strategic relationships and facilitate larger acquisitions. The 1996 purchase of Celestica was the first acquisition structured with the third-party investors providing a carried interest to Onex. Onex thus began to share in the profits of its third-party investors.

Onex formalized its asset management business in 1999 when it raised its first fund, ONCAP L.P., for mid-market transactions. In 2003, the first Onex Partners fund was raised for larger transactions. While Onex expects to be the largest investor in each acquisition in order to deploy its own capital, the establishment of Onex Partners and ONCAP enabled Onex to efficiently pursue a larger acquisition program. Since 1999, Onex has raised $8.0 billion of third-party capital through the Onex Partners and ONCAP Funds.

Onex currently manages $9.1 billion of third-party capital, in addition to the $4.5 billion of Onex proprietary capital at work. The management of third-party capital provides two significant benefits to Onex. First, Onex earns management fees on $8.0 billion of its third-party assets under management, which substantially offset Onex' ongoing operating expenses. Second, Onex has the opportunity to share in the profits of its third-party investors through the carried interest participation. This enables Onex to enhance the return on its investment.

Third-Party Capital Under Management[a]

($ millions)	Total		Change in Total	Fee Generating		Uncalled Commitments	
	2011[b]	2010[b]		**2011**	2010	**2011**[b]	2010[b]
Funds							
Onex Partners	**$ 7,075**	$ 8,473	**(16)%**	**$ 6,093**	$ 7,441	**$ 2,334**	$ 2,978
ONCAP[c]	**C$ 956**	C$ 312	**206 %**	**C$ 823**	C$ 276	**C$ 485**	C$ 90
Onex Credit Partners[d]	**$ 1,055**	$ 995	**6 %**	**$ 1,055**	$ 995	**n/a**	n/a

(a) All data presented at fair value.

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

(c) Includes third-party capital of ONCAP II and ONCAP III. The December 31, 2010 third-party capital is only that of ONCAP II.

(d) Onex Credit Partners is jointly controlled by Onex and management of Onex Credit Partners. Capital under management of Onex Credit Partners represents 100 percent of its third-party capital.

2011 performance

1) Growth in third-party capital under management

The amount of third-party capital under management will fluctuate as new funds are raised and as existing investments are realized. The amount of third-party capital under management decreased by approximately $530 million during 2011 due primarily to the realizations and distributions during the year, as previously discussed, partially offset by the third-party capital commitments to the new ONCAP fund.

- ONCAP completed fundraising for ONCAP III, its third mid-market private equity fund, with capital commitments of C$800 million, excluding commitments from management of Onex and ONCAP. Third-party capital commitments to the fund total C$520 million, representing an approximate 80 percent increase in the amount of third-party capital raised relative to ONCAP II, and include commitments from both our long-standing partners and new investors. As with each of our funds, Onex is the largest limited partner in ONCAP III.
- Onex Credit Partners, Onex' credit investing platform, raised approximately $100 million of third-party capital through a treasury offering of OCP Credit Strategy Fund (TSX: OCS.UN) during 2011.
- In our large-cap private equity platform, Onex may raise additional third-party capital once Onex Partners III is 75 percent invested. At December 31, 2011, Onex Partners III was 42 percent invested with $1.5 billion of third-party capital at work.

2) Predictable and meaningful management fees; substantial carried interest earned

The management of third-party capital provides Onex with a predictable stream of annual management fees that substantially offsets ongoing operating expenses. In addition, the General Partner's carried interest in the Funds generally provides Onex with 8 percent of the profits on a substantial portion of the third-party capital. At year-end, there was $4.3 billion of invested capital and a further $2.6 billion of uncalled committed capital subject to a carried interest in the Onex Partners and ONCAP Funds.

- Onex Partners, ONCAP and Onex Credit Partners earned a total of $110 million in management fees in 2011 (2010 – $102 million). Onex earned no transaction fees in 2011 (2010 – $16 million).
- Onex received $65 million of carried interest in 2011 (2010 – nil) as a result of the realizations of EMSC, Husky International, Spirit Aerosystems and TMS International. This amount was net of a voluntary reduction of $35 million, reflecting a review of the Funds' other operating companies and a desire to avoid a future claw-back.
- At December 31, 2011, there was approximately $32 million of unrealized carried interest on Onex Partners' public companies, of which Onex' share was $13 million. There is a further $229 million of unrealized carried interest on Onex Partners' and ONCAP's private operating companies based on the December 31, 2011 fair values, of which Onex' share was $83 million. The actual amount of carried interest realized by Onex depends on the ultimate performance of each Fund.

2011 performance

Private Equity Fund Performance

The table below summarizes the performance for the Onex Partners and ONCAP Funds from inception through December 31, 2011. The gross internal rate of return ("Gross IRR") shows the returns achieved on the investments in the Funds including unrealized investments. The net internal rate of return ("Net IRR") shows the returns earned by the third-party limited partners in the Funds after the payment of performance fees, management fees and expenses.

Performance Returns[1]

	Gross IRR (excluding unrealized)[2]	Gross IRR[3]	Net IRR
Funds			
Onex Partners LP	78%	57%	40 %
Onex Partners II LP	26%	14%	10 %
Onex Partners III LP	–	6%	–[4]
ONCAP LP[5]	43%	43%	33 %
ONCAP II LP[5]	57%	21%	11 %
ONCAP III LP[5]	–	11%	–[4]

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

(2) Gross IRR (excluding unrealized) includes the returns on realized, substantially realized and publicly traded investments.

(3) Gross IRR includes the returns on unrealized, realized, substantially realized and publicly traded investments.

(4) The net IRR through December 31, 2011 is not presented as net cash flows to date are negative and, therefore, the net IRR is not meaningful.

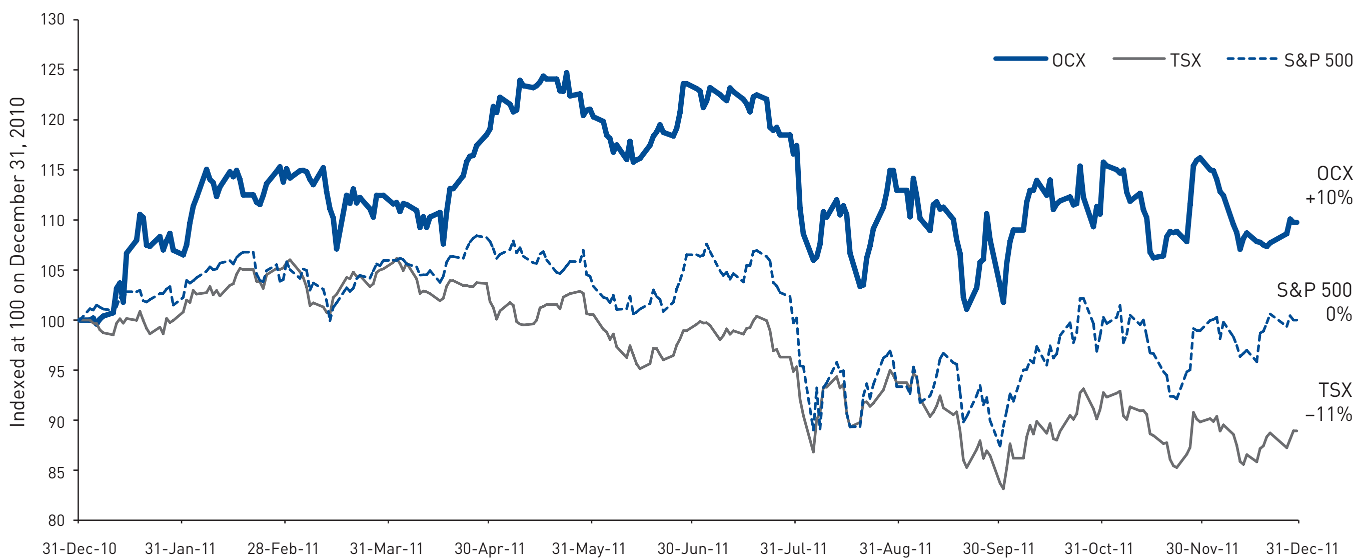
(5) Returns are calculated in Canadian dollars, the functional currency of the Fund.

Have Value Creation Reflected in Onex' Share Price

We seek 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. During 2011, Onex repurchased 3,165,296 Subordinate Voting Shares under its Normal Course Issuer Bid at a total cost of $105 million, or an average purchase price of C$33.27 per share. During the same period, $13 million was returned to shareholders through dividends.

At December 31, 2011, Onex' Subordinate Voting Shares closed at C$33.18, a 10 percent increase from December 31, 2010. This compares to no change in the Standard & Poor's 500 Index ("S&P 500") and an 11 percent decrease in the S&P/TSX Composite Index ("TSX").

The chart below shows the performance of Onex' Subordinate Voting Shares during 2011 relative to the S&P 500 and TSX.



INDUSTRY SEGMENTS

At December 31, 2011, Onex had eight reportable industry segments. 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. We manage our businesses and measure performance based on each operating company's 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 (website: www.celestica.com). **Onex shares held: 17.8 million**	8%[a]	8%[a]/71%
Aerostructures	**Spirit AeroSystems, Inc.** (NYSE: SPR), the world's largest independent designer and manufacturer of aerostructures (website: www.spiritaero.com). **Onex shares held: 6.0 million** **Onex Partners I shares subject to a carried interest: 11.9 million**	16%	4%[a]/64%
Healthcare	**Center for Diagnostic Imaging, Inc.,** a U.S. provider of diagnostic and therapeutic radiology services (website: www.cdiradiology.com). **Total Onex, Onex Partners I and Onex management investment at cost: $73 million, before a $42 million return of capital** **Onex portion at cost: $17 million, before a return of capital of $10 million** **Onex Partners I portion subject to a carried interest: $53 million**	81%	19%/100%
	Skilled Healthcare Group, Inc. (NYSE: SKH), an organization of skilled nursing and assisted living facilities operators in the United States (website: www.skilledhealthcaregroup.com). **Onex shares held: 3.5 million** **Onex Partners I shares subject to a carried interest: 10.7 million**	40%	9%/89%
	Carestream Health, Inc., a global provider of medical and dental imaging and healthcare information technology solutions (website: www.carestream.com). **Total Onex, Onex Partners II and Onex management investment at cost: $471 million, before a $243 million return of capital** **Onex portion at cost: $186 million, before a return of capital of $96 million** **Onex Partners II portion subject to a carried interest: $266 million**	95%	37%/100%
	Res-Care, Inc., a leading U.S. provider of residential, training, educational and support services for people with disabilities and special needs (website: www.rescare.com). **Total Onex, Onex Partners I, Onex Partners III and Onex management investment at cost: $204 million** **Onex portion: $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%

(a) Onex' economic ownership percentage excludes shares held in connection with the Management Investment Plan.

Industry Segments	Companies	Onex & Limited Partners Economic Ownership	Onex' Economic/ Voting Ownership
Financial Services	**The Warranty Group, Inc.,** the world's largest provider of extended warranty contracts (website: www.thewarrantygroup.com). **Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: $488 million** **Onex portion: $154 million** **Onex Partners I portion subject to a carried interest: $178 million** **Onex Partners II portion subject to a carried interest: $137 million**	92%	29%/100%
Customer Care Services	**SITEL Worldwide Corporation,** a global provider of outsourced customer care services (website: www.sitel.com). **Onex investment at cost: $251 million**	68%	68%/88%
Metal Services	**TMS International Corp.** (NYSE: TMS), a leading provider of outsourced industrial services to steel mills globally (website: www.tmsinternationalcorp.com). **Onex shares held: 9.3 million** **Onex Partners II shares subject to a carried interest: 13.2 million**	60%	24%/85%
Building Products	**JELD-WEN Holding, inc.**, 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 (website: www.jeld-wen.com). **Total Onex, Onex Partners III and Onex management investment at cost: $871 million, before a $42 million return of capital on the convertible promissory notes** **Onex portion at cost: $298 million, before a return of capital of $14 million on the convertible promissory notes** **Onex Partners III portion subject to a carried interest: $538 million** In February 2012, Onex sold a portion of its investment in JELD-WEN to certain limited partners and management of Onex at the same cost basis as Onex' original investment. Onex received proceeds of $79 million. After giving effect to the sale in February 2012 and the partial redemption in late October 2011, Onex' investment in JELD-WEN is $205 million.	59%[a]	20%[a]/59%[a]
Other Businesses			
• *Aircraft & Aftermarket*	**Hawker Beechcraft Corporation[b],** the largest privately owned designer and manufacturer of business jet, turboprop and piston aircraft (website: www.hawkerbeechcraft.com). **Total Onex, Onex Partners II and Onex management investment at cost: $537 million** **Onex portion: $212 million** **Onex Partners II portion subject to a carried interest: $303 million**	49%	19%/–[b]
• *Commercial Vehicles*	**Allison Transmission, Inc.[b],** the world leader in the design and manufacture of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles (website: www.allisontransmission.com). **Total Onex, Onex Partners II, certain limited partners and Onex management investment at cost: $763 million** **Onex portion: $237 million** **Onex Partners II portion subject to a carried interest: $339 million**	49%	15%/–[b]

(a) On an as-converted basis.

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

Industry Segments	Companies	Onex & Limited Partners Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• *Industrial Products*	**Tomkins Limited[a],** an engineering and manufacturing company that produces a variety of products for the industrial, automotive and building products markets worldwide (website: www.tomkins.co.uk). **Total Onex, Onex Partners III, certain limited partners, Onex management and others investment at cost: $1,219 million** **Onex portion: $315 million** **Onex Partners III and others portion subject to a carried interest: $688 million**	56%	14%/50%[a]
• *Gaming*	**Tropicana Las Vegas, Inc.,** located directly on the Las Vegas Strip, is one of the most storied casinos in Las Vegas (website: www.troplv.com). **Total Onex, Onex Partners III and Onex management investment at cost: $279 million** **Onex portion: $60 million** **Onex Partners III portion subject to a carried interest: $196 million**	76%	17%/76%
• *Cabinetry Products*	**RSI Home Products, Inc.[a],** a leading manufacturer of kitchen, bathroom and home organization cabinetry sold through home centre retailers and distributors (website: www.rsiholdingcorp.com). **Total Onex, Onex Partners II and Onex management investment at original cost: $318 million** **Onex portion: $126 million** **Onex Partners II portion subject to a carried interest: $179 million**	50%	20%/50%[a]
• *Mid-market Opportunities*	**ONCAP,** private equity funds focused on acquiring and building the value of mid-market companies based in North America (website: www.oncap.com).		
	ONCAP II ONCAP II actively manages investments in EnGlobe Corp., Mister Car Wash, CiCi's Pizza, Caliber Collision Centers, BSN SPORTS, Pinnacle Renewable Energy Group and Casino ABS. **Total ONCAP II, Onex, Onex management and ONCAP management investment at cost: $411 million (C$438 million)** **Onex portion: $190 million (C$201 million)** **ONCAP II portion: $186 million (C$200 million)**	100%	46%/100%
	ONCAP III ONCAP III actively manages investments in Hopkins, Casino ABS and Davis-Standard. **Total ONCAP III, Onex, Onex management and ONCAP management investment at cost: $173 million (C$174 million)** **Onex portion: $50 million (C$51 million)** **ONCAP III portion: $106 million (C$106 million)**	100%	29%/100%
• *Real Estate*	**Onex Real Estate Partners,** a platform dedicated to acquiring and improving real estate assets in North America. **Onex investment in Onex Real Estate transactions at cost: $294 million**	88%	88%/100%
• *Credit Strategies*	**Onex Credit Partners** specializes in managing credit-related investments, including event-driven, long/short and market dislocation strategies. **Onex investment in Onex Credit Partners' funds at market: $412 million, of which $312 million is in a segregated Onex Credit Partners unleveraged senior secured loan portfolio that purchases assets with greater liquidity.**	–	60%[b]/50%[b]

(a) Onex has certain contractual rights and protections, including the right to appoint members to the Board of Directors, in respect of these entities, which are accounted for at fair value in Onex' audited annual consolidated financial statements.

(b) This represents Onex' share of the Onex Credit Partners platform.

FINANCIAL REVIEW

This section discusses the significant changes in Onex' consolidated statements of earnings, consolidated balance sheets and consolidated statements of cash flows for the fiscal year ended December 31, 2011 compared to those for the year ended December 31, 2010 and, in selected areas, to those for the year ended December 31, 2009. The operating results for the fiscal years ended December 31, 2011 and 2010 have been reported in accordance with International Financial Reporting Standards ("IFRS") and are presented in U.S. dollars. The operating results for the fiscal year ended December 31, 2009 were prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") and are presented in Canadian dollars. IFRS differs in a number of areas from Canadian GAAP as described in the significant accounting policies on page 19 of this MD&A.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with Onex' audited annual consolidated statements of earnings and corresponding notes thereto.

Basis of presentation

The use of IFRS is required for most Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Accordingly, Onex' consolidated financial statements have been prepared in accordance with IFRS 1, *First-time Adoption of IFRS*, using accounting policies consistent with IFRS and its interpretations adopted by the International Accounting Standards Board ("IASB").

In completing the transition to IFRS, the Company assessed its functional currency under IFRS. It was determined that the U.S. dollar is the appropriate functional currency for Onex' financial reporting under IFRS. As such, the financial statements under IFRS have been reported on a U.S. dollar basis.

In 2010 and prior periods, Onex' consolidated financial statements were prepared in Canadian dollars and in accordance with Canadian GAAP. IFRS differs in a number of areas from Canadian GAAP. In preparing these consolidated financial statements, management has amended certain accounting, valuation and consolidation methods previously applied in order to comply with IFRS, including IFRS 1, *First-time Adoption of IFRS*. The comparative figures for 2010 were restated to comply with IFRS policies and disclosures.

Note 35 to the consolidated financial statements provides reconciliations and descriptions of the effect of the transition from the previous Canadian GAAP to IFRS on earnings and comprehensive earnings for the year ended December 31, 2010. In addition, the change in equity is shown with line-by-line reconciliations of the consolidated balance sheets at January 1, 2010 and December 31, 2010.

Critical accounting policies and estimates

Significant accounting estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses for the periods of the consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on an ongoing basis and any revisions are recognized in the affected periods. Included in Onex' consolidated financial statements are estimates used in determining the allowance for doubtful accounts, inventory valuation, deferred tax assets and liabilities, intangible assets and goodwill, useful lives of property, plant and equipment and intangible assets, recoverability of development costs associated with new product programs, revenue recognition under contract accounting, income taxes, investments in associates, Limited Partners' Interests, stock-based compensation, pension and post-employment benefits, losses and loss adjustment expenses reserves, warranty provisions, restructuring provisions, legal contingencies and other matters. Actual results could differ materially from those estimates and assumptions.

Judgements, assumptions and estimates are used in the determination of fair value for business combinations, investments in associates, Limited Partners' Interests and legal contingencies. The assessment of goodwill, intangible assets and long-lived assets for impairment, the determination of contract accounting, income taxes and actuarial valuations of pension and other post-retirement benefits also require the use of judgements, assumptions and estimates. Due to the material nature of these factors, they are discussed here in greater detail.

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Land, buildings and equipment are usually independently appraised while short-term investments are valued at market prices. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value. These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Note 1 to the audited annual consolidated financial statements provides additional disclosure on business combinations.

Fair value of investments in associates and Limited Partners' Interests

Associates are defined under IFRS as those investments in operating companies over which Onex has significant influence, but not control. Under IFRS, these investments are designated, upon initial recognition, at fair value on the consolidated balance sheets. The fair value of investments in associates is assessed at each reporting date with changes in fair value recognized in the consolidated statements of earnings. Similarly, the Limited Partners' Interests which represent the interests of third-party investors in the Onex Partners and ONCAP Funds are recorded at fair value, which is significantly affected by the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds.

The valuation of non-public investments requires significant judgement by Onex due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Valuation methodologies include discounted cash flows and observations of the trading multiples of public companies considered comparable to the private companies being valued. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Company-specific items are considered because, in the absence of a committed buyer and completion of due diligence procedures, there may be unknown company-specific items that may affect value. A variety of additional factors are reviewed by management, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of investments, emphasis is placed on current company performance and market conditions.

For publicly traded investments, the valuation is based on closing market prices less adjustments, if any, for regulatory and/or contractual sale restrictions.

The changes to fair value of the investments in associates are reviewed on page 35 of this MD&A.

Included in the measurement of the Limited Partners' Interests is a reduction for the estimated unrealized carried interest as well as any contributions by and distributions to third-party limited partners in the Onex Partners and ONCAP Funds. The changes to fair value of the Limited Partners' Interests are reviewed on page 38 of this MD&A.

Impairment tests of goodwill, intangible assets and long-lived assets

Goodwill in an accounting context represents the excess of the aggregate consideration paid and the amount of any non-controlling interests in the acquired company compared to the fair value of the identifiable net assets. Essentially all of the goodwill amount that appears on Onex' audited annual consolidated balance sheets at December 31, 2011 and 2010 was recorded by the operating companies. Goodwill is not amortized, but is assessed for impairment at the cash generating unit ("CGU") level (or group of CGUs) annually, or sooner if events or changes in circumstances or market conditions indicate that the carrying amount could exceed fair value. The test for goodwill impairment used by our operating companies is to assess the fair value of each CGU within an operating company and

determine if the goodwill associated with that CGU is less than its carrying value. This assessment takes into consideration several factors, including, but not limited to, future cash flows and market conditions. If the fair value is determined to be lower than the carrying value at an individual CGU, then goodwill is considered to be impaired and an impairment charge must be recognized. Each operating company has developed its own internal valuation model to determine fair value. These models are subjective and require management of the particular operating company to exercise judgement in making assumptions about future results, including revenues, operating expenses, capital expenditures and discount rates. The impairment test for intangible assets and long-lived assets with limited lives is similar to that of goodwill. Under IFRS, impairment charges for intangible assets and long-lived assets may subsequently be reversed if fair value is determined to be higher than carrying value. The reversal is limited, however, to restoring the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior periods. Impairment losses for goodwill are not reversed in future periods.

Impairment charges recorded by the operating companies under IFRS may not impact the fair values of the operating companies used in determining the increase or decrease in investments in associates, the change in carried interest and for calculating the Limited Partners' Interests liability.

During 2011, certain of the operating companies recorded charges for impairments of goodwill, intangible assets and long-lived assets. These charges are reviewed on page 38 of this MD&A and in note 24 to the audited annual consolidated financial statements.

Revenue recognition

The aerostructures segment recognizes revenue using the contract method of accounting since a significant portion of Spirit AeroSystems, Inc.'s ("Spirit AeroSystems") revenues is under long-term volume-based contracts requiring delivery of products over several years. Revenues from each contract are recognized in accordance with the percentage-of-completion method of accounting, using the units-of-delivery method. As a result, contract accounting uses various estimating techniques to project costs to completion and estimates of recoveries asserted against the customer for changes in specifications. Due to the significant length of time over which these estimates will be developed, the impact to recognized revenue and costs may be significant if the estimates change. These estimates involve assumptions of future events, including the quantity and timing of deliveries and labour performance rates, as well as projections relative to material and overhead costs. Contract estimates are re-evaluated periodically and changes in estimates are reflected in the current period.

Spirit AeroSystems also expects to derive future revenues from new programs for which the company may be contracted to provide design and engineering services, recurring production, or both. There are several risks inherent to such new programs. In the design and engineering phase, as well as in recurring production, the company may incur higher than expected costs. The ability to recover these excess costs from the customer will depend on several factors, including the company's rights under its contracts for the new programs. The recognition of earnings and loss under these new contracts requires the company to make significant assumptions regarding its future costs, ability to achieve cost reduction opportunities, as well as the estimated number of units to be manufactured under the contract and other variables.

Revenues in the healthcare segment for Skilled Healthcare Group, Inc. ("Skilled Healthcare Group") and Res-Care, Inc. ("ResCare") are substantially derived from federal, state and local government agencies, including Medicare and Medicaid programs. Laws and regulations under these programs are complex and compliance with such laws and regulations is subject to ongoing and future government review and interpretation. Management of those businesses believe that they are in compliance with applicable laws and regulations. Revenues generated through contracts with government agencies require the use of estimates as contracts may be terminated or adversely modified if budgetary appropriation to the particular government agency is decreased. Contract estimates are re-evaluated periodically and changes in estimates are reflected in the current period.

Income taxes

Onex, including its operating companies, is subject to changing tax laws in multiple jurisdictions. Significant judgements are necessary in determining the worldwide income tax liabilities. Although management of Onex and the operating companies believe they have made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the outcome of these tax matters will be consistent with what is reflected in the

historical income tax provisions. Such differences could have an effect on the income tax liabilities and deferred tax liabilities in the period in which such determinations are made. At each balance sheet date, management of Onex and the operating companies assess whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of Onex', or its operating companies', ability to utilize future tax benefits.

Legal contingencies

Onex, including its operating companies, becomes involved in various legal proceedings in the normal course of operations. While we cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a significant effect on Onex' consolidated financial position, results of operations or cash flows. The filing or disclosure of a suit or formal assertion of a claim does not automatically indicate that a provision may be appropriate. Management, with the assistance of internal and external lawyers, regularly analyzes current information about these matters and provides provisions for probable contingent losses, including the estimate of legal expenses to resolve these matters.

Employee benefits

Onex, the parent company, does not have a pension plan; however, certain of its consolidated operating companies do. Management of the consolidated operating companies use actuarial valuations to account for their pension and other post-retirement benefits. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions such as the discount rate, the expected return on plan assets, expected salary increases and mortality rates. These actuarial assumptions may differ significantly from actual developments due to changing market and economic conditions and therefore may result in a significant change in post-retirement employee benefit obligations and the related future expense in the audited annual consolidated financial statements. Note 32 to the audited annual consolidated financial statements provides details on the estimates used in accounting for pensions and post-retirement benefits.

Significant accounting policies under IFRS

The following summarizes new accounting policies under IFRS that have a significant impact on the preparation of Onex' consolidated financial statements compared to policies previously applied under Canadian GAAP at December 31, 2010.

Limited Partners' Interests

Onex has two private equity platforms: the Onex Partners and ONCAP Funds. These private equity funds provide a substantial pool of committed capital from third-party limited partners which, in combination with Onex' proprietary capital, allows Onex to be flexible and timely in responding to investment opportunities.

Onex' consolidated balance sheet at December 31, 2011 includes a financial liability line item, Limited Partners' Interests, as required by IAS 32, *Financial Instruments: Presentation*. This liability represents the fair value of the third-party invested capital in the Onex Partners and ONCAP Funds. The Limited Partners' Interests liability is affected by the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds, the impact of unrealized carried interest, as well as by any contributions from and distributions to the third-party limited partners in those Funds. Previously under Canadian GAAP, third-party limited partners' capital was recognized on the same basis as Onex' capital – a percentage of the accounting earnings/loss of the various investments. The third-party limited partners' capital is now disclosed as a standalone liability line item in Onex' consolidated balance sheets under IFRS compared to previously being a component of non-controlling interests, outside of equity, under Canadian GAAP.

Onex' consolidated statements of earnings are also affected by Limited Partners' Interests under IFRS. First, any adjustments to the fair value of the Limited Partners' Interests liability arising primarily from the change in the underlying values of the investments are recorded in Onex' consolidated statements of earnings. For example, if the fair value of The Warranty Group, Inc. ("The Warranty Group") increases, the Limited Partners' Interests liability on the

consolidated balance sheets is increased for their portion of the change in value and there is a corresponding charge to Limited Partners' Interests in the consolidated statements of earnings, thus decreasing net earnings. A decrease in the fair value of the underlying investments has the opposite effect. Second, net earnings attributable to Onex, the parent company, under IFRS now includes the share of earnings attributable to both Onex, the parent company, as well as to its third-party limited partners in Onex' controlled operating companies. For example, Onex, the parent company, holds a 29 percent economic ownership in The Warranty Group and, when considering the investment made by third-party limited partners, holds a combined 92 percent economic ownership in The Warranty Group. Under IFRS, 92 percent of The Warranty Group's net earnings is attributable to Onex, the parent company. Previously under Canadian GAAP, net earnings attributable to Onex, the parent company, included only 29 percent of The Warranty Group's net earnings, while the third-party limited partners' share of that business' net earnings was recorded in the non-controlling interests line in Onex' consolidated statements of earnings, above net earnings.

The adoption of this new policy resulted in an approximate $1.1 billion decline in opening equity and a corresponding increase to liabilities on Onex' January 1, 2010 consolidated opening balance sheet to show the liability to third-party limited partners at fair value. During 2011, a charge of $627 million (2010 – $831 million) was recorded for the increase in the fair value of the liability to third-party limited partners. The factors contributing to the charge recorded in 2011 are discussed in detail under Limited Partners' Interests charge on page 38 of this report.

Unrealized carried interest

The General Partner of the Onex Partners and ONCAP Funds is entitled to a portion (20 percent) of the realized net gains of third-party limited partners in each Fund. This share of the net gains is referred to as carried interest. Onex is entitled to 40 percent of the carried interest realized in the Onex Partners and ONCAP Funds. The Onex management team is entitled to the remaining 60 percent of the carried interest realized in the Onex Partners Funds and the ONCAP management team is entitled to the remaining 60 percent of the carried interest realized in the ONCAP Funds.

IFRS requires that the unrealized carried interest, which represents the undistributable share of the overall unrealized gains in each of the Onex Partners and ONCAP Funds attributable to the management of Onex or ONCAP, be recognized as a liability on Onex' consolidated balance sheets, which reduces the Limited Partners' Interests liability. The corresponding increase/decrease of this liability is recognized in Onex' consolidated statements of earnings. The amount of unrealized carried interest attributable to the management of Onex or ONCAP is calculated based on the fair values of the underlying investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. Previously under Canadian GAAP, Onex did not recognize unrealized carried interest attributable to the management of Onex or ONCAP on its consolidated balance sheets. The adoption of this new policy resulted in an approximate $85 million decline in opening equity and a corresponding increase to liabilities on Onex' January 1, 2010 consolidated opening balance sheet for the estimated unrealized carried interest due to management of Onex and ONCAP.

During 2011, Onex recorded a charge of $62 million (2010 – $114 million) in the consolidated statements of earnings related to the increase in net unrealized carried interest attributable to management. The charge recorded in 2011 was due primarily to an increase in the fair value of certain of the private investments in the Onex Partners and ONCAP Funds.

The change in net unrealized carried interest attributable to Onex, the parent company, is recognized through a reduction in the charge for the Limited Partners' Interests. Previously under Canadian GAAP, Onex did not recognize unrealized carried interest attributable to Onex, the parent company, on its consolidated balance sheets until realized. The adoption of this new policy resulted in an approximate $56 million increase in opening equity and a corresponding decrease to the Limited Partners' Interests liability on Onex' January 1, 2010 consolidated opening balance sheet. For 2011, a recovery of $29 million (2010 – $76 million) was recorded in the consolidated statements of earnings for the increase in the value of the carried interest attributable to Onex, the parent company, due to an increase in the fair value of certain of the private investments in the Onex Partners and ONCAP Funds.

During 2011, $249 million of carried interest was generated by Onex and Onex management on the sales of a portion of the shares of TMS International and Spirit AeroSystems, as well as from the sales of EMSC and Husky

International. Onex decided to voluntarily reduce the carried interest to be received by $88 million, bringing the total carried interest received to $161 million, of which Onex' share was $65 million. The reduction was made after a review of the remaining portfolio companies in Onex Partners II and reflecting the desire to not distribute or collect carried interest that may be subject to a future claw-back.

Investments in associates

Associates are defined under IFRS as those investments in operating companies over which Onex has significant influence, but not control. Under IFRS these investments are designated, upon initial recognition, at fair value on the consolidated balance sheets, with changes in fair value recognized in the consolidated statements of earnings. The change in fair value of investments in associates represents the interests of both Onex, the parent company, and its third-party limited partners in those investments. There is a corresponding charge to the Limited Partners' Interests line in the consolidated statements of earnings for the third-party limited partners' share of that fair value change.

During 2011 and 2010, Onex recorded at fair value its investments in associates, which include Allison Transmission, Hawker Beechcraft, RSI Home Products, Tomkins, Cypress and certain Onex Real Estate Partners investments. In addition, ResCare was recorded at fair value in the investments in associates up to mid-November 2010, when Onex began to consolidate that business following Onex' and Onex Partners III's acquisition of the remaining interest in ResCare not previously owned by the Onex Partners I Group. Previously under Canadian GAAP, these investments were accounted for using the equity-accounting method.

The adoption of this new policy resulted in an approximate $330 million increase in opening equity and a corresponding increase in long-term investments on Onex' January 1, 2010 consolidated opening balance sheet. During 2011, Onex recorded a $501 million increase in the value of investments in associates compared to an increase of $448 million in 2010.

Non-controlling interests

The definition of non-controlling interests in accordance with IFRS has two significant differences from that previously reported under Canadian GAAP.

First, 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. For example, the non-controlling interests under IFRS represent the ownership interests of public shareholders of Spirit AeroSystems. Previously under Canadian GAAP, the non-controlling interests represented the ownership interests of both the public shareholders of Spirit AeroSystems as well as those of the third-party limited partners of Onex Partners.

Second, the non-controlling interests' share of net assets is classified as a component of equity and their share of earnings is recorded as an allocation after arriving at net earnings. Previously under Canadian GAAP, the non-controlling interests' share of net assets was recognized as a separate line item in Onex' consolidated balance sheets, outside of equity, and their share of earnings was recorded as a separate line item in Onex' consolidated statements of earnings, above net earnings.

The adoption of this new standard under IFRS resulted in an approximate $3.3 billion increase in opening equity on Onex' January 1, 2010 consolidated opening balance sheet due to the reclassification of non-controlling interests to equity.

Cash-settled share-based compensation

Under IFRS, the liability for cash-settled share-based compensation is measured at fair value as determined through the application of an option pricing model. The liability is re-measured each reporting period, with changes in fair value recognized as the awards vest. Changes in the fair value of vested awards are recognized immediately in the consolidated statements of earnings. Previously under Canadian GAAP, a liability for cash-settled share-based payments was accrued based on the intrinsic value of the award, with changes recognized in the statement of earnings each period.

The new treatment of cash-settled share-based compensation under IFRS has also required Onex to record all of its Management Investment Plan ("MIP") options at fair value. Previously under Canadian GAAP, only those MIP options that had met the MIP performance hurdles and were exercisable were accrued at their intrinsic value.

The adoption of this new policy resulted in an approximate $55 million decrease in opening equity and a corresponding increase in other non-current liabilities on Onex' January 1, 2010 consolidated opening balance sheet.

Provisions

The balance sheet presentation for provisions in accordance with IFRS is different from that previously reported under Canadian GAAP. Under IFRS, Onex is required to disclose the liability for provisions as two separate line items on its consolidated balance sheets: Current portion of provisions and Non-current portion of provisions. The significant provisions in Onex' consolidated balance sheets consist of self-insurance, legal, warranty and restructuring. Previously under Canadian GAAP, these provisions were recorded in accounts payable and accrued liabilities, other current liabilities and other non-current liabilities.

Note 1 to the audited annual consolidated financial statements provides a discussion of the significant accounting policies under IFRS.

Recent Accounting Pronouncements

Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

In accordance with IFRS 4, *Insurance Contracts*, an entity is permitted to change its accounting policies for insurance contracts if the change provides more relevant information to the users that is no less reliable. In October 2010, the Financial Accounting Standards Board ("FASB") issued new guidance on the accounting for costs associated with acquiring or renewing insurance contracts. The new guidance, which will impact the results of The Warranty Group, amends the definition of the types of costs that can be capitalized in the acquisition of new insurance contracts and renewal of existing insurance contracts and places restrictions around the capitalization of acquisition costs. The new guidance will be retroactively adopted by Onex beginning in the first quarter of 2012. As a result of the application of the new guidance, Onex expects to defer fewer costs and record lower amortization through operating expenses. Onex is currently evaluating the full impact of the new guidance on its consolidated financial statements.

Reporting Entity Standards

In May 2011, the IASB issued a set of new standards that addresses the scope and accounting for the reporting entity. The standards are effective in 2013. Onex is currently evaluating the impact of adopting these standards on its consolidated financial statements. The following is a summary of the new requirements.

- IFRS 10, *Consolidated Financial Statements*, establishes the principles for the preparation and presentation of consolidated financial statements and replaces the current guidance in IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation – Special Purpose Entities*. IFRS 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the entity.
- IFRS 11, *Joint Arrangements*, sets out the principles to identify the type of joint arrangements and the accounting for those arrangements and replaces IAS 31, *Interests in Joint Ventures*. The standard reduces the types of joint arrangements and eliminates the use of proportionate consolidation for joint ventures.
- IFRS 12, *Disclosure of Interests in Other Entities*, provides the disclosure requirements for entities reported under IFRS 10 and IFRS 11 and replaces the disclosure requirements currently in IAS 28, *Investments in Associates*. IFRS 12 requires disclosure of the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- IAS 28, *Investments in Associates and Joint Ventures*, prescribes the use of the equity method of accounting for investments in associates and joint ventures and applies to all entities that are investors with joint control of, or significant influence over, an investee. IAS 28 continues to allow entities that meet certain requirements to designate its investments in associates at fair value upon initial recognition.

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement*, that provides a single framework for measuring fair value and requires enhanced disclosures when fair value is used for measurement. The standard is effective in 2013. Onex is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Employee Future Benefits

In June 2011, the IASB amended IAS 19, *Employee Future Benefits*, to change the recognition, measurement and presentation of defined benefit pension expense and to provide for additional disclosures for all employee benefits. The amendment is effective in 2013. Onex is currently evaluating the impact of the amendment on its consolidated financial statements.

Financial Statement Presentation

In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements*, that will require entities to separately present items in other comprehensive earnings based on whether they may be recycled to the statement of earnings in future periods. The amendment is effective in 2012. The adoption of this amendment is not expected to have a significant effect on Onex' consolidated financial statements.

Financial Instruments

In November 2009, the IASB issued IFRS 9, *Financial Instruments*, the first phase of a replacement for existing standard IAS 39, *Financial Instruments: Recognition and Measurement*. This standard introduces new requirements for the classification and measurement of financial assets and removes the need to separately account for certain embedded derivatives. This standard is effective in 2015. Onex is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Variability of results

Onex' 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; 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 companies; changes in the market value of Onex' publicly traded operating companies; changes in the fair value of Onex' privately held operating companies; changes in tax legislation or in the application of tax legislation; and activities at Onex' operating companies. 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; and charges to restructure operations. Given the diversity of Onex' operating businesses, the associated exposures, risks and contingencies may be many and varied.

Significant transactions

Sales of EMSC and Husky International

As a result of the sales of Emergency Medical Services Corporation ("EMSC") and Husky International Ltd. ("Husky International") during the first half of 2011, Onex, the parent company, recorded an after-tax gain of $1.6 billion in 2011. Under IFRS, gains realized on the sales of investments no longer controlled are entirely attributable to the equity holders of Onex, as the interests of the limited partners were recorded as a financial liability at fair value. During the holding period of the investments, the increase in the fair value of the Limited Partners' Interests related to EMSC and Husky International resulted in an increase in the Limited Partners' Interests liability with a corresponding charge in the consolidated statements of earnings. Upon disposition, current and prior period charges associated with the investments in EMSC and Husky International were recovered by Onex, the parent company, through the gain recognized on the sales. The net impact to Onex', the parent company's, retained earnings after the sales represents its share of the net gain on its investments in EMSC and Husky International.

In May 2011, the Onex Partners I Group completed the sale of its remaining 13.7 million shares of EMSC for $64.00 per share. The Onex Partners I Group received net proceeds of $878 million, of which Onex' share was $342 million, including carried interest of $32 million. The sale was part of an offer made for all outstanding shares of EMSC. The consolidated results for 2011 include a pre-tax gain of $600 million, which is entirely attributable to the equity holders of Onex. This gain includes the portion attributable to Onex' investment as well as that of the limited partners of Onex Partners I. The effect of this is to recover the charges to earnings for the fair value increases and historical accounting earnings on EMSC allocated to the limited partners over the life of the remaining investment, which totalled $375 million. The balance of $225 million reflects the pre-tax gain on Onex' remaining investment in EMSC. As a result of the sale, the operations of EMSC are presented as discontinued in the statements of earnings and cash flows and prior periods have been restated to report the results of EMSC as discontinued on a comparative basis.

In June 2011, the Onex Partners I Group and Onex Partners II Group along with Husky International management completed the sale of Husky International for $2.1 billion. The Onex Partners I Group and Onex Partners II Group received net cash proceeds of $1.7 billion,

of which Onex' share was $583 million, including carried interest of $17 million. The carried interest realized on Onex Partners II's sale of Husky International was voluntarily reduced by $88 million, which was made at the request of Onex (Onex' share of the reduction was $35 million). In addition to the cash proceeds received on the sale, approximately $60 million of additional amounts held in escrow and other items were expected to be received (Onex' share was $19 million, excluding carried interest). During the third quarter of 2011, $38 million of additional amounts were received and the remaining expected escrow amounts were reduced by $5 million to reflect Husky International's estimate of the taxes owing in respect of taxable periods up to the closing date. Onex' share of the additional amounts received during the third quarter of 2011 was $18 million, including carried interest of $6 million. In accordance with the distribution policy set out in the Agreement of Limited Partnership, and as a result of the voluntary reduction in the amount of carried interest collected at the time of the sale of Husky International, Onex' carried interest entitlement was 80 percent of the additional amounts received by the limited partners of Onex Partners II. At December 31, 2011, $18 million remains receivable for escrow amounts (Onex' share is $6 million, excluding carried interest) and is expected to be received within four years. As a result of the long-term nature of the remaining receivable, the amount has been discounted to its current value. This brings total proceeds from Husky International to $1.8 billion, including the value of those amounts which remain to be received, compared to the $622 million equity investment made by the Onex Partners I Group and Onex Partners II Group in 2007. Included in Onex' consolidated results for 2011 is an after-tax gain of $1.1 billion, which is entirely attributable to the equity holders of Onex. This gain includes the portion attributable to Onex' investment as well as that of the limited partners of Onex Partners I and Onex Partners II. The effect of this is to recover the charges to earnings for the fair value increases and historical accounting earnings on Husky International allocated to the limited partners over the life of the investment, which totalled $726 million. The balance of $361 million reflects the after-tax gain on Onex' investment in Husky International. The operations of Husky International have been reported as discontinued in the 2011 and 2010 consolidated statements of earnings, as well as in the consolidated statements of cash flows of 2011 and 2010.

Sales of shares of Spirit AeroSystems and TMS International

The Onex Partners I Group participated in the April 2011 secondary offering of Spirit AeroSystems by selling a portion of its shares. The Onex Partners II Group participated in the April 2011 initial public offering of TMS International Corp. ("TMS International") through the sale of a portion of its shares. The details of these transactions are described in the paragraphs below. After giving effect to the sales, Onex continues to control Spirit AeroSystems and TMS International. Under IFRS, sales of shares that do not result in a loss of control of the investment are recorded as a transfer of equity to non-controlling interests holders in the consolidated statements of equity. The amount transferred to non-controlling interests holders is equivalent to Onex' historical accounting carrying value attributable to the portion of the investment that was sold. The excess of proceeds received over the historical accounting carrying value is recorded directly to retained earnings as an increase in equity and is not reflected in the consolidated statements of earnings.

In April 2011, Spirit AeroSystems completed a secondary offering of approximately 10 million shares of Class A common stock at a price of $24.49 per share. The Onex Partners I Group sold shares in this offering for total proceeds of $245 million. Spirit AeroSystems did not issue any new shares as part of this offering. Onex, the parent company, sold 2.7 million of the shares in this offering for net proceeds of $74 million, including carried interest. The sale price per share was a multiple of seven times Onex' original cost per share in Spirit AeroSystems.

The Onex Partners I Group continues to hold 22.4 million shares of Spirit AeroSystems' common stock, which represents a 16 percent ownership interest, and continues to retain voting control of the company. Since this transaction did not result in a loss of voting control of Spirit AeroSystems, it has been recorded in the consolidated financial statements as a transfer of equity to non-controlling interests holders, with the net cash proceeds received in excess of the historical accounting carrying value of $109 million being recorded directly to retained earnings. The cash proceeds recorded directly to retained earnings from the sale of shares have been partially offset by a $9 million deferred tax provision recorded by Onex, the parent company, on the transaction. Of the net $100 million recorded directly to retained earnings, $23 million represents Onex' share excluding the impact of the limited partners.

In April 2011, TMS International completed an initial public offering of approximately 12.9 million shares of Class A common stock (NYSE: TMS), including the exercise of the over-allotment option. The offering was priced at $13.00 per share for gross proceeds of $167 million. As part of the offering, TMS International issued approximately 10.9 million treasury shares while the Onex Partners II Group sold approximately 1.9 million shares. The Onex Partners II Group received total net proceeds of $23 million for its shares sold. Onex' portion of the net proceeds was $9 million, including carried interest. TMS International used a portion of the proceeds from this offering to redeem in full its Series 2008 Promissory Notes, which were held primarily by the Onex Partners II Group. The Onex Partners II Group received approximately $43 million for its Series 2008 Promissory Notes, including accrued interest of $6 million, for its share of the redemption, of which Onex' share was $17 million, including carried interest.

The Onex Partners II Group continues to hold 23.4 million shares of TMS International's common stock for a 60 percent ownership interest. Since this transaction did not result in a loss of control of TMS International, the transaction has been recorded as a transfer of equity to non-controlling interests holders in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $19 million recorded directly to retained earnings. Onex' share, excluding the impact of the limited partners, was $7 million.

Carestream Health distribution

In February 2011, Carestream Health Inc. ("Carestream Health") entered into a new credit facility. This new facility included a $1.85 billion senior secured term loan that matures in February 2017 and a $150 million senior revolving facility that matures in February 2016. The proceeds from this new facility were used primarily to repay and terminate the previous credit facility. In conjunction with this transaction, Carestream Health distributed $197 million to the Onex Partners II Group, of which Onex' share was $78 million. During the third and fourth quarters of 2011, Carestream Health repurchased a total of $69 million of its senior secured term loan for a cash cost of $61 million. As a result, net pre-tax gains of $8 million were recognized in other items during 2011.

Tropicana Las Vegas third rights offering

In May 2011, Tropicana Las Vegas, Inc. ("Tropicana Las Vegas") completed a third rights offering of $35 million, of which the Onex Partners III Group invested $29 million (Onex' share was $6 million). This was completed through an issue of preferred shares that have similar terms to the 2009 and 2010 rights offerings, that accrue dividends at a rate of 12.5 percent and that are convertible into common shares of Tropicana Las Vegas at a fixed ratio including accrued and unpaid dividends. After giving effect to the offering, the Onex Partners III Group owns, on an as-converted basis, approximately 76 percent of Tropicana Las Vegas, of which Onex' share was 17 percent at December 31, 2011.

CDI distribution

In May 2011, Center for Diagnostic Imaging, Inc. ("CDI") entered into a new credit agreement. The new agreement included a $95 million term loan as well as a $25 million revolving credit facility, both of which mature in May 2016. The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving credit facility and pay a distribution to shareholders. The Onex Partners I Group's share of the $67 million distribution paid was $54 million, of which Onex' share was $13 million.

Investment in JELD-WEN

In early October 2011, the Onex Partners III Group acquired a 57 percent as-converted equity ownership interest in JELD-WEN. JELD-WEN is 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. The investment in JELD-WEN totalled $871 million and was made up of $689 million from the Onex Partners III Group and $182 million from Onex and certain other limited partners. The total investment in JELD-WEN consists of $700 million of convertible preferred stock and $171 million in convertible notes. The convertible notes may be redeemed within 18 months with proceeds from the sale of certain non-core assets and, if not redeemed, will convert into additional convertible preferred stock. Onex' initial investment in JELD-WEN was $240 million for convertible preferred stock for a 20 percent as-converted equity ownership interest in JELD-WEN and $58 million of the convertible notes. Of Onex' total investment of $298 million, Onex funded $124 million through Onex Partners III and $174 million as a co-investor in JELD-WEN.

In October 2011, JELD-WEN redeemed $42 million of the convertible notes and interest accrued to the redemption date, of which Onex' share was $14 million.

In February 2012, $83 million of the amount invested in JELD-WEN by Onex was sold, at the same cost basis as Onex' original investment, to certain limited partners and management of Onex as a co-investment. Onex received proceeds of $79 million, reflecting the reduction in the cost of Onex' investment as a result of the redemption of a portion of the convertible notes in October 2011. Onex' investment in JELD-WEN, after giving effect to the sale in February 2012 and the partial redemption in October 2011, is $205 million.

Acquisitions by ONCAP

During 2011, ONCAP completed the following four acquisitions:

- Pinnacle Renewable Energy Group, a British Columbia, Canada based producer of wood pellets for markets around the world, in early May 2011. The ONCAP II Group has an approximate 60 percent equity ownership in Pinnacle Renewable Energy Group.
- Casino ABS, the largest casino operator in the Alberta, Canada market, with four casinos, in May 2011. In May 2011, the ONCAP II Group initially purchased 100 percent of the equity ownership in Casino ABS. As contemplated at the time of the original investment, the ONCAP III Group subsequently purchased 22 percent of the equity ownership in Casino ABS from the ONCAP II Group in December 2011 at the same price per share. At December 31, 2011, the combined holdings of the ONCAP II Group and the ONCAP III Group are close to 100 percent of the equity ownership in Casino ABS.
- Hopkins, a Kansas, United States headquartered manufacturer, marketer and distributor of automotive aftermarket products for sale to distributors and retailers primarily in North America, in June 2011. The ONCAP III Group has an approximate 90 percent equity ownership in Hopkins.
- Davis-Standard, headquartered in Connecticut, United States, a leading designer, manufacturer and supplier of highly engineered extrusion and converting machinery systems, in December 2011. The ONCAP III Group has an approximate 90 percent equity ownership in Davis-Standard.

A total of $324 million was invested in the ONCAP acquisitions completed during 2011, of which Onex' share was $123 million.

REVIEW OF DECEMBER 31, 2011 CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow identify those material factors that affected Onex' operating segments and Onex' consolidated results for 2011. We will review the major line items to the consolidated financial statements by segment.

Consolidated revenues and cost of sales

Consolidated revenues were up 25 percent, or $4.9 billion, to $24.6 billion in 2011 compared to 2010. During 2011, consolidated cost of sales was up 27 percent, or $4.2 billion, to $19.7 billion compared to last year. During 2009, consolidated revenues were C$20.8 billion and consolidated cost of sales was C$16.2 billion as reported in accordance with Canadian GAAP.

Table 1 below reports revenues and cost of sales by industry segment for the years ended December 31, 2011, 2010 and 2009. The percentage change in revenues and cost of sales between December 31, 2011 and 2010 is also shown.

Revenues and Cost of Sales by Industry Segment for the Year Ended December 31

TABLE 1 *($ millions)*	Revenues				Cost of Sales			
	IFRS, U.S. Dollars			Canadian GAAP, Canadian Dollars	IFRS, U.S. Dollars			Canadian GAAP, Canadian Dollars
Year ended December 31	**2011**	2010	**Change (%)**	2009	**2011**	2010	**Change (%)**	2009
Electronics Manufacturing Services	**$ 7,213**	$ 6,526	**11%**	C$ 6,909	**$ 6,645**	$ 5,997	**11%**	C$ 6,319
Aerostructures	**4,864**	4,170	**17%**	4,641	**4,124**	3,429	**20%**	3,946
Healthcare	**5,030**	3,498	**44%**	3,662	**3,446**	2,270	**52%**	2,236
Financial Services	**1,184**	1,163	**2%**	1,359	**579**	547	**6%**	656
Customer Care Services	**1,416**	1,340	**6%**	1,780	**921**	847	**9%**	1,140
Metal Services	**2,661**	2,030	**31%**	1,472	**2,467**	1,858	**33%**	1,329
Building Products[a]	**774**	–	**–**	–	**660**	–	**–**	–
Other[b]	**1,500**	1,007	**49%**	943	**883**	544	**62%**	531
Total	**$ 24,642**	$ 19,734	**25%**	C$ 20,766	**$ 19,725**	$ 15,492	**27%**	C$ 16,157

2011 and 2010 results are reported in accordance with IFRS and presented in U.S. dollars. 2009 results are reported in accordance with Canadian GAAP and presented in Canadian dollars. These results may differ from those reported by the individual operating companies.

(a) Represents three months of revenues and cost of sales from JELD-WEN's early October 2011 acquisition date.

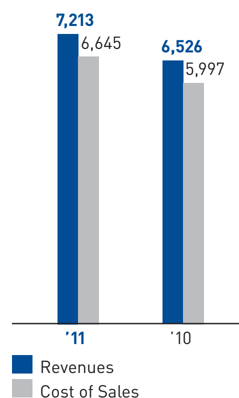
(b) 2011 other includes Flushing Town Center, Tropicana Las Vegas, the operating companies of ONCAP II and ONCAP III and the parent company. 2010 other includes Flushing Town Center, Tropicana Las Vegas, the operating companies of ONCAP II and the parent company. 2009 other includes CEI (up to May 2009), Tropicana Las Vegas, the operating companies of ONCAP II and the parent company.

Electronics Manufacturing Services

Celestica Inc. ("Celestica") delivers innovative supply chain solutions globally to original equipment manufacturers and service providers in the communications (comprised of enterprise communications and telecommunications), consumer, computing (comprised of servers and storage), and diversified (comprised of industrial, aerospace and defence, healthcare, green technology, semiconductor capital equipment and other) end markets. These solutions include design, supply chain, manufacturing, engineering, complex mechanical and systems integration, order fulfillment, logistics and after-market services.

During 2011, Celestica reported an 11 percent, or $687 million, increase in revenues to $7.2 billion from $6.5 billion in 2010. Celestica's revenue growth in 2011 was in the following end markets: diversified (40 percent); enterprise communications (18 percent); servers (14 percent) and consumer (11 percent). These increases were primarily from new program wins with existing and new customers, and acquisitions. Revenues from acquisitions contributed approximately one-third of the revenue increase in the diversified end market. Partially offsetting these increases was a 20 percent decline in revenues in Celestica's telecommunications end market.

ELECTRONICS MANUFACTURING SERVICES
(IFRS, US$ millions)



Cost of sales had a similar increase during 2011 of 11 percent, or $648 million, to $6.6 billion from $6.0 billion in 2010. Gross profit for the year ended December 31, 2011 increased 7 percent, or $39 million, from 2010 due primarily to the increase in revenues.

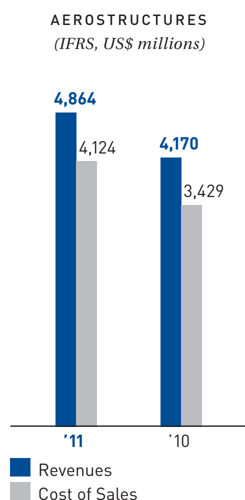
During 2009, Celestica reported revenues of C$6.9 billion and cost of sales of C$6.3 billion under Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, Celestica reported revenues of $6.1 billion and cost of sales of $5.6 billion for the

year ended December 31, 2009. The lower revenues and cost of sales in 2009 were impacted by the slower economic environment during that year.

Aerostructures

Spirit AeroSystems is an aircraft parts designer and manufacturer of commercial aerostructures. Aerostructures are structural components, such as fuselages, propulsion systems and wing systems, for commercial, military and business jet aircraft. The company's revenues are substantially derived from long-term volume-based pricing contracts, primarily with The Boeing Company ("Boeing") and Airbus. The long-term financial health of the commercial airline industry has a direct and significant effect on Spirit AeroSystems' commercial aircraft programs.

Spirit AeroSystems' revenues increased 17 percent, or $694 million, to $4.9 billion for the year ended December 31, 2011 from $4.2 billion in 2010. The increase in revenues was due primarily to the recognition of deferred revenue associated with the Boeing 787 contract amendment as well as higher production deliveries and aftermarket volume, partially offset by a decrease in non-recurring revenues. Total ship set deliveries increased by 12 percent to 1,089 ship sets in 2011 compared to 969 ship sets in the prior year. Approximately 96 percent of 2011 revenues were from Boeing and Airbus.

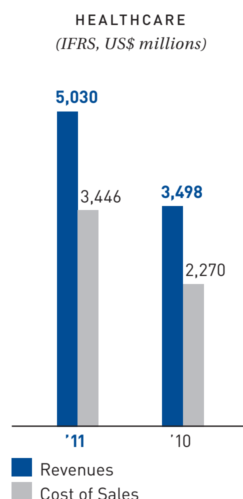


Cost of sales was up 20 percent, or $695 million, to $4.1 billion from $3.4 billion in 2010. Much of the increase related to the settlement with Boeing, in which Spirit AeroSystems will proceed with capital and equipment investments required to support additional production under the 787 program. The settlement increased revenues, as previously discussed, but at minimal margins. Also included in cost of sales for 2011 were pre-tax charges totalling approximately $129 million to recognize forward-losses on certain programs under development, partially offset by favourable cumulative catch-up adjustments of estimated program costs of $14 million. Cost of sales as a percentage of revenues was 85 percent for 2011 compared to 82 percent last year. The increase was due primarily to the charges for the forward losses on programs recorded during 2011 along with increased revenues from the Boeing 787 program settlement as previously indicated, which was at minimal margins.

Under Canadian GAAP, Spirit AeroSystems reported revenues of C$4.6 billion and cost of sales of C$3.9 billion for the year ended December 31, 2009. Excluding the impact of foreign currency translation to Canadian dollars, Spirit AeroSystems reported revenues and cost of sales of $4.1 billion and $3.5 billion, respectively, during 2009. Revenues increased during 2010 compared to 2009 due primarily to an increase in ship set deliveries to Boeing.

Healthcare

The healthcare segment revenues and cost of sales consist of the operations of Center for Diagnostic Imaging, Skilled Healthcare Group, Carestream Health and ResCare. The operations of EMSC are reported as discontinued as a result of the sale of the business in May 2011.



The healthcare segment reported a 44 percent, or $1.5 billion, increase in consolidated revenues to $5.0 billion in 2011 from $3.5 billion in 2010. Cost of sales increased 52 percent, or $1.2 billion, to $3.4 billion in 2011 compared to $2.3 billion in 2010. During 2009, under Canadian GAAP, the healthcare segment reported consolidated revenues of C$3.7 billion and cost of sales of C$2.2 billion. ResCare accounted for much of the increase in the healthcare segment since Onex began consolidating the results of ResCare on November 16, 2010, the date when Onex, Onex Partners III and Onex management acquired the remaining interest in the business. Prior to that, ResCare was recorded at fair value in investments in associates. There are no comparative results for ResCare for the year ended December 31, 2009 since Onex did not have a controlling interest in the business at that time and equity accounted for ResCare under Canadian GAAP.

Table 2 provides revenues and cost of sales by operating company in the healthcare segment for the years ended December 31, 2011, 2010 and 2009. The percentage change in revenues and cost of sales between December 31, 2011 and 2010 is also shown.

Healthcare Revenues and Cost of Sales for the Year Ended December 31

TABLE 2 *($ millions)*	Revenues				Cost of Sales			
	IFRS, U.S. Dollars			Canadian GAAP, Canadian Dollars	IFRS, U.S. Dollars			Canadian GAAP, Canadian Dollars
Year ended December 31	**2011**	2010	**Change (%)**	2009	**2011**	2010	**Change (%)**	2009
Center for Diagnostic Imaging	**$ 149**	$ 143	**4%**	C$ 160	**$ 45**	$ 45	**–**	C$ 52
Skilled Healthcare Group	**870**	820	**6%**	868	**716**	676	**6%**	728
Carestream Health	**2,427**	2,338	**4%**	2,634	**1,496**	1,375	**9%**	1,456
ResCare[a]	**1,584**	197	**704%**	–	**1,189**	174	**583%**	–
Total	**$ 5,030**	$ 3,498	**44%**	C$ 3,662	**$ 3,446**	$ 2,270	**52%**	C$ 2,236

2011 and 2010 results are reported in accordance with IFRS and presented in U.S. dollars. 2009 results are reported in accordance with Canadian GAAP and presented in Canadian dollars. These results may differ from those reported by the individual operating companies.

(a) Onex began to consolidate the results of ResCare in mid-November 2010 when Onex, Onex Partners III and Onex management acquired the remaining interest in the business. As a result, there are no reported results for ResCare for the year ended December 31, 2009.

Center for Diagnostic Imaging

CDI operates 60 diagnostic imaging centres in 12 markets in the United States, providing imaging services such as magnetic resonance imaging ("MRI"), computed tomography ("CT"), diagnostic and therapeutic injection procedures and other procedures such as PET/CT, conventional x-ray, mammography and ultrasound.

During 2011, CDI reported a 4 percent, or $6 million, increase in revenues compared to last year, due primarily to higher revenues from existing centres and new centres. Cost of sales was unchanged in 2011 compared to 2010.

Revenues and cost of sales from CDI totalled C$160 million and C$52 million, respectively, for 2009 reported in accordance with Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, CDI reported revenues of $141 million and cost of sales of $46 million during 2009. The higher revenues recorded during 2010 were due primarily to increases in revenues from existing centres and new centres compared to 2009.

Skilled Healthcare Group

Skilled Healthcare Group has three reportable revenue segments: long-term care services, therapy services and hospice and home health services. Long-term care services include the operation of skilled nursing and assisted living facilities. Therapy services include the company's rehabilitation services. Hospice and home health services include hospice and home health businesses.

During 2011, approximately 76 percent of Skilled Healthcare Group's revenues were generated from skilled nursing facilities, including integrated rehabilitation therapy services at these facilities. Revenues from its skilled nursing facilities are generated from Medicare, Medicaid, managed care providers, insurers, private pay and other services, while revenues from its assisted living facilities are generated primarily from private pay sources, with a small portion earned from Medicaid or other state-specific programs. To increase its revenues, Skilled Healthcare Group focuses on acquiring new facilities, developing existing facilities and improving its occupancy rate and skilled mix, which is the percentage of its skilled nursing patient population that typically require a greater level of care and service and thus command higher fees.

During 2011, Skilled Healthcare Group's revenues increased 6 percent, or $50 million, to $870 million compared to 2010. Hospice and home health services revenues were up 61 percent, or $32 million, in 2011 due primarily to the inclusion of a full year of revenues from the Hospice/Home Health acquisition in May 2010. Revenues from the therapy services segment increased 25 percent, or $19 million, mainly due to negotiated rate increases and higher Medicare billings. Revenues from the long-term care services segment were largely unchanged during 2011. Cost of sales increased 6 percent, or $40 million, in 2011 from 2010, much in line with the increase in revenues during the year.

For the year ended December 31, 2009, Skilled Healthcare Group reported revenues of C$868 million and cost of sales of C$728 million under Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, Skilled Healthcare Group reported revenues and cost of sales of $760 million and $639 million, respectively, during 2009. The increase in revenues during 2010 compared to 2009 resulted primarily from higher weighted average rates from Medicare, Medicaid and managed care pay services as well as from acquisitions completed in 2010. Cost of sales increased during 2010 compared to 2009 primarily due to the increase in revenues associated with the acquisitions completed during 2010.

Carestream Health

Carestream Health provides products and services for the capture, processing, viewing, sharing, printing and storing of images and information for medical and dental applications. The company also has a non-destructive testing business, which sells x-ray film and digital radiology products to the non-destructive testing market. Carestream Health sells digital products, including computed radiography and digital radiography equipment, picture archiving and communication systems, information management solutions, dental practice management software and services, as well as traditional medical products, including x-ray film, printers and media, equipment, chemistry and services. Carestream Health has three reportable segments: Medical Film, Medical Digital and Dental.

Carestream Health reported a 4 percent, or $89 million, increase in revenues in 2011 compared to 2010. Included in the revenue increase was $67 million of favourable foreign exchange rates on Carestream Health's non-U.S. revenues compared to 2010. Excluding the impact of foreign exchange, Carestream Health reported an increase in revenues of $22 million. The increase was due primarily to a $69 million increase in the Medical Digital segment and a $29 million revenue increase from Carestream Health's non-destructive testing business, which were driven by a mix of higher prices and increased product sales. Partially offsetting the increase was the anticipated revenue decline in the Medical Film segment of $74 million due to the continuing transition from film to digital processes in medical imaging.

During 2011, cost of sales was up 9 percent, or $121 million, compared to 2010. Cost of sales increased due to higher costs for polyester and silver used in the production of film ($152 million), which were partially recovered through selling price increases.

Gross profit for 2011 was $931 million compared to $963 million for 2010. The reduction was due to the increase in the cost of raw materials used in film production, primarily silver, partially offset by favourable foreign exchange rates, productivity and price increases on film.

Carestream Health reported C$2.6 billion of revenues and C$1.5 billion of cost of sales for the year ended December 31, 2009 in accordance with Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, Carestream Health reported revenues and cost of sales of $2.3 billion and $1.3 billion, respectively, during 2009. During 2010, Carestream Health reported an increase in cost of sales compared to 2009 due to higher raw material costs for polyester and silver used in the production of film, partially offset by favourable foreign exchange and productivity improvement.

ResCare

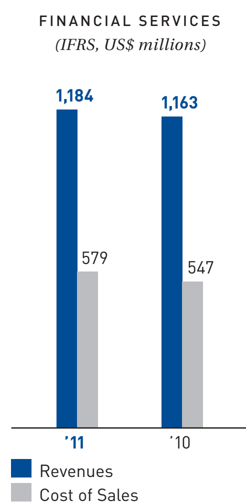
ResCare is a human services company that provides residential, therapeutic, job training and educational support to people with developmental or other disabilities, to elderly people who need in-home care assistance, to youth with special needs and to adults who are experiencing barriers to employment. ResCare offers services to some 57,000 persons daily.

During the year ended December 31, 2011, ResCare reported revenues of $1.6 billion and cost of sales of $1.2 billion. Onex began consolidating this business in mid-November 2010, the date when Onex, Onex Partners III and Onex management acquired the remaining interest in the business. ResCare prior to this date was accounted for at fair value on the consolidated balance sheets, with changes in fair value recognized in the consolidated statements of earnings. As a result, revenues for 2010 were $197 million and cost of sales was $174 million, representing the company's results from mid-November 2010 to December 31, 2010. There are no comparative results for 2009 since Onex did not have a controlling interest in the business at that time and equity accounted for ResCare under Canadian GAAP.

Financial Services

The Warranty Group's revenues consist of warranty revenues, insurance premiums and administrative and marketing fees earned on warranties and service contracts for manufacturers, retailers and distributors of consumer electronics, appliances, homes and autos, as well as credit card enhancements and travel and leisure programs through a global organization. The Warranty Group's cost of sales consists primarily of the change in reserves for future warranty and insurance claims, current claims payments and underwriting profit-sharing payments.

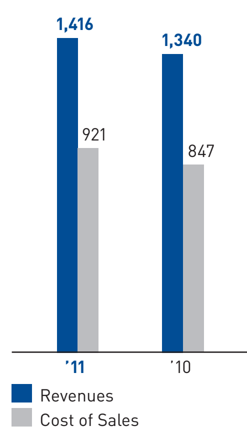
The Warranty Group reported a 2 percent, or $21 million, increase in revenues to $1.2 billion in 2011. The revenue increase was due primarily to a $33 million one-time reduction in revenues recorded during the fourth quarter of 2010 related to the reclassification of certain policy benefits against revenues which had previously been expensed in cost of sales. Excluding the impact of the 2010 reduction, there was a small decline in revenues due to lower earned premiums on the consumer products and third-party administrator business in North America and the creditor business in Europe. Partially offsetting the decrease was an increase in earned premiums on the consumer products business in Asia and Latin America and higher investment income. Cost of sales was up 6 percent, or $32 million, to $579 million in 2011 compared to 2010 due primarily to the impact of the fourth quarter of 2010 reclassification of policy benefits as previously discussed. Excluding the impact of the reclassification, cost of sales had a small increase due to a slight deterioration of the loss ratios on the European creditor business and certain other international markets.



During 2009, The Warranty Group reported revenues and cost of sales of C$1.4 billion and C$656 million, respectively, in accordance with Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, The Warranty Group reported revenues of $1.2 billion and cost of sales of $574 million. Revenues decreased during 2010 compared to 2009 due primarily to the one-time reduction to revenues related to the reclassification of certain policy benefits that had previously been expensed in cost of sales, as discussed earlier. The reclassification also contributed to the decrease in cost of sales during 2010 compared to 2009.

Customer Care Services

SITEL Worldwide Corporation ("Sitel Worldwide") is one of the world's largest and most diversified providers of customer care outsourcing services. The company offers its clients a wide array of services, including customer service, technical support and customer acquisition, retention and revenue generation services. The majority of Sitel Worldwide's customer care services respond to inbound enquiries and are delivered telephonically. Sitel Worldwide serves a broad range of industry end markets, including financial services, technology, wireless, retail and consumer products, telecommunications, media and entertainment, energy and utilities, travel and transportation, internet service providers, insurance and healthcare. Sitel Worldwide's operating revenues are affected by the demand for the products of its customers.



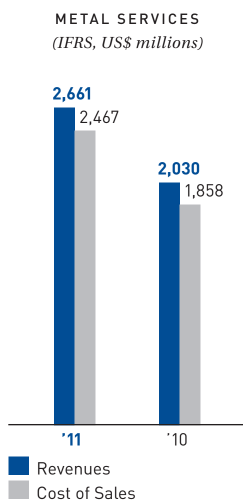
During 2011, Sitel Worldwide's revenues increased 6 percent, or $76 million, to $1.4 billion from 2010. Revenue from new customers and net growth with existing customers contributed $106 million to the

revenue increase. In addition, revenue increased by $24 million due to currency translation of foreign-based revenue with the weakening of the U.S. dollar during the year. Partially offsetting the revenue growth was a decrease of $61 million related to attrition of existing programs. Cost of sales increased 9 percent, or $74 million, to $921 million in 2011 compared to $847 million in 2010 due to higher revenues, but at slightly lower margins.

Sitel Worldwide reported revenues of C$1.8 billion and cost of sales of C$1.1 billion during 2009 in accordance with Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, Sitel Worldwide reported revenues and cost of sales of $1.6 billion and $999 million, respectively, during 2009. The decline in revenues at Sitel Worldwide during 2010 was driven by lower call volumes and revenues from its customers in addition to certain customers bringing services back in-house and others shifting their business between customer care providers based on pricing concessions. The decrease in cost of sales over the same period resulted from the company adjusting its cost structure to correspond with decreased activity.

Metal Services

TMS International, formerly Tube City IMS Corporation, has two revenue categories: service revenue and revenue from the sale of materials. Service revenue is generated from scrap management, scrap preparation, raw materials optimization, metal recovery and sales, materials handling or product handling, slag or co-product processing, and metal recovery services and surface conditioning. Revenue from the sale of materials is mainly generated by the company's raw materials procurement business, but also includes revenue from two locations of TMS International's materials handling business. During 2011, improving economic conditions resulted in a significant increase in steel production and capacity utilization over 2010. North American steel production capacity utilization, a key statistic used to measure steel production, averaged 75 percent in 2011, compared to 70 percent in 2010.



Revenues at TMS International were up 31 percent, or $631 million, to $2.7 billion during 2011 compared to $2.0 billion in 2010. The increase in steel production during 2011 drove an increase in market prices for scrap and other raw materials, which contributed approximately $559 million of revenue growth from the sale of raw materials at TMS International's raw materials procurement business. The higher levels of steel production also directly affected TMS International's service revenues, which are typically charged to customers based on tonnes of steel produced. The company reported an 18 percent, or $72 million, increase in service revenues in the year due primarily to $21 million of revenue from new sites and contracts as well as an increase in revenue from its existing customers and contracts.

Cost of sales for the year ended December 31, 2011 was up 33 percent, or $609 million, to $2.5 billion from $1.9 billion in 2010. Cost of sales for the raw materials business increased due to the same factors that contributed to the increase in revenues as TMS International procured higher volumes of raw materials, but at higher prices. In the services business, site-level cost of sales increased approximately $18 million during 2011 due to new sites and contracts for which certain site costs are incurred in advance of generating revenue.

During 2009, TMS International reported revenues of C$1.5 billion and cost of sales of C$1.3 billion, in accordance with Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, TMS International reported revenues and cost of sales of $1.3 billion and $1.2 billion, respectively, during 2009. The lower revenues and cost of sales during 2009 were the result of a sharp decline in the volume of steel produced worldwide during that year.

Building Products

The building products segment is a new reportable segment in 2011 following Onex' acquisition of JELD-WEN in early October 2011. JELD-WEN is 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. JELD-WEN manages its business through three geographic segments: North America, Europe and Australasia.

Reported 2011 revenues of $774 million represent three months of revenues from the early October 2011 acquisition of JELD-WEN. The North American segment contributed 49 percent to total revenue, Europe contributed 35 percent and Australasia contributed 16 percent.

Cost of sales for JELD-WEN totalled $660 million for the three-month period following Onex' acquisition of the company. Included in JELD-WEN's cost of sales was a one-time charge of $32 million originating from the acquisition accounting step-up in value of inventory on the company's balance sheet at the date of acquisition. Gross profit for the three-month period since JELD-WEN's early October 2011 acquisition date was $114 million. Excluding the impact of the step-up in value of inventory, gross profit was $146 million.

Since JELD-WEN was acquired in early October 2011, there are no comparative results for the years ended December 31, 2010 or 2009.

Other Businesses

The other businesses segment primarily consists of the revenues and cost of sales of Tropicana Las Vegas, the ONCAP companies – EnGlobe Corp. ("EnGlobe"), Mister Car Wash, CiCi's Pizza, Caliber Collision Centers ("Caliber Collision"), BSN SPORTS, Inc. ("BSN SPORTS"), formerly Sport Supply Group, Pinnacle Renewable Energy Group, Casino ABS and Hopkins – and Flushing Town Center. The revenues and cost of sales for Davis-Standard for the few days from its late December 2011 acquisition date to December 31, 2011 were not significant to Onex and therefore are not included in the results of the ONCAP companies. The operations of Husky International are reported as discontinued as a result of the sale of the business in June 2011.

Table 3 provides revenues and cost of sales by operating company in the other businesses segment for the years ended December 31, 2011, 2010 and 2009. The percentage change in revenues and cost of sales between December 31, 2011 and 2010 is also shown.

Other Businesses Revenues and Cost of Sales for the Year Ended December 31

TABLE 3 *($ millions)*	Revenues				Cost of Sales			
	IFRS, U.S. Dollars			Canadian GAAP, Canadian Dollars	IFRS, U.S. Dollars			Canadian GAAP, Canadian Dollars
Year ended December 31	**2011**	2010	**Change (%)**	2009	**2011**	2010	**Change (%)**	2009
ONCAP companies[a]	**$ 1,344**	$ 911	**48%**	C$ 839	**$ 835**	$ 536	**56%**	C$ 483
Tropicana Las Vegas[b]	**85**	54	**57%**	36	**8**	5	**60%**	4
Other[c]	**71**	42	**69%**	68	**40**	3	**1233%**	44
Total	**$ 1,500**	$ 1,007	**49%**	C$ 943	**$ 883**	$ 544	**62%**	C$ 531

2011 and 2010 results are reported in accordance with IFRS and presented in U.S. dollars. 2009 results are reported in accordance with Canadian GAAP and presented in Canadian dollars. These results may differ from those reported by the individual operating companies.

(a) 2011 ONCAP companies include EnGlobe, Mister Car Wash, CiCi's Pizza, Caliber Collision, BSN SPORTS, Pinnacle Renewable Energy Group, Casino ABS and Hopkins. The financial results of Pinnacle Renewable Energy Group and Casino ABS are from their acquisition dates in May 2011 to December 31, 2011 and Hopkins from its acquisition date in June 2011 to December 31, 2011. 2010 ONCAP companies include CSI (up to November 2010), EnGlobe, Mister Car Wash, CiCi's Pizza, Caliber Collision and BSN SPORTS (from its acquisition date in August 2010). 2009 ONCAP companies include CSI, EnGlobe, Mister Car Wash, CiCi's Pizza and Caliber Collision.

(b) Tropicana Las Vegas' 2009 financial results are from the date of acquisition on July 1, 2009 to December 31, 2009.

(c) 2011 and 2010 other includes Flushing Town Center and the parent company. 2009 other includes CEI (up to May 2009) and the parent company.

ONCAP companies

The ONCAP companies – EnGlobe, Mister Car Wash, CiCi's Pizza, Caliber Collision, BSN SPORTS, formerly Sport Supply Group, Pinnacle Renewable Energy Group, Casino ABS and Hopkins – reported a 48 percent, or $433 million, increase in revenues during 2011 compared to 2010. During 2011, cost of sales contributed by the ONCAP companies increased by 56 percent, or $299 million, from 2010. The growth in revenues and cost of sales was due primarily to the inclusion

of the results of Pinnacle Renewable Energy Group and Casino ABS, acquired in May 2011, and Hopkins, acquired in June 2011. Partially offsetting the increases from the newly acquired companies was the sale of CSI Global Education Inc. ("CSI") in November 2010. 2010 revenues and cost of sales of CSI were $31 million and $4 million, respectively, which represents its operations prior to the ONCAP II Group's sale of that business.

The ONCAP companies reported revenues of C$839 million and cost of sales of C$483 million during 2009 in accordance with Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, the ONCAP companies reported revenues and cost of sales of $734 million and $423 million, respectively, during 2009. The increase in revenues and cost of sales during 2010 compared to 2009 was due primarily to the inclusion of the results of BSN SPORTS, acquired in August 2010.

Tropicana Las Vegas

Tropicana Las Vegas is one of the most storied casinos in Las Vegas, located directly on the Las Vegas Strip. Tropicana Las Vegas' revenues increased 57 percent, or $31 million, to $85 million in 2011, while cost of sales increased 60 percent, or $3 million, during the year to $8 million. Tropicana Las Vegas records most of its costs in operating expenses.

The increase in revenues and cost of sales during 2011 was due primarily to the completion in late 2010 and early 2011 of the redevelopment projects undertaken, which resulted in a more fully operational hotel and casino than in 2010.

In 2009, Tropicana Las Vegas reported revenues of C$36 million and cost of sales of C$4 million, from its July 1, 2009 acquisition date, under Canadian GAAP. Excluding the impact of foreign currency translation to Canadian dollars, Tropicana Las Vegas reported revenues and cost of sales of $34 million and $3 million, respectively, during 2009. The increase in revenues and cost of sales during 2010 compared to 2009 was due primarily to the inclusion of a full year of revenues and cost of sales in 2010 compared to six months of revenues and cost of sales in 2009.

Interest expense of operating companies

New acquisitions 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 was up $146 million, or 43 percent, to $488 million in 2011 from $342 million in 2010.

Carestream Health entered into a new credit facility in February 2011. This new facility included a $1.85 billion senior secured term loan that matures in February 2017 and a $150 million senior revolving facility that matures in February 2016. As a result of this new debt, Carestream Health recorded a $63 million increase in interest expense in 2011 compared to 2010 due to higher principal outstanding under the new facility as well as $25 million of charges related to the refinancing.

Interest expense increased by $15 million due to the inclusion of Pinnacle Renewable Energy Group, Casino ABS and Hopkins, which were acquired by ONCAP during the first half of 2011.

Spirit AeroSystems reported an $18 million increase in interest expense in 2011 compared to 2010 due primarily to the interest costs on the $300 million senior notes issued in November 2010.

ResCare contributed $42 million in interest expense in 2011 compared to $3 million in 2010. The 2011 amount represents a full year of expense whereas the 2010 amount represents the interest expense from November 16, 2010, the date when Onex, Onex Partners III and Onex management acquired the remaining interest in the business, to December 31, 2010.

Interest expense contributed by JELD-WEN totalled $17 million for the period from its acquisition in early October 2011 to December 31, 2011.

Partially offsetting the increase was a $10 million decline in interest expense recorded by Celestica in 2011 compared to last year due primarily to the company's repurchase of its outstanding 2013 senior subordinated notes in the first quarter of 2010. In addition, interest expense from TMS International decreased by $9 million due to the company's repayment of the remaining portion of its subordinated notes during the second quarter of 2011.

Unrealized increase in value of investments in associates at fair value, net

Associates are defined under IFRS as those investments in operating companies over which Onex has significant influence, but not control. These investments are designated, upon initial recognition, at fair value in the consolidated balance sheets, with changes in fair value recognized in the consolidated statements of earnings. The investments that Onex determined to be associates and thus recorded at fair value are Allison Transmission, Hawker Beechcraft, RSI Home Products, Tomkins, certain Onex Real Estate Partners investments and Cypress Insurance Group. In addition, ResCare was recorded at fair value up to mid-November 2010, when Onex began to consolidate that business following Onex, Onex Partners III and Onex management's acquisition of the remaining interest in ResCare not previously owned by the Onex Partners I Group.

During 2011, Onex recorded a $501 million unrealized increase in value of investments in associates at fair value compared to a $448 million unrealized increase in fair value in 2010. Improved operating performance at some of the investments as well as debt repayment by certain of those investments during 2011 contributed to the unrealized increase in the fair value of investments in associates. Of the total fair value increase recorded during the year, approximately $358 million (2010 – $305 million) is attributable to the limited partners in the Onex Partners Funds, which contributes to the Limited Partners' Interests charge discussed on page 38 of this MD&A.

Stock-based compensation expense

Onex recorded a consolidated stock-based compensation expense of $133 million during 2011 compared to an expense of $186 million in 2010. Onex, the parent company, represented $56 million (2010 – $105 million) of the expense associated with its stock options and MIP options. In accordance with IFRS, the expense recorded on these plans is determined based on the fair value of the liability at the end of each reporting period. The fair value of the Onex stock options and MIP options is determined using an option valuation model with the stock options primarily impacted by the change in the market value of Onex' shares and the MIP options primarily affected by the change in the fair value of Onex' investments. The expense recorded by Onex, the parent company, on its stock options during 2011 was due primarily to the 10 percent increase in market value of Onex' shares to C$33.18 at December 31, 2011 from C$30.23 at December 31, 2010. In 2010, there was a 28 percent increase in the market value of Onex' shares, which drove the larger expense amount in 2010.

Table 4 details the change in stock-based compensation by Onex operating companies and Onex, the parent company, for years ended December 31, 2011 and 2010.

Stock-based Compensation Expense

TABLE 4 ($ millions)	**2011**	2010	**Change ($)**
Onex the parent company, stock options	**$ 40**	$ 83	**$ (43)**
Onex, the parent company, MIP options	**16**	22	**(6)**
Onex operating companies	**77**	81	**(4)**
Total	**$ 133**	$ 186	**$ (53)**

Other gains, net

In November 2010, the ONCAP II Group sold its operating company, CSI. The ONCAP II Group received net proceeds of $123 million on this sale, of which Onex' share was $50 million. This sale brought total proceeds received by the ONCAP II Group from CSI to $140 million compared to the ONCAP II Group's investment of $22 million. The pre-tax gain recorded on this sale in 2010 was approximately $97 million. Onex' share, excluding the impact of the limited partners, was $48 million. There were no cash taxes payable by Onex on the sale. Table 5 details the nature of the 2010 gains.

Other Gains, Net

TABLE 5 ($ millions)	**Total Gains 2011**	Total Gains 2010
Gains on:		
Sale of CSI	**$ –**	$ 97
Other, net	**–**	2
Total	**$ –**	$ 99

Other items

Onex recorded a $146 million charge for other items in 2011 compared to $221 million in 2010. Table 6 provides a breakdown of and the change in other items for the years ended December 31, 2011 and 2010.

Other Items Expense (Income)

TABLE 6 ($ millions)	2011	2010	Change ($)
Restructuring	$ 52	$ 94	$ (42)
Transition, integration and other	17	42	(25)
Transaction costs	17	–	17
Skilled Healthcare Group settlement charge	(4)	53	(57)
Unrealized carried interest attributable to management	62	114	(52)
Gain on Flushing Town Center debt extinguishment	–	(32)	32
Other	2	(50)	52
Total	$ 146	$ 221	$ (75)

Restructuring

Restructuring expenses are considered to be costs incurred by the operating companies to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of those businesses. Table 7 provides a breakdown of and the change in restructuring expenses by operating company for the years ended December 31, 2011 and 2010.

Restructuring Expenses

TABLE 7 ($ millions)	2011	2010	Change ($)
Celestica	$ 14	$ 36	$ (22)
Carestream Health	4	15	(11)
JELD-WEN	15	–	15
Sitel Worldwide	17	40	(23)
Other	2	3	(1)
Total	$ 52	$ 94	$ (42)

Celestica

Restructuring expenses at Celestica were lower by $22 million in 2011. Many of the costs were recorded in connection with Celestica's restructuring plans to improve capacity utilization by consolidating facilities and reducing its workforce.

Carestream Health

Carestream Health reported a decrease of $11 million in restructuring expenses in 2011. Carestream Health's costs related primarily to a realignment of its information technology and service functions in its Medical Film and Medical Digital segments.

JELD-WEN

JELD-WEN's restructuring charge was primarily related to a petition filed by the company's Spanish subsidiary, during the fourth quarter of 2011, with the Commercial Court in Spain for a declaration of insolvency. During the fourth quarter, the Commercial Court granted the insolvency petition and as a result, the net assets of the Spanish subsidiary were derecognized as they were no longer controlled. The restructuring charges primarily related to the net expense of deconsolidating the net assets of that subsidiary.

Sitel Worldwide

Sitel Worldwide recorded a $23 million decline in restructuring expenses in 2011 resulting primarily from 2010 expenses incurred to improve capacity utilization, including a reduction in workforce and the closure of certain facilities.

Transaction costs

Transaction costs represent costs incurred by Onex and its operating companies to complete business acquisitions, and include costs such as advisory, legal and other professional and consulting costs. During 2011, Onex recorded $17 million in transaction costs primarily related to the acquisitions made by ONCAP during the year, as well as for the acquisition of JELD-WEN in early October 2011.

Skilled Healthcare Group settlement

In July 2010, Skilled Healthcare Group announced that a jury had returned a verdict against the company in a California state court related to a complaint filed more than four years earlier. During the third quarter of 2010, Skilled Healthcare Group came to a settlement agreement on this complaint and recorded $53 million of other

expense. The settlement contains no admission or concession of wrongdoing by Skilled Healthcare Group. During 2011, Skilled Healthcare Group recorded insurance recoveries of $4 million related to the settlement.

Unrealized carried interest attributable to management

The General Partner of the Onex Partners and ONCAP Funds is entitled to a carried interest (20 percent) on the realized gains of third-party limited partners in each Fund. Onex is allocated 40 percent of the carried interest realized in the Onex Partners and ONCAP Funds. The Onex management team is allocated 60 percent of the carried interest realized in the Onex Partners Funds and the ONCAP management team is entitled to 60 percent of the carried interest realized in the ONCAP Funds. Onex' share of the unrealized carried interest is recorded as an offset in the Limited Partners' Interests amount in the consolidated statements of earnings.

The unrealized carried interest attributable to management represents the share of the overall unrealized gains in each of the Onex Partners and ONCAP Funds attributable to the management of Onex and ONCAP. The unrealized carried interest is calculated based on the current fair values of the underlying investments in the Funds and the overall net unrealized gains in each respective Fund determined in accordance with the limited partnership agreements. During 2011, a charge of $62 million (2010 – $114 million) was recorded in the consolidated statements of earnings due primarily to an increase in the fair value of certain of the private investments in the Onex Partners and ONCAP Funds.

Gain on Flushing Town Center debt extinguishment

In December 2010, Flushing Town Center amended and restated its senior construction loan and mezzanine loan. In conjunction with these amendments, Onex purchased at a discount $56 million and $38 million principal amounts of the senior construction loan and mezzanine loan, respectively, from third-party lenders. The loans were purchased for a total cash cost of $62 million. As a result of this transaction, the loans purchased by Onex were extinguished with the original third-party lenders. As a result, Flushing Town Center recorded a net gain of $32 million on the debt extinguishment.

Other

Onex reported consolidated other expense of $2 million during 2011 compared to consolidated other income of $50 million in 2010. Consolidated other expense includes a provision of $27 million recorded by Carestream Health for an adverse ruling related to a complaint alleging competition law violations in Brazil by Carestream Health's predecessor. Carestream Health will appeal the ruling and vigorously pursue reversal of this ruling. Substantially offsetting the expense was income from the sale of tax losses ($10 million), as discussed below, in addition to other income recorded by The Warranty Group as a result of gains in its investment portfolio ($9 million) and the release of certain provisions previously recorded by Celestica ($7 million).

During 2011, Onex sold entities, the sole assets of which were certain tax losses, to a public company controlled by Mr. Gerald W. Schwartz, who is also Onex' controlling shareholder. Onex received approximately C$5 million in cash and established receivables for an additional C$5 million for Canadian tax losses of C$100 million. The entire C$10 million was recorded as a gain in other items in 2011. Onex has significant Canadian non-capital and capital losses available; however, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit has been recognized in the consolidated financial statements for the tax losses. In connection with the transactions, Onex obtained tax rulings from the Canada Revenue Agency, and Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided opinions that the values received by Onex for the tax losses were fair. The transactions were unanimously approved by Onex' Audit and Corporate Governance Committee, all the members of which are independent directors. Onex completed a similar transaction in 2010, receiving approximately C$8 million in cash for Canadian tax losses of approximately C$70 million. Included in other items in 2010 is C$8 million recorded by Onex, the parent company, on the transaction.

Impairment of goodwill, intangible assets and long-lived assets, net

Net impairment of goodwill, intangible assets and long-lived assets totalled $197 million in 2011 (2010 – $14 million). Table 8 provides a breakdown of the net impairment of goodwill, intangible assets and long-lived assets by operating company for the years ended December 31, 2011 and 2010.

Impairment of Goodwill, Intangible Assets and Long-lived Assets, Net

TABLE 8 *($ millions)*	**2011**	2010
Skilled Healthcare Group	**$ 120**	$ –
JELD-WEN	**22**	–
The Warranty Group	**40**	2
Other[a]	**15**	12
Total	**$ 197**	$ 14

(a) 2011 other includes impairments of $17 million and impairment reversals of $2 million related to CDI, Sitel Worldwide, BSN SPORTS and CiCi's Pizza. 2010 other includes Celestica and CiCi's Pizza.

Skilled Healthcare Group

Skilled Healthcare Group completed an impairment analysis during the third quarter of 2011 as a result of a prescribed reduction in future Medicare recovery rates, the expected future growth rates for Medicare and changes to rehabilitation therapy regulations that will negatively impact Skilled Healthcare Group's revenues and cost of sales. As a result, the company revised its estimates with respect to net revenues and gross margins, which negatively impacted its cash flows forecasted for the long-term care services and therapy services segments and accordingly the company recorded non-cash goodwill and intangible asset impairments of $117 million and $3 million, respectively, during 2011.

JELD-WEN

During the fourth quarter of 2011, JELD-WEN recorded a non-cash impairment charge of $22 million to reduce the value of certain of its property, plant and equipment. The charge resulted from a program initiated by JELD-WEN subsequent to its acquisition by Onex to rationalize capacity resources of the company.

The Warranty Group

During the fourth quarter of 2011, as a result of its annual goodwill impairment test applied under IFRS, The Warranty Group recorded a goodwill impairment charge of $40 million under IFRS related to its European operations. The impairment charge was due to a reduction in expected future growth rates driven by the poor economic conditions in Europe and its impact on expected future cash flows.

Limited Partners' Interests charge

The Limited Partners' Interests charge in Onex' consolidated statements of earnings represents the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds that is recorded as Limited Partners' Interests liability on Onex' consolidated balance sheets. The value of the third-party capital in the Funds is affected by the change in the fair value of the underlying investments. The Limited Partners' Interests charge includes the fair value changes of both consolidated operating companies and investments in associates that are held in the Onex Partners and ONCAP Funds.

During 2011, Onex recorded a $627 million charge for Limited Partners' Interests compared to a charge of $831 million in 2010. The increase in the fair value of the private investments in the Onex Partners and ONCAP Funds was 17 percent (2010 – 34 percent), which contributed significantly to the Limited Partners' Interests charge recorded in 2011. Approximately $358 million (2010 – $305 million) of the value growth in the Onex Partners private investments was from the value increase in investments in associates.

The Limited Partners' Interests charge is net of a $91 million increase (2010 – $190 million) in carried interest for the year ended December 31, 2011. Onex' share of the carried interest increase was $29 million (2010 – $76 million). The ultimate amount of carried interest realized will be dependent upon the actual realizations for each Fund in accordance with the partnership agreements.

Loss from continuing operations

Onex reported a consolidated loss from continuing operations of $86 million in 2011 compared to a loss from continuing operations of $11 million in 2010. During 2009, Onex reported a consolidated loss from continuing operations of C$114 million in accordance with Canadian GAAP. Table 9 shows the earnings (loss) from continuing operations by industry segment for the years ended December 31, 2011, 2010 and 2009. Earnings (loss) from continuing operations under Canadian GAAP exclude the non-controlling interests share. Table 11 on page 40 of this MD&A presents the allocation of earnings (loss) from continuing operations attributable to Onex and the non-controlling interests.

Earnings (Loss) from Continuing Operations by Industry Segment

TABLE 9 *($ millions)*	IFRS, U.S. Dollars		Canadian GAAP, Canadian Dollars
	2011	2010	2009
Earnings (loss) from continuing operations:			
Electronics Manufacturing Services	**$ 195**	$ 101	C$ 6
Aerostructures	**224**	249	14
Healthcare	**(112)**	101	8
Financial Services	**62**	107	32
Customer Care Services	**(58)**	(50)	(126)
Metal Services	**24**	4	(31)
Building Products[a]	**(89)**	–	–
Other[b]	**(332)**	(523)	(17)
Consolidated Loss from Continuing Operations	**$ (86)**	$ (11)	C$ (114)

(a) Represents three months of loss from continuing operations of JELD-WEN from its early October 2011 acquisition date.

(b) 2011 other includes the consolidated earnings of Tropicana Las Vegas, the operating companies of ONCAP II and ONCAP III, Flushing Town Center and the parent company. In addition, consolidated earnings include the changes in fair value of Allison Transmission, Hawker Beechcraft, Tomkins, RSI and certain Onex Real Estate Partners investments. 2010 other includes the consolidated earnings of Tropicana Las Vegas, the operating companies of ONCAP II, Flushing Town Center and the parent company. In addition, consolidated earnings include the changes in fair value of Allison Transmission, Hawker Beechcraft, RSI, Tomkins and certain Onex Real Estate Partners investments. 2009 other includes Cineplex Entertainment (up to March 2009), CEI (up to May 2009), Hawker Beechcraft, Allison Transmission, RSI, Tropicana Las Vegas, the operating companies of ONCAP II, Onex Real Estate and the parent company.

The loss from continuing operations in the other segment totalled $332 million during 2011 (2010 – $523 million). Table 10 shows the major components of the loss recorded in the other segment for the years ended December 31, 2011 and 2010.

TABLE 10 *($ millions)*	**2011**	2010
Loss from continuing operations – Other:		
Limited Partners' Interests charge	**$ 627**	$ 831
Stock-based compensation expense	**64**	108
Unrealized carried interest attributable to management	**62**	114
Interest expense	**44**	19
Increase in fair value of investments in associates	**(501)**	(427)
Other gains, net	**–**	(99)
Other	**36**	(23)
Loss from continuing operations – Other	**$ 332**	$ 523

The Limited Partners' Interests, unrealized carried interest attributable to management and increase in fair value of investments in associates, which impacted the loss in the other segment during 2011 and 2010, represent new accounting policies under IFRS as compared to Canadian GAAP. The 2009 loss from continuing operations of C$17 million reported in the other segment under Canadian GAAP was primarily due to losses from equity-accounted investments, partially offset by the gain recorded on the sale of the remaining units of Cineplex Entertainment.

Table 11 presents the earnings (loss) from continuing operations attributable to equity holders of Onex Corporation and non-controlling interests for the years ended December 31, 2011 and 2010.

Earnings (Loss) from Continuing Operations

TABLE 11 *($ millions)*	**2011**	2010
Earnings (loss) from continuing operations attributable to:		
Equity holders of Onex Corporation	**$ (355)**	$ (282)
Non-controlling interests	**269**	271
Loss from continuing operations	**$ (86)**	$ (11)

The non-controlling interests' share of the earnings (loss) from continuing operations represents the share of earnings of shareholders, other than Onex and its third-party limited partners in its Funds. For example, Spirit AeroSystems' public shareholders' share of the net earnings in that business would be reported in the non-controlling interests.

Income taxes

Onex reported a consolidated income tax provision of $237 million during 2011 compared to a $239 million income tax provision last year. During 2011, Onex, the parent company, utilized $50 million of previously unbenefited losses, resulting in a recovery of income tax. The recovery was offset by a non-cash tax provision recorded by Onex, the parent company, on the sale of Husky International, which is included in discontinued operations.

Earnings from discontinued operations

Earnings from discontinued operations for the years ended December 31, 2011, 2010 and 2009 represent the operations of EMSC and Husky International and the net gain recorded on the disposition of these companies. Onex recorded earnings from discontinued operations of $1.7 billion ($14.33 per share) during 2011 compared to earnings from discontinued operations of $208 million ($0.96 per share) in 2010. During 2009, Onex recorded earnings from discontinued operations of C$226 million (C$1.86 per share) under Canadian GAAP.

Table 12 presents the after-tax earnings, gain on sale net of tax, and earnings from discontinued operations for the years ended December 31, 2011, 2010 and 2009.

Discontinued Operations

	After-tax Earnings			**Gain on Sale net of tax**			**Earnings from Discontinued Operations**		
TABLE 12 *($ millions)*	IFRS, U.S. Dollars		Canadian GAAP, Canadian Dollars	IFRS, U.S. Dollars		Canadian GAAP, Canadian Dollars	IFRS, U.S. Dollars		Canadian GAAP, Canadian Dollars
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
EMSC	**$ 47**	$ 132	C$ 28	**$ 559**	$ –	C$ 194	**$ 606**	$ 132	C$ 222
Husky International	**22**	76	4	**1,087**	–	–	**1,109**	76	4
Total	**$ 69**	$ 208	C$ 32	**$ 1,646**	$ –	C$ 194	**$ 1,715**	$ 208	C$ 226

EMSC

In May 2011, the Onex Partners I Group sold its remaining 13.7 million shares of EMSC for net proceeds of $878 million, of which Onex' share was $342 million, including carried interest and deducting distributions paid on account of the MIP. The sale was part of an offer made for all outstanding shares of EMSC. Included in Onex' consolidated results for the year ended December 31, 2011 is a pre-tax gain of $600 million from this sale, which is entirely attributable to the equity holders of Onex. This gain includes the portion attributable to Onex' investment as well as that of the limited partners of Onex Partners I. The effect of this is to recover the charges to earnings for the fair value increases and historical accounting earnings on EMSC allocated to the limited partners over the life of the remaining investment, which totalled $375 million. The balance of $225 million reflects the pre-tax gain on Onex' remaining investment in EMSC. Onex, the parent company, has recorded a deferred tax provision of $41 million on the gain.

During 2009, the Onex Partners I Group participated in two secondary public offerings completed by EMSC. The Onex Partners I Group sold a total of 18.4 million shares for net proceeds of C$827 million. Onex' share of the net proceeds received was C$331 million. Under Canadian GAAP, Onex recorded pre-tax gains of C$595 million, of which Onex' share was C$194 million, including C$20 million of net carried interest on the gains realized by the third-party limited partners of Onex Partners I.

Husky International

In June 2011, the Onex Partners I Group and Onex Partners II Group completed the sale of Husky International, receiving net proceeds of $1.7 billion, of which Onex' share was $583 million, including carried interest and deducting distributions paid on account of the MIP. The carried interest realized on Onex Partners II's sale of Husky International was voluntarily reduced by $88 million (Onex' share of the reduction was $35 million) at the request of Onex. In addition to the cash proceeds received on the sale, there was approximately $60 million of additional amounts held in escrow and other items (Onex' share was $19 million, excluding carried interest). During the third quarter of 2011, $38 million of these additional amounts were received, of which Onex' share was $18 million, including carried interest of $6 million and deducting distributions paid on account of the MIP. The escrow amount was also reduced by $5 million for taxes owing in respect of taxable periods up to the closing date. At December 31, 2011, $18 million remains receivable for escrow amounts and other items and is expected to be received within four years, of which Onex' share is $6 million, excluding carried interest. Onex' consolidated results include a pre-tax gain of $1.1 billion, which is entirely attributable to the equity holders of Onex. This gain includes the portion attributable to Onex' investment as well as that of the limited partners of Onex Partners I and Onex Partners II. The effect of this is to recover the charges to earnings for the fair value increases and historical accounting earnings on Husky International allocated to the limited partners over the life of the investment, which totalled $726 million. The balance of $361 million reflects the after-tax gain on Onex' investment in Husky International. Onex, the parent company, has recorded a non-cash tax provision of $50 million on the gain.

Note 3 to the consolidated financial statements provides additional information on the earnings from discontinued operations.

Consolidated net earnings

Onex recorded consolidated net earnings of $1.6 billion in 2011 compared to consolidated net earnings of $197 million in 2010. During 2009, Onex reported consolidated net earnings of C$112 million in accordance with Canadian GAAP. Table 13 shows the net earnings (loss) by industry segment for the years ended December 31, 2011, 2010 and 2009. Net earnings (loss) under Canadian GAAP exclude the non-controlling interests share. Table 14 on page 43 of this MD&A presents the allocation of net earnings (loss) attributable to Onex and the non-controlling interests.

Consolidated Net Earnings (Loss) by Industry Segment

	IFRS, U.S. Dollars		Canadian GAAP, Canadian Dollars
TABLE 13 *($ millions)*	**2011**	2010	2009
Net earnings (loss):			
Electronics Manufacturing Services	**$ 195**	$ 101	C$ 6
Aerostructures	**224**	249	14
Healthcare	**(112)**	101	8
Financial Services	**62**	107	32
Customer Care Services	**(58)**	(50)	(126)
Metal Services	**24**	4	(31)
Building Products[a]	**(89)**	–	–
Other[b]	**(332)**	(523)	(17)
Earnings from discontinued operations	**1,715**	208	226
Consolidated Net Earnings	**$ 1,629**	$ 197	C$ 112

(a) Represents three months of net loss of JELD-WEN from its early October 2011 acquisition date.

(b) 2011 other includes the consolidated earnings of Tropicana Las Vegas, Husky International (up to June 2011), the operating companies of ONCAP II and ONCAP III, Flushing Town Center and the parent company. In addition, consolidated earnings include the changes in fair value of Allison Transmission, Hawker Beechcraft, Tomkins, RSI and certain Onex Real Estate Partners investments. 2010 other includes the consolidated earnings of Tropicana Las Vegas, Husky International, the operating companies of ONCAP II, Flushing Town Center and the parent company. In addition, consolidated earnings include the changes in fair value of Allison Transmission, Hawker Beechcraft, Tomkins, RSI and certain Onex Real Estate Partners investments. 2009 other includes Cineplex Entertainment (up to March 2009), CEI (up to May 2009), Hawker Beechcraft, Allison Transmission, RSI, Tropicana Las Vegas, Husky International, the operating companies of ONCAP II, Onex Real Estate and the parent company.

Table 14 presents the net earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests.

Net Earnings (Loss)

TABLE 14 ($ millions)	2011	2010
Net earnings (loss) attributable to:		
Equity holders of Onex Corporation	**$ 1,327**	$ (167)
Non-controlling interests	**302**	364
Net Earnings	**$ 1,629**	$ 197

Onex' reported net earnings (loss) attributable to equity holders of Onex Corporation includes the share of earnings (loss) of Onex, the parent company, and its limited partners in its controlled operating companies. For example, Onex' consolidated 2011 net earnings include 92 percent of the net earnings of The Warranty Group, which represents Onex' and its limited partners' ownership interest in that business. Previously under Canadian GAAP, Onex' net earnings would have included 29 percent of The Warranty Group's net earnings, which represents only Onex', the parent company's, ownership interest in The Warranty Group.

The net earnings attributable to the equity holders of Onex Corporation for the year ended December 31, 2011 include an after-tax gain of $1.6 billion on the sales of EMSC and Husky International. Under IFRS, gains realized on the sales of investments no longer controlled are entirely attributable to the equity holders of Onex as the interests of the limited partners were recorded as a financial liability at fair value. During the holding period of the investments, the increase in the fair value of Limited Partners' Interests related to EMSC and Husky International resulted in an increase in the Limited Partners' Interests liability with a corresponding charge in the consolidated statements of earnings. Upon disposition, current and prior period charges associated with the investments in EMSC and Husky International were effectively recovered by Onex, the parent company, through the gain recognized on the sales. The net impact to Onex', the parent company's, retained earnings after the sales represents its share of the net gains on its investments in EMSC and Husky International.

Table 15 presents the net earnings (loss) per Subordinate Voting Share of Onex Corporation.

Earnings (Loss) per Subordinate Voting Share

TABLE 15 ($ per share)	2011	2010	2009
Basic and Diluted:			
Continuing operations	**$ (3.02)**	$ (2.36)	C$ (0.94)
Discontinued operations	**14.33**	0.96	1.86
Net Earnings (Loss)	**$ 11.31**	$ (1.40)	C$ 0.92

Other comprehensive loss

Other comprehensive earnings (loss) represents the accumulated unrealized gains or losses, all net of income taxes, related to certain available-for-sale securities, cash flow hedges and foreign exchange gains or losses on foreign self-sustaining operations. During 2011, Onex reported an other comprehensive loss of $132 million largely due to unfavourable currency translation adjustments on foreign operations of $60 million and pension actuarial losses of $59 million. This compared to an other comprehensive loss of $56 million during 2010.

FOURTH-QUARTER RESULTS

Table 16 presents the statements of loss for the fourth quarters ended December 31, 2011 and 2010.

Fourth-Quarter Statements of Earnings (Loss)

TABLE 16 *($ millions)*	2011	2010
Revenues	$ 6,758	$ 5,402
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(5,377)	(4,268)
Operating expenses	(841)	(618)
Interest income	14	14
Amortization of property, plant and equipment	(142)	(104)
Amortization of intangible assets and deferred charges	(89)	(76)
Interest expense of operating companies	(137)	(91)
Unrealized increase in value of investments in associates at fair value, net	127	196
Foreign exchange gains (loss)	(5)	2
Stock-based compensation expense	(43)	(58)
Other gains, net	–	99
Other items	(30)	(111)
Impairments of goodwill, intangible assets and long-lived assets, net	(71)	(14)
Limited Partners' Interests charge	(196)	(410)
Loss before income taxes and discontinued operations	(32)	(37)
Provision for income taxes	(80)	(61)
Loss from continuing operations	(112)	(98)
Earnings from discontinued operations	–	94
Net Loss for the Period	$ (112)	$ (4)

Table 17 provides a breakdown of the 2011 and 2010 fourth-quarter revenues and cost of sales by industry segment.

Revenues and Cost of Sales by Industry Segment for the Three Months Ended December 31

TABLE 17 ($ millions)	Revenues			Cost of Sales		
Three months ended December 31	**2011**	2010	**Change (%)**	**2011**	2010	**Change (%)**
Electronics Manufacturing Services	**$ 1,753**	$ 1,876	**(7)%**	**$ 1,612**	$ 1,732	**(7)%**
Aerostructures	**1,219**	1,067	**14 %**	**1,014**	870	**17 %**
Healthcare	**1,334**	1,101	**21 %**	**893**	747	**20 %**
Financial Services	**284**	270	**5 %**	**141**	115	**23 %**
Customer Care Services	**364**	344	**6 %**	**237**	216	**10 %**
Metal Services	**619**	453	**37 %**	**573**	412	**39 %**
Building Products[a]	**774**	–	**–**	**660**	–	**–**
Other[b]	**411**	291	**41 %**	**247**	176	**40 %**
Total	**$ 6,758**	$ 5,402	**25 %**	**$ 5,377**	$ 4,268	**26 %**

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

(a) JELD-WEN acquired in early October 2011.

(b) 2011 other includes Flushing Town Center, Tropicana Las Vegas, the operating companies of ONCAP II and ONCAP III and the parent company. 2010 other includes Flushing Town Center, Tropicana Las Vegas, the operating companies of ONCAP II and the parent company.

Fourth-quarter consolidated revenues and cost of sales

Consolidated revenues were up 25 percent, or $1.4 billion, to $6.8 billion in the fourth quarter of 2011 compared to the same quarter of 2010. Consolidated cost of sales was up 26 percent, or $1.1 billion, to $5.4 billion for the three months ended December 31, 2011 compared to the same period of last year.

Revenues and cost of sales at ResCare increased by $201 million and $122 million, respectively, during the fourth quarter of 2011, representing a full quarter of the company's results. The fourth quarter of 2010 included results for ResCare beginning in mid-November 2010 when the company began to be consolidated subsequent to Onex, Onex Partners III and Onex management's acquisition of the remaining interest in the business.

TMS International's revenues increased by $166 million compared to the fourth quarter last year. The increase was due primarily to an increase in steel production during the fourth quarter of 2011 compared to the same period last year, which drove higher market prices for raw materials and increased service revenues. Cost of sales had a similar increase of $161 million resulting from the higher volumes and prices, which contributed to the increase in revenues.

JELD-WEN contributed revenues of $774 million and cost of sales of $660 million from its acquisition date in early October 2011.

The inclusion of ONCAP's acquisitions of Pinnacle Renewable Energy Group and Casino ABS, acquired in May 2011, and Hopkins, acquired in June 2011, added $93 million in revenues and $63 million in cost of sales in the other segment during the fourth quarter.

Partially offsetting the increases in revenues and cost of sales during the fourth quarter of 2011 were decreases in revenues and cost of sales at Celestica. Celestica reported a 7 percent, or $123 million, decrease in fourth-quarter revenues in 2011 across all of its end markets, other than its consumer market, which was relatively flat, and increases in its diversified markets, due primarily to softening demand and uncertainty in the global markets. Cost of sales had a similar decrease of 7 percent, or $120 million, for the three months ended December 31, 2011.

Fourth-quarter unrealized increase in value of investments in associates at fair value, net

The 2011 fourth-quarter net unrealized increase in value of investments in associates at fair value was $127 million compared to an unrealized increase of $196 million during the same period of 2010. Improved operating performance as well as debt repayment at certain of the businesses in the fourth quarter of 2011 provided the unrealized increase in the fair value of investments in associates.

Fourth-quarter stock-based compensation expense

During the fourth quarter of 2011, Onex recorded a consolidated stock-based compensation expense of $43 million compared to $58 million for the same quarter of 2010. Onex, the parent company, recorded a stock-based compensation expense of approximately $21 million in the fourth quarter of 2011 related to its stock options and MIP options. That expense was primarily due to the 2 percent increase in the market value of Onex' shares in the fourth quarter.

The increase in Onex' share price to C$30.23 per share at December 31, 2010 from C$28.91 per share at September 30, 2010 contributed to the expense of $33 million recorded by Onex, the parent company, on its stock-based compensation during the fourth quarter of 2010.

Fourth-quarter other items expense

During the fourth quarter of 2011, Onex recorded a $30 million charge for other items compared to a charge of $111 million during the same quarter in 2010. The charge for the net unrealized carried interest attributable to management contributed $13 million (2010 – $108 million) to the other items expense during the fourth quarter. The increase in the unrealized carried interest attributable to management, and the corresponding charge, was driven by an increase in the fair value of certain of the public and private investments in the Onex Partners and ONCAP Funds during the fourth quarter of 2011.

Fourth-quarter impairment of goodwill, intangible assets and long-lived assets, net

During the fourth quarter of 2011, there was $71 million of impairments of goodwill, intangible assets and long-lived assets recorded by Onex' operating companies compared to $14 million for the three months ended December 31, 2010. During the fourth quarter of 2011, The Warranty Group recorded a goodwill impairment charge of $40 million related to its European operations. In addition, JELD-WEN recorded an impairment charge of $22 million related to certain of its property, plant and equipment as part of a program to rationalize capacity resources of the company. A discussion of these impairments by company is provided on page 38 of this MD&A.

Fourth-quarter Limited Partners' Interests charge

During the fourth quarter of 2011, Onex recorded a $196 million charge for Limited Partners' Interests compared to a $410 million charge during the same period of 2010. The increase in the fair value of the investments in the Onex Partners Funds during the fourth quarter of 2011 was 5 percent (2010 – 15 percent), which contributed significantly to the Limited Partners' Interests' charge recorded during the quarter. The Limited Partners' Interests is net of a $21 million (2010 – $179 million) increase in net unrealized carried interest for the three months ended December 31, 2011.

Fourth-quarter cash flow

Table 18 presents the major components of cash flow for the fourth quarter.

Major Cash Flow Components for the Three Months Ended December 31

TABLE 18	($ millions) Three months ended December 31	2011	2010
Cash from operating activities		**$ 707**	$ 872
Cash from (used in) financing activities		**$ (306)**	$ 151
Cash used in investing activities		**$ (140)**	$ (473)
Consolidated cash and cash equivalents held by continuing operations		**$ 2,448**	$ 2,053

Cash from operating activities totalled $707 million in the fourth quarter of 2011 compared to $872 million in 2010. Cash from operating activities decreased during the fourth quarter of 2011 compared to 2010 due to the fact that the 2010 results included cash from EMSC and Husky International, which were sold during the second quarter of 2011.

Cash used in financing activities was $306 million in the fourth quarter of 2011 compared to cash from financing activities of $151 million in 2010. Cash used in financing activities during the quarter included (i) cash interest paid of $116 million; (ii) net debt repayments of $95 million by the operating companies; (iii) share repurchases of $97 million by Onex' operating companies, primarily JELD-WEN; (iv) distributions of $93 million primarily to the limited partners of the Onex Partners Funds; and (v) share repurchases by Onex, the parent company, of $48 million. Partially offsetting the cash used in financing activities were contributions of $144 million from the limited partners of (i) the Onex Partners Funds for management fees and partnership expenses; and (ii) ONCAP III for their purchase of a portion of the investment in Casino ABS from ONCAP II and their investment in Davis-Standard.

Included in the $151 million of cash from financing activities in the fourth quarter of 2010 was $602 million of cash received primarily from the limited partners of Onex Partners III and other shareholders, other than Onex, for the purchase and interim financing of the remaining interest in ResCare in addition to the proceeds received on the sale of a portion of the investment in Tomkins to certain limited partners and others. Partially offsetting the cash from financing activities were (i) $222 million of distributions primarily to the limited partners of ONCAP II, other than Onex, from the sale of CSI in November 2010; and (ii) $272 million of restricted cash representing the limited partners' net share of distributions received during the fourth quarter of 2010 from operating companies and the return of interim financing from ResCare.

Cash used in investing activities totalled $140 million in the fourth quarter of 2011 compared to $473 million in 2010. During the fourth quarter, cash used in investing activities was primarily made up of $207 million in purchases of property, plant and equipment by Onex' operating companies.

Included in the $473 million of cash used in investing activities during 2010 were (i) $271 million used to fund acquisitions, primarily the acquisition of ResCare; (ii) $200 million of cash used for the purchase of property, plant and equipment by Onex' operating companies; and (iii) $91 million of cash used by discontinued operations. Partially offsetting the cash used in investing activities was $123 million of cash proceeds received by the ONCAP II Group for the sale of CSI.

Consolidated cash at December 31, 2011 totalled $2.4 billion. Onex, the parent company, accounted for $990 million of the cash on hand. Table 19 provides a reconciliation of the change in cash at Onex, the parent company, from September 30, 2011 to December 31, 2011.

Change in Cash at Onex, the Parent Company

TABLE 19 ($ millions)	
Cash on hand at September 30, 2011	**$ 994**
Management fees received	**$ 40**
JELD-WEN convertible notes repayment	**$ 14**
The Warranty Group distribution received	**$ 13**
Investment in Davis-Standard	**$ (30)**
Onex share repurchases	**$ (48)**
Other	**$ 7**
Cash on hand at December 31, 2011	**$ 990**

SUMMARY QUARTERLY INFORMATION

Table 20 summarizes Onex' key consolidated financial information for the last eight quarters.

TABLE 20 *($ millions except per share amounts)*	2011				2010			
	Dec.	**Sept.**	**June**	**March**	Dec.	Sept.	June	March
Revenues	**$ 6,758**	**$ 6,008**	**$ 6,229**	**$ 5,647**	$ 5,402	$ 4,788	$ 4,894	$ 4,650
Earnings (loss) from continuing operations	**$ (112)**	**$ 190**	**$ 105**	**$ (269)**	$ (98)	$ (21)	$ 143	$ (35)
Net earnings (loss)	**$ (112)**	**$ 184**	**$ 1,761**	**$ (204)**	$ (4)	$ 35	$ 174	$ (8)
Net earnings (loss) attributable to								
Equity holders of Onex Corporation	**$ (186)**	**$ 146**	**$ 1,666**	**$ (299)**	$ (120)	$ (40)	$ 100	$ (107)
Non-controlling interests	**74**	**38**	**95**	**95**	116	75	74	99
Net earnings (loss)	**$ (112)**	**$ 184**	**$ 1,761**	**$ (204)**	$ (4)	$ 35	$ 174	$ (8)
Earnings (loss) per Subordinate Voting Share of Onex Corporation								
Earnings (loss) from continuing operations	**$ (1.61)**	**$ 1.29**	**$ 0.15**	**$ (2.87)**	$ (1.56)	$ (0.60)	$ 0.71	$ (0.93)
Earnings (loss) from discontinued operations	**–**	**(0.04)**	**13.94**	**0.34**	0.55	0.26	0.12	0.04
Net earnings (loss) per Subordinate Voting Share of Onex Corporation	**$ (1.61)**	**$ 1.25**	**$ 14.09**	**$ (2.53)**	$ (1.01)	$ (0.34)	$ 0.83	$ (0.89)

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 varying business activities and cycles at Onex' operating companies.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the audited annual consolidated balance sheets and the corresponding notes thereto.

Consolidated assets

Consolidated assets totalled $29.4 billion at December 31, 2011 compared to $28.1 billion at December 31, 2010 and $24.0 billion at January 1, 2010. Onex' consolidated assets at December 31, 2011 increased from December 31, 2010 due to:

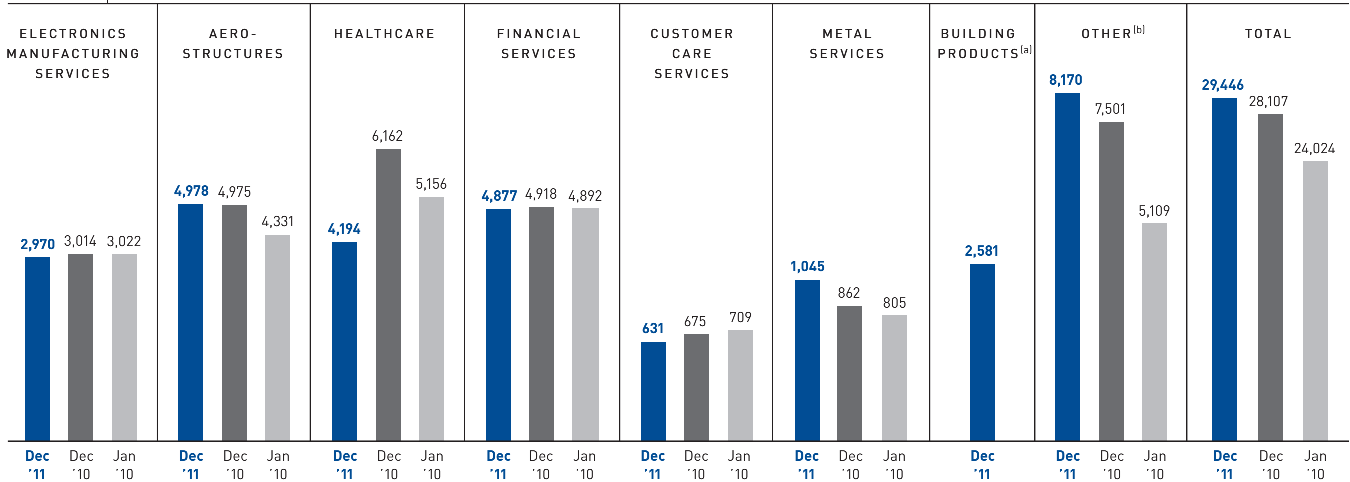
- the Onex Partners III Group's acquisition of JELD-WEN in early October 2011, which increased consolidated assets by approximately $2.6 billion, net of cash invested by Onex, the parent company; and
- the acquisitions completed by ONCAP during the year of Pinnacle Renewable Energy Group, Casino ABS, Hopkins and Davis-Standard, which contributed $1.1 billion to consolidated assets, net of cash invested by Onex, the parent company.

Partially offsetting the increases were:

- the May 2011 sale by the Onex Partners I Group of its remaining ownership in EMSC, which decreased consolidated assets by approximately $1.5 billion, which is net of the $342 million of cash received by Onex; and
- the June 2011 sale of Husky International by the Onex Partners I Group and Onex Partners II Group, which reduced consolidated assets by approximately $795 million, which is net of the $601 million of cash received by Onex.

Asset Diversification by Industry Segment

CHART 1 | *($ millions)*

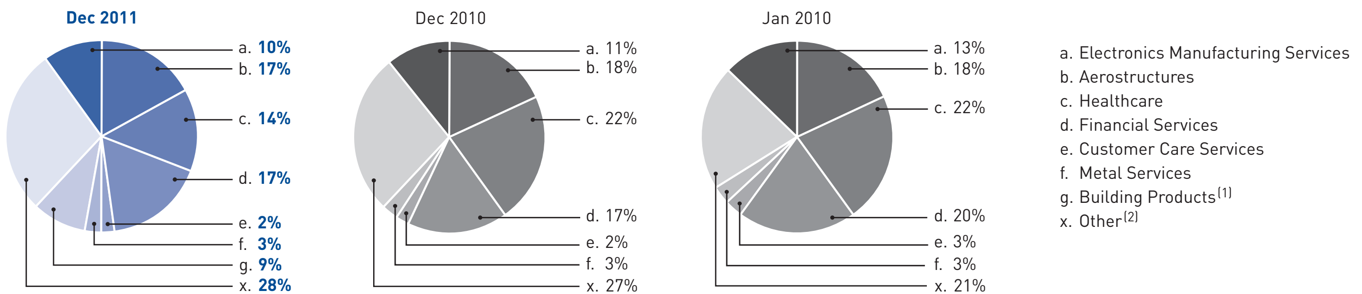


(a) JELD-WEN acquired in early October 2011.

(b) 2011 other includes the consolidated operations of Flushing Town Center, the operating companies of ONCAP II and ONCAP III, Tropicana Las Vegas and the parent company. In addition, the consolidated assets include the investments in Allison Transmission, Hawker Beechcraft, RSI, certain Onex Real Estate Partners investments and Tomkins at fair value. 2010 other includes the consolidated operations of Flushing Town Center, Husky International, the operating companies of ONCAP II, Tropicana Las Vegas and the parent company. In addition, the consolidated assets include the investments in Allison Transmission, Hawker Beechcraft, RSI, certain Onex Real Estate Partners investments and Tomkins at fair value.

The pie charts below show the percentage breakdown of total consolidated assets by industry segment as at December 31, 2011 and 2010 and January 1, 2010.

Segmented Total Consolidated Assets Breakdown



(1) JELD-WEN acquired in early October 2011.

(2) 2011 other includes the consolidated operations of Flushing Town Center, the operating companies of ONCAP II and ONCAP III, Tropicana Las Vegas and the parent company. In addition, the consolidated assets include the investments in Allison Transmission, Hawker Beechcraft, RSI, certain Onex Real Estate Partners investments and Tomkins at fair value. 2010 other includes the consolidated operations of Flushing Town Center, Husky International, the operating companies of ONCAP II, Tropicana Las Vegas and the parent company. In addition, the consolidated assets include the investments in Allison Transmission, Hawker Beechcraft, RSI, certain Onex Real Estate Partners investments and Tomkins at fair value.

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. 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.

Total consolidated long-term debt (consisting of the current and long-term portions of long-term debt, net of financing charges) was $7.0 billion at December 31, 2011 compared to $6.6 billion at December 31, 2010 and $5.7 billion at January 1, 2010. Table 21 summarizes consolidated long-term debt by industry segment. Consolidated long-term debt does not include the debt of operating companies that are included in investments in associates as the net investment in those businesses is accounted for at fair value and not consolidated.

Consolidated Long-term Debt, Without Recourse to Onex Corporation

TABLE 21 *($ millions)*	**As at December 31, 2011**	As at December 31, 2010	As at January 1, 2010
Electronics Manufacturing Services	**$ –**	$ –	$ 223
Aerostructures	**1,157**	1,145	858
Healthcare[(a)]	**2,670**	2,996	2,666
Financial Services	**203**	205	206
Customer Care Services	**652**	624	627
Metal Services	**377**	404	404
Building Products[(b)]	**481**	–	–
Other[(c)]	**1,421**	1,215	704
	6,961	6,589	5,688
Current portion of long-term debt of operating companies	**(482)**	(243)	(404)
Total	**$ 6,479**	$ 6,346	$ 5,284

(a) 2010 and 2009 include EMSC.

(b) JELD-WEN acquired in early October 2011.

(c) 2011 other includes Radian, Flushing Town Center, Tropicana Las Vegas and the operating companies of ONCAP II and ONCAP III. 2010 other includes Husky International, Radian, Flushing Town Center, Tropicana Las Vegas and the operating companies of ONCAP II.

Carestream Health (Healthcare segment)

In February 2011, Carestream Health entered into a new credit facility. This new facility included a $1.85 billion senior secured term loan that matures in February 2017 and a $150 million senior revolving facility that matures in February 2016. The senior secured term loan and senior revolving facility bear interest at LIBOR (subject to a floor of 1.5 percent) plus a margin of 3.5 percent or a base rate plus a margin of 2.5 percent. Substantially all of Carestream Health's assets are pledged as collateral under the term loan. The proceeds of the new facility were used primarily to repay and terminate the previous credit facilities and pay a $200 million distribution to shareholders. The Onex Partners II Group's share of the $200 million distribution was $197 million, of which Onex' share was $78 million. During the third and fourth quarters of 2011, Carestream Health repurchased a total of $69 million of its senior secured term loan for a cash cost of $61 million. As a result, a net pre-tax gain of $8 million was recognized in other items during 2011. At December 31, 2011, $1.8 billion and nil were outstanding under the senior secured term loan and senior revolving facility, respectively.

CDI (Healthcare segment)

In May 2011, CDI entered into a new credit agreement. The new agreement included a $95 million term loan as well as a $25 million revolving credit facility, both maturing in May 2016. Both the term loan and revolving credit facility bear interest at LIBOR plus a margin of up to 3.75 percent depending on the company's leverage ratio. The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving credit facility and to pay a distribution to shareholders. The Onex Partners I Group's share of the $67 million CDI distribution was $54 million, of which Onex' share was $13 million. At December 31, 2011, $93 million and nil were outstanding under the term loan and revolving credit facility, respectively.

Sitel Worldwide (Customer Care Services segment)

During the second quarter of 2011, Sitel Worldwide amended its credit facility that governs its term loan and revolving credit facility. The amendments included extending the maturity date on $228 million, or 64 percent, of its term loan from January 2014 to January 2017 and extending the maturity date on $31 million, or 36 percent, of commitments on its revolving credit facility from January 2013 to January 2016. Borrowings under the extended term loan and revolving credit facility both bear interest at a rate of LIBOR plus a margin of up to 6.75 percent or prime plus a margin of 5.75 percent. The credit agreement also included amendments to lessen restrictions on certain covenant levels. At December 31, 2011, $353 million and $46 million were outstanding under the term loan and revolving credit facility, respectively.

TMS International (Metal Services segment)

In December 2011, TMS International entered into a new senior secured asset-based revolving credit facility of up to $350 million. The new revolving credit facility, which bears interest at a base rate plus a margin of up to 2.25 percent and matures in December 2016, replaces the company's existing senior secured asset-based revolving credit facility, which was set to mature in January 2013. At December 31, 2011, no amounts were outstanding under the senior secured asset-based revolving credit facility and $16 million of letters of credit, secured by the senior secured asset-based revolving credit facility, were outstanding.

JELD-WEN (Building Products segment)

The acquisition of JELD-WEN in October 2011 added $637 million of debt. JELD-WEN's debt is comprised of a senior secured revolving credit facility that bears interest at a base rate plus a margin of up to 4 percent and matures in 2016 and senior secured notes that mature in 2017 and bear interest at a rate of 12.25 percent. In addition, the Onex Partners III Group invested in convertible promissory notes that mature in 2013 and bear interest at a rate of 10 percent compounded annually. The convertible promissory notes will convert into Series A convertible preferred stock to the extent the notes plus accrued and unpaid dividends remain unpaid at the maturity date. In October 2011, JELD-WEN paid $42 million to repurchase a portion of the convertible promissory notes and interest accrued to the redemption date. At December 31, 2011, nil was outstanding under the senior secured revolving credit facility, $460 million of the senior secured notes were outstanding and $132 million of the convertible promissory notes, including accrued interest, were outstanding.

ONCAP III (Other segment)

In December 2011, ONCAP III entered into a new credit facility. The new facility includes a C$50 million line of credit and a C$25 million deemed credit risk facility. Borrowings drawn on the line of credit bear interest at a base rate plus a margin of 2.5 percent or banker's acceptance rate (LIBOR for U.S. dollar borrowings) plus a margin of 5.25 percent. The line of credit is available to finance ONCAP III capital calls, bridge finance investments in ONCAP III operating companies, support foreign exchange hedging of ONCAP III and finance other uses permitted by ONCAP III's limited partnership agreement. The deemed credit risk facility is available to ONCAP III and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Onex Corporation, the ultimate parent company, is only obligated to fund borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP III. At December 31, 2011, the amount available under the deemed risk facility was reduced to C$10 million as a result of a foreign exchange contract entered into by ONCAP III, and no amounts were outstanding under the line of credit.

Note 12 to the audited annual consolidated financial statements provides further disclosure of the long-term debt at each of our operating companies.

Table 22 details the aggregate debt maturities for Onex' consolidated operating companies and investments in associates for each of the years up to 2017 and in total thereafter. As investments in associates are included in the table, the total amount is in excess of the reported consolidated debt. As the following table illustrates, most of the maturities occur in 2014 and thereafter.

Debt Maturity Amounts by Year

TABLE 22 *($ millions)*	2012	2013	2014	2015	2016	2017	Thereafter	Total
Consolidated operating companies[a]	$ 508	$ 432	$ 1,137	$ 385	$ 1,386	$ 2,691	$ 1,062	$ 7,601
Investments in associates	152	332	4,004	1,197	1,444	145	1,506	8,780
Total	$ 660	$ 764	$ 5,141	$ 1,582	$ 2,830	$ 2,836	$ 2,568	$ 16,381

(a) Includes debt amounts of subsidiaries held by Onex, the parent company, and are gross of financing fees. Excludes preferred shares of Carestream Health and The Warranty Group recorded as long-term debt under IFRS.

Consolidated long-term debt classified as current totalled $482 million at December 31, 2011. The amounts due during 2012 are, for the substantial portion, intended to be refinanced over the course of the coming year in the normal course of business.

During 2011, as a result of refinancing and debt repayment by the operating companies, the percentage of total debt maturing in 2013 and 2014 decreased to 36 percent at December 31, 2011 from 48 percent at December 31, 2010. The decrease was due primarily to the refinancing completed by Carestream Health in February 2011, as previously discussed.

Warranty reserves and unearned premiums

Warranty reserves and unearned premiums represent The Warranty Group's gross warranty and property and casualty reserves, as well as gross warranty unearned premiums. At December 31, 2011, gross warranty reserves and unearned premiums (consisting of the current and non-current portions) totalled $3.1 billion, unchanged from the balance at December 31, 2010. Gross warranty and property and casualty reserves are approximately $684 million (2010 – $765 million) of the total, which represent the estimated and incurred but not reported reserves on warranty contracts and property and casualty insurance policies. The Warranty Group has ceded 100 percent of the property and casualty reserves component of $456 million (2010 – $553 million) to third-party re-insurers, which therefore has created a ceded claims recoverable asset.

The Warranty Group's liability for gross warranty and property and casualty unearned premiums totalled $2.4 billion in 2011 (2010 – $2.3 billion). All of the unearned premiums are related to warranty business and represent the portion of the revenue received that has not yet been earned as revenue by The Warranty Group on extended warranty products sold through multiple distribution channels. Typically, there is a time delay between when the warranty contract starts to earn and the contract effective date. The contracts generally commence earning after the original manufacturer's warranty on a product expires. Note 14 to the audited annual consolidated financial statements provides details of the gross warranty and property and casualty reserves for loss and loss adjustment expenses and warranty unearned premiums as at December 31, 2011 and 2010.

Limited Partners' Interests liability

Limited Partners' Interests liability represents the fair value of third-party invested capital in the Onex Partners and ONCAP Funds. The Limited Partners' Interests liability is affected by the change in the fair value of the underlying investments in the Onex Partners and ONCAP Funds, the impact of the unrealized carried interest, as well as increased for any contributions by the third-party limited partners for investments made and management fees, and reduced for distributions to third-party limited partners from dividends, realizations and return of capital in those Funds.

At December 31, 2011, Limited Partners' Interests liability totalled $5.0 billion compared to $5.7 billion at December 31, 2010. Table 23 shows the change in Limited Partners' Interests from January 1, 2010 to December 31, 2011.

Limited Partners' Interests

TABLE 23 *($ millions)*	
Balance – January 1, 2010	$ 3,708
Limited Partners' Interests charge[1]	831
Contributions by Limited Partners	1,451
Distributions to Limited Partners	(340)
Balance – December 31, 2010	5,650
Limited Partners' Interests charge[1]	**627**
Contributions by Limited Partners	**932**
Distributions to Limited Partners	**(2,229)**
Balance – December 31, 2011	**$ 4,980**

(1) Net of carried interest.

The Limited Partners' Interests liability increased by $932 million for contributions made during 2011, which consisted primarily of amounts received from (i) the limited partners of ONCAP II for their investments in Pinnacle Renewable Energy Group and Casino ABS; (ii) the limited partners of ONCAP III for their investments in Hopkins, Casino ABS and Davis-Standard; (iii) the limited partners of Onex Partners III for their investments in Tropicana Las Vegas and JELD-WEN; and (iv) the limited partners of the Onex Partners and ONCAP Funds for management fees and partnership expenses. Contributions for the year ended December 31, 2010 were approximately $1.5 billion primarily from the limited partners of Onex Partners III for their investments in Tomkins, ResCare and Tropicana Las Vegas.

During 2011, the Limited Partners' Interests liability was reduced for $2.2 billion of distributions primarily to the limited partners of the Onex Partners Funds.

Onex Partners I distributed $920 million to its limited partners for their portion of the proceeds from (i) the EMSC sale ($469 million); (ii) the secondary offering of Spirit AeroSystems ($152 million); (iii) the distribution from CDI ($42 million); (iv) the sale of Husky International ($242 million); and (v) the distribution from The Warranty Group ($15 million).

Onex Partners II distributed approximately $1.1 billion to its limited partners for their portion of (i) the proceeds on the sale of a portion of the shares in the TMS International initial public offering and the repayment of the Series 2008 Promissory Notes ($37 million); (ii) the proceeds from the sale of Husky International ($781 million); (iii) the distribution received by the Fund from Carestream Health in the first quarter of 2011 ($119 million); (iv) the dividends and return of capital received from certain operating companies in late 2010 ($103 million), as discussed in Onex' December 31, 2010 annual MD&A; and (v) the dividends and interest received from certain operating companies in late 2011 ($31 million).

Onex Partners III distributed $218 million to its limited partners for their portion of (i) a return of capital received from ResCare ($190 million) and (ii) a partial principal repayment including accrued interest on the convertible promissory notes from JELD-WEN ($28 million).

ONCAP II distributed C$23 million to its limited partners primarily for their portion of (i) the distribution received from EnGlobe; and (ii) the proceeds on the sale of a portion of Casino ABS to ONCAP III, as previously discussed.

The $340 million of distributions that reduced the Limited Partners' Interests liability for the year ended December 31, 2010 were comprised primarily of the dividend paid by Husky International, proceeds received on the sale of a portion of Tomkins to co-investors, and proceeds received on ONCAP II's sale of CSI Global Education.

At December 31, 2011, the total unrealized carried interest netted against the Limited Partners' Interests on Onex' consolidated balance sheet was $261 million, of which Onex' share was $96 million.

The Limited Partners' Interests charge of $627 million recorded during 2011 (2010 – $831 million) is discussed in detail on page 38 of this MD&A.

Equity

Total equity was $5.7 billion at December 31, 2011 compared to $4.1 billion at December 31, 2010. Table 24 provides a reconciliation of the change in equity from December 31, 2010 to December 31, 2011.

Change in Equity

TABLE 24 ($ millions)	
Balance – December 31, 2010	$ 4,142
Dividends declared	(13)
Purchase and cancellation of shares	(105)
Investments by shareholders other than Onex	661
Distributions to non-controlling interests	(19)
Repurchase of shares of operating companies	(74)
Sale of investments in operating companies under continuing control	259
Non-controlling interests of discontinued operations	(666)
Net earnings for the period	1,629
Other comprehensive loss for 2011	(132)
Equity as at December 31, 2011	$ 5,682

Investments by shareholders other than Onex

Onex recorded an increase in equity of $661 million during 2011 due to an increase in investments by shareholders other than Onex. The increase was due primarily to the acquisitions of Pinnacle Renewable Energy Group by the ONCAP II Group and JELD-WEN by the Onex Partners III Group, where the entire ownership in those businesses was not acquired. Each of Pinnacle Renewable Energy Group and JELD-WEN have investors who continued to have an ownership interest in the business following the acquisition. These investors represent an approximate 40 percent equity ownership in each of the companies. Also contributing to the increase in investments by shareholders other than Onex was the investment by public shareholders in TMS International on the issuance of new common shares in the initial public offering.

Sale of investments in operating companies under continuing control

During the year ended December 31, 2011, Onex recorded an equity increase of $259 million as a result of the sale of investments in operating companies under continuing control. Under IFRS, dispositions of investments that do not result in a loss of control of the investment are recorded as a transfer of equity to non-controlling interests holders. The amount transferred to non-controlling interests holders is equivalent to Onex' historical accounting carrying value attributable to the portion of the investment that was sold. The excess of proceeds received over the value of the transfer of equity to the non-controlling interests holders is recorded directly to retained earnings as an increase in equity.

During the second quarter of 2011, the Onex Partners I Group sold a portion of its ownership interest in Spirit AeroSystems' secondary offering. This sale did not result in a loss of control of Spirit AeroSystems by Onex. Therefore, of the $245 million net proceeds received in this offering, $136 million was transferred to non-controlling interests, representing the historical accounting carrying value attributable to the portion of the investment sold, with the remaining $109 million of proceeds in excess of the historical accounting carrying value recorded directly in retained earnings. The excess proceeds recorded directly to retained earnings from the sale of shares have been partially offset by a $9 million deferred tax provision recorded by Onex, the parent company, on the transaction. Of the net $100 million recorded directly to retained earnings, $23 million represents Onex' share excluding the impact of the limited partners.

In April 2011, the Onex Partners II Group participated in the initial public offering of TMS International by selling approximately 1.9 million shares. After giving effect to the offering, Onex continues to control TMS International. Net proceeds received by the Onex Partners II Group totalled $23 million, of which $4 million was transferred to non-controlling interests representing the historical accounting carrying value sold, with the difference of $19 million being recorded directly to retained earnings. Onex' share, excluding the impact of the limited partners, was $7 million.

Non-controlling interests of discontinued operations

Onex recorded a decrease in equity of $666 million during 2011 related primarily to non-controlling interests in EMSC. 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 sale of EMSC, the non-controlling interests balance included the ownership interests of EMSC's public shareholders. Due to the May 2011 sale by the Onex Partners I Group of its remaining shares in EMSC, the

non-controlling interests attributable to EMSC have been removed from equity since the sale resulted in a loss of control of the investment.

Shares outstanding

At January 31, 2012, Onex had 115,072,846 Subordinate Voting Shares issued and outstanding. Table 25 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2010 to January 31, 2012.

Change in Subordinate Voting Shares Outstanding

TABLE 25	
Subordinate Voting Shares outstanding at December 31, 2010	**118,279,783**
Shares repurchased under Onex' Normal Course Issuer Bid	**(3,210,892)**
Issue of shares – Dividend Reinvestment Plan	**3,955**
Subordinate Voting Shares outstanding at January 31, 2012	**115,072,846**

Onex also has 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Note 18 to the audited annual consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during 2011.

Cash dividends

During 2011, Onex declared dividends totalling C$0.11 per Subordinate Voting Share, which were paid quarterly at a rate of C$0.0275 per Subordinate Voting Share. The dividends are payable on or about January 31, April 30, July 31 and October 31 of each year. The dividend rate remained unchanged from that of 2010 and 2009. Total payments for dividends have decreased with the repurchase of Subordinate Voting Shares under the Normal Course Issuer Bids.

Dividend Reinvestment Plan

Onex' Dividend Reinvestment Plan enables Canadian shareholders to reinvest cash dividends to acquire new Subordinate Voting Shares of Onex at a market-related price at the time of reinvestment. During the period from January 1, 2011 to December 31, 2011, Onex issued 2,829 Subordinate Voting Shares at an average cost of C$34.13 per Subordinate Voting Share, creating a cash savings of less than C$1 million.

Stock Option Plan

Onex, the parent company, has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of Subordinate Voting Shares of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years with the exception of the 760,083 remaining options granted in December 2007, which vest over six years. The price of the options issued is at the market value of the Subordinate Voting Shares on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex Subordinate Voting Shares is at least 25 percent greater than the exercise price at the time of exercise.

At December 31, 2011, Onex had 14,036,498 options outstanding to acquire Subordinate Voting Shares, of which 11,892,198 options were vested and 10,964,615 of those vested options were exercisable. Table 26 provides information on the activity during 2011 and 2010.

Change in Stock Options Outstanding

TABLE 26	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2009	13,450,050	C$ 18.33
Granted	625,000	C$ 29.29
Surrendered	(173,100)	C$ 18.98
Expired	(12,350)	C$ 26.69
Outstanding at December 31, 2010	**13,889,600**	**C$ 18.80**
Granted	**695,000**	**C$ 33.54**
Surrendered	**(506,235)**	**C$ 20.00**
Expired	**(41,867)**	**C$ 25.29**
Outstanding at December 31, 2011	**14,036,498**	**C$ 19.47**

During 2011, 506,235 options were surrendered at a weighted average exercise price of C$20.00 for aggregate cash consideration of C$8 million and 41,867 options expired. In addition, during 2011, 695,000 options were issued, of which 10,000 were issued in the second quarter at an exercise price of C$37.31, 60,000 were issued during the third quarter at an exercise price of C$37.37 and 625,000 were issued during the fourth quarter at an exercise price of C$33.11.

During 2010, 625,000 options were granted with an exercise price of C$29.29 and which vest over five years. In addition, 173,100 options were surrendered in 2010 at a weighted average exercise price of C$18.98 for aggregate cash consideration of C$2 million, and 12,350 options expired.

Normal Course Issuer Bids

Onex had Normal Course Issuer Bids (the "Bids") in place during 2011 that enable it to repurchase up to 10 percent of its public float of Subordinate Voting Shares during the period of the relevant Bid. Onex believes that it is advantageous to Onex and its shareholders to continue to repurchase Onex' Subordinate Voting Shares from time to time when the Subordinate Voting Shares are trading at prices that reflect a meaningful discount to their intrinsic value.

On April 14, 2011, Onex renewed its Normal Course Issuer Bid ("NCIB") following the expiry of its previous NCIB on April 13, 2011. Under the new NCIB, Onex is permitted to purchase up to 10 percent of its public float in its Subordinate Voting Shares, or 9,114,853 Subordinate Voting Shares. Onex may purchase up to 37,196 Subordinate Voting Shares during any trading day, being 25 percent of its average daily trading volume for the six-month period ended March 31, 2011. Onex may also purchase Subordinate Voting Shares from time to time under the Toronto Stock Exchange's block purchase exemption, if available, under the new NCIB. The new NCIB commenced on April 14, 2011 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 13, 2012. A copy of the Notice of Intention to make the Normal Course Issuer Bid filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

During 2011, Onex repurchased 3,165,296 Subordinate Voting Shares under its Bid for a total cost of $105 million (C$105 million), or at an average cost per share of C$33.27. Under similar Bids, Onex repurchased 2,040,750 Subordinate Voting Shares at a total cost of $50 million (C$52 million) or at an average cost per share of C$25.44 during 2010.

Included in Table 27 below is a summary of Onex' repurchases of Subordinate Voting Shares under its Bids for the last 10 years.

TABLE 27	Shares Repurchased	Total Cost of Shares Repurchased *(in C$ millions)*	Average Share Price *(in C$ per share)*
2002	1,587,100	C$ 26	C$ 16.45
2003	11,586,100	166	$ 14.36
2004	9,143,100	150	$ 16.37
2005	939,200	18	$ 18.93
2006	9,176,300	203	$ 22.17
2007	3,357,000	113	$ 33.81
2008	3,481,381	101	$ 28.89
2009	1,784,600	41	$ 23.04
2010	2,040,750	52	$ 25.44
2011	3,165,296	105	$ 33.27
Total	46,260,827	C$ 975	C$ 21.09

Deferred Share Unit Plans

In January 2011, Onex issued 47,477 Management Deferred Share Units ("MDSUs") to management having an aggregate value, at the date of grant, of $2 million in lieu of that amount of cash compensation for the Company's 2010 fiscal year. At December 31, 2011, there were 443,139 MDSUs outstanding. In early 2012, 65,832 MDSUs were issued to management, having an aggregate value, at the date of grant, of $2 million in lieu of cash compensation for Onex' 2011 fiscal year. Forward agreements were entered into with a counterparty financial institution to hedge Onex' exposure to changes in the value of the MDSUs.

During 2011, Onex granted 40,000 Deferred Share Units ("DSUs") to its directors at a cost of approximately $1 million (2010 – 40,000 DSUs at a cost of approximately $1 million) in lieu of that amount of cash compensation for directors' fees. During 2011, an additional 15,728 DSUs (2010 – 20,346 DSUs) were issued to directors in lieu of cash directors' fees and for dividends on outstanding DSUs. There were no DSUs redeemed during 2011 (2010 – 38,705 DSUs redeemed for cash consideration of approximately $1 million). At December 31, 2011, there were 446,388 director DSUs outstanding. MDSUs and DSUs must be held until leaving the employment of Onex or retirement from the Board. Table 28 reconciles the changes in the DSUs and MDSUs outstanding at December 31, 2011 from December 31, 2009.

Change in Outstanding Deferred Share Units

TABLE 28	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2009	369,019		272,880	
Granted	40,000	C$ 28.40	–	–
Redeemed	(38,705)	C$ 26.38	–	–
Additional units issued in lieu of compensation and cash dividends	20,346	C$ 28.38	121,394	C$ 24.59
Outstanding at December 31, 2010	**390,660**		**394,274**	
Granted	**40,000**	**C$ 36.57**	**–**	**–**
Additional units issued in lieu of compensation and cash dividends	**15,728**	**C$ 34.11**	**48,865**	**C$ 31.14**
Outstanding at December 31, 2011	**446,388**		**443,139**	

Management of capital

Onex considers the capital it manages to be the amounts it has in cash and cash equivalents and near-cash investments, and the investments made by it in the operating businesses, Onex Real Estate Partners and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners, ONCAP and Onex Credit Partners Funds. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, debt so that it has funds available to pursue new acquisitions and growth opportunities, as well as support the building of its existing businesses. Onex does not generally have the ability to draw cash from its operating businesses. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital invested commensurate with the level of risk taken on;
- build the long-term value of its operating businesses;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating businesses and each company is required to support its own debt. Onex' practice is not to guarantee the debt of the operating businesses and there are no cross-guarantees of debt between the operating businesses; and
- have appropriate levels of committed third-party capital available to invest along with Onex' capital. This enables Onex to respond quickly to opportunities and pursue acquisitions of businesses of a size it could not achieve using only its own capital. The management of third-party capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of third-party participants.

At December 31, 2011, Onex, the parent company, had approximately $1.0 billion of cash on hand and $312 million of near-cash items at market value.

Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market instruments. This policy is driven toward maintaining liquidity and preserving principal in all money market investments.

At December 31, 2011, Onex had access to $2.8 billion of uncalled committed third-party capital for acquisitions primarily through Onex Partners III ($2.0 billion) and ONCAP III (C$469 million).

The strategy for risk management of capital did not change in 2011.

Non-controlling interests

Non-controlling interests in equity in Onex' consolidated balance sheet as at December 31, 2011 primarily represent the ownership interests of shareholders, other than Onex and its third-party limited partners in its Funds, in Onex' controlled operating companies. At December 31, 2011, the non-controlling interests balance increased to $3.9 billion from $3.6 billion at December 31, 2010. The increase was due primarily to:

- $136 million related to the sale of a portion of the shares of Spirit AeroSystems held by the Onex Partners I Group, which resulted in the transfer of a portion of the ownership interests in the company to public shareholders;
- $157 million from the initial public offering of TMS International due to the issuance of new common shares by TMS International to public shareholders;
- $51 million due to the acquisition of Pinnacle Renewable Energy Group during 2011;
- $327 million related to the early October 2011 acquisition of JELD-WEN; and
- $231 million of comprehensive earnings attributable to non-controlling interests.

Partially offsetting the increase in the non-controlling interests balance was a $642 million decrease related to the sale of the remaining shares of EMSC during the year.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the audited annual consolidated statements of cash flows and the corresponding notes thereto. Table 29 summarizes the major consolidated cash flow components for the years ended December 31, 2011 and 2010.

Major Cash Flow Components

TABLE 29 *($ millions)*	**2011**	2010
Cash from operating activities	**$ 1,188**	$ 1,536
Cash from (used in) financing activities	**$ (1,263)**	$ 329
Cash used in investing activities	**$ (12)**	$ (2,343)
Consolidated cash and cash equivalents held by continuing operations	**$ 2,448**	$ 2,053

Cash from operating activities

Table 30 provides a breakdown of cash from operating activities by cash generated from operations and changes in non-cash working capital items, other operating activities, warranty reserves and premiums and cash flows from operating activities of discontinued operations for the years ended December 31, 2011 and 2010.

Components of Cash from (used in) Operating Activities

TABLE 30 *($ millions)*	**2011**	2010
Cash generated from operations	**$ 1,734**	$ 1,703
Changes in non-cash working capital items:		
Accounts receivable	**1**	(200)
Inventories	**(162)**	(599)
Other current assets	**3**	(47)
Accounts payable, accrued liabilities and other current liabilities	**(457)**	294
Decrease in cash due to changes in non-cash working capital items	**(615)**	(552)
Decrease in other operating activities, warranty reserves and premiums	**(31)**	(86)
Cash flows from operating activities of discontinued operations	**100**	471
Cash from operating activities	**$ 1,188**	$ 1,536

Cash generated from operations includes net earnings before interest and provision for income taxes adjusted for cash taxes paid and items not affecting cash and cash equivalents.

The significant changes in non-cash working capital items in 2011 were:

- a $457 million decrease in accounts payable, accrued liabilities and other current liabilities due in part to the Spirit AeroSystems settlement with Boeing on the 787 program, which allowed for the recognition of deferred revenue and customer advances at Spirit AeroSystems, as well as lower inventory purchases at Celestica; and
- a $162 million increase in inventory driven primarily by higher inventory balances at Spirit AeroSystems to support new programs.

Cash from operating activities also included $100 million of cash flows from operating activities of discontinued operations, which represents the cash from operating activities of EMSC and Husky International which were sold during the second quarter of 2011.

Cash from (used in) financing activities

Cash used in financing activities was $1.3 billion in 2011 compared to cash from financing activities of $329 million in 2010. The cash used in financing activities in the year ended December 31, 2011 included $2.2 billion of distributions primarily to the limited partners of the Onex Partners Funds (as discussed under Limited Partners' Interests liability on page 52 of this report) and $411 million of cash interest paid.

Partially offsetting these were:

- $573 million of cash received from the limited partners of Onex Partners III, Onex management and certain other limited partners for the investment in JELD-WEN;
- a $272 million change in restricted cash that was distributed to the limited partners in early 2011;
- $268 million of proceeds from the sales of a portion of the shares of Spirit AeroSystems and TMS International;
- net new debt of $134 million primarily at CDI and Sitel Worldwide;
- the receipt of $123 million from the limited partners of ONCAP III and management of Onex and ONCAP for their acquisitions of Hopkins, Casino ABS and Davis-Standard; and
- $92 million of cash received from the limited partners of ONCAP II and management of Onex and ONCAP for their acquisitions of Pinnacle Renewable Energy Group and Casino ABS.

Included in cash from financing activities in 2010 was:

- $1.5 billion of cash received primarily from the limited partners of Onex Partners III, Onex management and certain other limited partners for the investment in Tomkins, the acquisition and interim financing of the remaining interest in ResCare and the second Tropicana Las Vegas rights offering.

Substantially offsetting this were:

- $349 million of distributions primarily to the limited partners of the Onex Partners Funds for the distributions made by TMS International, Carestream Health, Husky International and The Warranty Group;
- $298 million of cash interest paid;
- a $272 million change in restricted cash representing the limited partners' net share of distributions received in the fourth quarter of 2010 from certain operating companies and the return of interim financing from ResCare;
- $232 million of cash used by Celestica to repurchase its remaining 2013 senior subordinated notes; and
- $167 million of cash used by Celestica for purchases of its shares in the open market.

Cash used in investing activities

Cash used in investing activities totalled $12 million in 2011 compared to $2.3 billion in 2010. Cash used in investing activities was primarily due to (i) $1.2 billion used to fund acquisitions primarily completed by Onex Partners III ($733 million), ONCAP ($291 million) and Celestica ($81 million); and (ii) $286 million of other investing activities consisting primarily of an additional investment in Onex Credit Partners of $150 million and a $91 million net change in securities and short-term investments at The Warranty Group. This was partially offset by cash flows from discontinued operations of $2.0 billion related to the sales of EMSC and Husky International.

During 2010, cash used in investing activities totalled $2.3 billion and consisted primarily of (i) $474 million used to fund acquisitions by Carestream Health, EMSC, Skilled Healthcare Group, Celestica, the ONCAP II Group's purchase of BSN SPORTS, as well as the acquisition and interim financing of ResCare, and the investment

in Flushing Town Center by Onex, and (ii) a cash investment of $1.2 billion by the Onex Partners III Group in Tomkins. These were partially offset by $123 million of net cash proceeds received by ONCAP II for the sale of CSI.

In addition, there was $646 million of cash used for purchases of property, plant and equipment by Onex' operating companies (2010 – $660 million). Table 31 details the property, plant and equipment expenditures by industry segment.

Cash Used for Property, Plant and Equipment Purchases by Industry Segment

TABLE 31 *($ millions)*	**2011**	2010
Electronics Manufacturing Services	**$ 62**	$ 61
Aerostructures	**233**	261
Healthcare	**90**	103
Financial Services	**3**	9
Customer Care Services	**32**	21
Metal Services	**83**	40
Building Products[a]	**13**	–
Other[b]	**130**	165
Total	**$ 646**	$ 660

(a) JELD-WEN acquired in October 2011.

(b) 2011 other includes Flushing Town Center, Tropicana Las Vegas and the operating companies of ONCAP II and ONCAP III. 2010 other includes Flushing Town Center, Tropicana Las Vegas and the operating companies of ONCAP II.

During 2011, Spirit AeroSystems invested $233 million in property, plant and equipment and tooling costs to support the company's programs with Boeing and Airbus.

Carestream Health invested $56 million in property, plant and equipment primarily associated with expenditures for equipment leased to others as well as manufacturing and infrastructure improvements.

TMS International invested $83 million in property, plant and equipment to maintain service levels for existing customers and support growth for new customers.

Tropicana Las Vegas invested approximately $42 million in 2011 primarily associated with the completion of the refurbishment project for the resort.

Consolidated cash resources

At December 31, 2011, consolidated cash held by continuing operations was $2.4 billion compared to $2.1 billion at December 31, 2010. The major components of consolidated cash at December 31, 2011 were:

- approximately $1.0 billion of cash on hand at Onex, the parent company; and
- approximately $660 million of cash at Celestica.

Onex believes that maintaining a strong financial position at the parent company with appropriate liquidity enables the Company to pursue new opportunities to create long-term value and support Onex' existing operating companies. In addition to the approximate $1.0 billion of cash at the parent company at December 31, 2011, there was approximately $310 million of near-cash items that are invested in a segregated unleveraged fund managed by Onex Credit Partners. Onex increased its investment in the fund, whose investments are focused on liquid senior debt securities, by $150 million during 2011. Table 32 provides a reconciliation of the change in cash at Onex, the parent company, from December 31, 2010 to December 31, 2011.

Change in Cash at Onex, the Parent Company

TABLE 32 *($ millions)*	
Cash on hand at December 31, 2010	**$ 533**
Carestream Health distribution received	**78**
Proceeds on Husky International sale	**601**
Proceeds on EMSC sale	**342**
Proceeds on sale of Spirit AeroSystems shares	**74**
Proceeds on TMS International initial public offering	**26**
CDI distribution received	**13**
The Warranty Group distribution received	**13**
Investment in JELD-WEN, net	**(284)**
Additional investment in Onex Credit Partners Fund	**(150)**
ONCAP acquisitions	**(123)**
Onex share repurchases	**(105)**
Investments in Onex Real Estate Partners	**(32)**
Other, net, including dividends, management fees and operating costs	**4**
Cash on hand at December 31, 2011	**$ 990**

ADDITIONAL USES OF CASH

Contractual obligations

Table 33 presents the contractual obligations of Onex' consolidated operating companies as at December 31, 2011:

Contractual Obligations

TABLE 33 ($ millions)		Payments Due by Period			
	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Long-term debt, without recourse to Onex[1]	**$ 7,096**	$ 482	$ 1,357	$ 1,769	$ 3,488
Finance and operating leases	**1,265**	312	423	228	302
Purchase obligations	**461**	279	125	57	–
Total contractual obligations	**$ 8,822**	$ 1,073	$ 1,905	$ 2,054	$ 3,790

(1) Includes deferred financing fees.

In addition to the obligations in table 33, certain of Onex' consolidated operating companies have funding obligations related to their defined benefit pension plans. The operating companies estimate that $53 million of contributions will be required for their defined benefit pension plans in 2012.

A breakdown of long-term debt by industry segment is provided in table 21 on page 50 of this MD&A. In addition, notes 12 and 13 to the audited annual consolidated financial statements provide further disclosure on long-term debt and lease commitments. Our consolidated operating companies currently believe they have adequate cash from operations, cash on hand and borrowings available to them to meet anticipated debt service requirements, capital expenditures and working capital needs. There is, however, no assurance that our consolidated operating companies will generate sufficient cash flow from operations or that future borrowings will be available to enable them to grow their business, service all indebtedness or make anticipated capital expenditures.

Commitments

At December 31, 2011, Onex and its operating companies had total commitments of $260 million. Commitments by Onex and its operating companies provided in the normal course of business include commitments for corporate investments and letters of credit, letters of guarantee and surety and performance bonds.

Approximately $254 million of the total commitments in 2011 were for contingent liabilities in the form of letters of credit, letters of guarantee, and surety and performance bonds provided by certain operating companies to various third parties, including bank guarantees. These guarantees are without recourse to Onex.

As part of the Carestream Health purchase from Kodak in 2007, the acquisition agreement provides that if Onex and Onex Partners II realize an internal rate of return in excess of 25 percent on their investment in Carestream Health, Kodak will receive payment equal to 25 percent of the excess return up to $200 million. At December 31, 2011, a provision of $3 million (2010 – $3 million) has been recognized in Onex' consolidated balance sheets.

Onex' commitment to the Funds

Onex, the parent company, is the largest limited partner in the Onex Partners and ONCAP Funds. Table 34 presents the commitment and uncalled committed capital of Onex, the parent company, in these Funds at December 31, 2011:

TABLE 34 ($ millions)	Fund Size	Onex' Commitment	Uncalled Committed Capital
Onex Partners I	**$ 1,655**	**$ 400**	**$ 22**
Onex Partners II	**$ 3,450**	**$ 1,407**	**$ 161**
Onex Partners III[a]	**$ 4,700**	**$ 1,200**	**$ 643**
ONCAP II	**C$ 574**	**C$ 252**	**C$ 14**
ONCAP III[b]	**C$ 800**	**C$ 252**	**C$ 197**

(a) Onex' commitment reflects the increased commitment announced in November 2011, which takes effect in May 2012.

(b) Onex' commitment has been reduced for a portion of the annual commitment for Onex management's participation.

In November 2011, Onex announced that it would be increasing its commitment to Onex Partners III to $1.2 billion from $800 million, bringing the total fund size to $4.7 billion. The increased commitment will apply to Onex Partners III investments completed after May 14, 2012, and will not change Onex' ownership of businesses acquired prior to that date.

Pension plans

Seven of Onex' operating companies have defined benefit pension plans, of which the more significant plans are those of Spirit AeroSystems, Celestica, Carestream Health and JELD-WEN. At December 31, 2011, the defined benefit pension plans of the seven Onex operating companies had combined assets of $1.8 billion against combined obligations of $2.0 billion, with a net deficit of $132 million. A surplus in any plan is not available to offset deficiencies in others.

Spirit AeroSystems has several U.S. defined benefit pension plans that were frozen at the date of Onex' acquisition of Spirit AeroSystems, with no future service benefits being earned in these plans. Pension assets are placed in a trust for the purpose of providing liquidity sufficient to pay benefit obligations. Therefore, required and discretionary contributions to those plans are not expected in 2012. In addition, Spirit AeroSystems has a U.K. defined benefit pension plan with expected contributions of $9 million in 2012. Spirit AeroSystems' defined benefit pension plans remained overfunded by approximately $119 million at December 31, 2011.

At December 31, 2011, Celestica's defined benefit pension plans were in a net asset position of $10 million. Celestica's pension funding policy is to contribute amounts sufficient to meet minimum local statutory funding requirements that are based on actuarial calculations. The company may make additional discretionary contributions taking into account actuarial assessments and other factors. Celestica estimates $11 million of contributions for its defined benefit pension plans in 2012 based on the most recent actuarial valuations. A significant deterioration in the asset values could lead to higher than expected future contributions; however, Celestica does not expect this will have a material adverse impact on its cash flows or liquidity.

Carestream Health's defined benefit pension plans were in an unfunded position of approximately $50 million at December 31, 2011. The company's pension plans are broadly diversified in equity and debt securities, as well as other investments. Carestream Health expects to contribute approximately $3 million in 2012 to its defined benefit pension plans, and it does not believe that future pension contributions will materially impact its liquidity.

At December 31, 2011, JELD-WEN's defined benefit pension plans were in an unfunded position of approximately $191 million. The company's pension plans are broadly diversified in equity and debt securities, as well as other investments. JELD-WEN estimates that $28 million of contributions will be required for its defined benefit pension plans in 2012.

Onex, the parent company, does not have a pension plan and has no obligation to the pension plans of its operating companies.

ADDITIONAL SOURCES OF CASH

Private equity Funds

Onex has additional sources of cash from its private equity Funds. 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 35 provides a summary of the remaining commitments available from third-party limited partners for future Onex-sponsored acquisitions in the Onex Partners and ONCAP Funds as of December 31, 2011.

Private Equity Funds Uncalled Third-party Committed Capital

TABLE 35 *($ millions)*	Available Uncalled Committed Capital (excluding Onex)[a]
Onex Partners I	**$ 73**
Onex Partners II	**$ 244**
Onex Partners III	**$ 2,017**
ONCAP II	**C$ 16**
ONCAP III	**C$ 469**

(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 by the third-party limited partners are not included in Onex' consolidated cash and will be drawn upon as acquisitions are made.

During 2003, Onex raised its first large-cap Fund, Onex Partners I, with $1.655 billion of committed capital, including committed capital from Onex of $400 million. Since 2003, Onex Partners I has completed 10 investments or acquisitions with $1.5 billion of equity, including Onex, being put to work. While Onex Partners I has concluded its investment period, the Fund still has uncalled third-party committed capital of $73 million, which is available for possible future funding of acquisitions by any of Onex Partners I's existing businesses up to November 2012 and for management fees.

During 2006, Onex raised its second large-cap Fund, Onex Partners II, a $3.45 billion private equity fund, including committed capital of $1.4 billion from Onex. Onex Partners II has completed seven investments or acquisitions, investing $2.9 billion of equity, including Onex, in those transactions. At December 31, 2011, Onex Partners II has uncalled third-party committed capital of $244 million, which is largely reserved for possible future funding for any of Onex Partners II's existing businesses and for management fees.

During 2009, Onex completed fundraising for its third large-cap private equity fund, Onex Partners III, a $4.7 billion private equity fund. Onex' initial commitment to the fund was $1.0 billion, which could be either increased or decreased by $500 million with six months' notice to the third-party limited partners. On December 31, 2008, Onex notified its limited partners that it would be reducing its commitment to the Fund to approximately $500 million effective July 1, 2009. Subsequent to the reduction in 2009, Onex' commitment may be increased up to approximately $1.5 billion, but cannot be decreased. Since July 2009, Onex has increased its commitment as follows:

- to $800 million for new acquisitions completed after June 16, 2010 and up to May 14, 2012
- to $1.2 billion for new investments completed after May 14, 2012.

Changes to Onex' commitment do not change Onex' ownership of businesses acquired prior to the effective dates of the changes. Onex Partners III has completed four investments or acquisitions, investing $1.5 billion of third-party capital in those transactions.

During 2006, ONCAP raised its second mid-market Fund, ONCAP II, a C$574 million private equity fund including a commitment of C$252 million from Onex. ONCAP II has completed eight acquisitions, putting C$255 million of third-party capital to work. At December 31, 2011, this Fund had uncalled committed third-party capital of C$16 million, which is largely reserved for possible future funding for any of ONCAP II's existing businesses and for management fees.

During 2011, ONCAP completed fundraising for its third mid-market private equity fund, ONCAP III, a C$800 million private equity fund with total third-party capital commitments of C$520 million, excluding commitments from management of Onex and ONCAP. ONCAP III has completed three investments or acquisitions, putting C$123 million of third-party capital to work. At December 31, 2011, this Fund has uncalled committed third-party capital of C$469 million available for future acquisitions.

Related party transactions

Related party transactions are primarily investments by the management of Onex and of the operating companies in the equity of the operating companies acquired. The investment programs are designed to align Onex management's interests with those of Onex' shareholders and the third-party investors in Onex' Funds.

The various investment programs are described in detail in the following pages and certain key aspects are summarized in table 36.

Investment Programs

TABLE 36	Minimum Stock Price Appreciation/ Return Threshold	Vesting	Associated Investment by Management
Management Investment Plan	15% Compounded Return	6 years (4 years prior to November 2007)	• personal "at risk" equity investment required • 25% of gross proceeds on the 7.5 percent gain allocated under the MIP to be reinvested in Subordinate Voting Shares or Management DSUs until 1,000,000 shares or DSUs owned
Carried Interest Participation	8% Compounded Return	Onex Partners I 4 years Onex Partners II 5 years Onex Partners III 6 years	• corresponds to participation in minimum 1% "at risk" management team equity investment • 25% of gross proceeds to be reinvested in Subordinate Voting Shares or Management DSUs until 1,000,000 shares or DSUs owned
Stock Option Plan	25% Price Appreciation	5 years (6 years for 2007)	• satisfaction of exercise price (market value at grant date)
Management DSU Plan	n/a	n/a	• investment of elected portion of annual compensation in Management DSUs • value reflects changes in Onex' share price • units not redeemable while employed
Director DSU Plan	n/a	n/a	• investment of elected portion of annual directors' fees in Director DSUs • value reflects changes in Onex' share price • units not redeemable until retirement • annual allocation of DSUs

Management Investment Plan

Onex has a Management Investment Plan (the "MIP") that requires its management members to invest in each of the operating companies acquired by Onex. Management's required cash investment is 1.5 percent of Onex' interest in each acquisition. An amount invested in an Onex Partners acquisition under the Fund's 1 percent investment requirement (discussed below) also applies toward the 1.5 percent investment requirement under the MIP.

In addition to the 1.5 percent participation, management is allocated 7.5 percent of Onex' realized gain from an operating company investment, subject to certain conditions. In particular, Onex must realize the full return of its investment plus a net 15 percent internal rate of return from the investment in order for management to be allocated the additional 7.5 percent of Onex' gain. The plan has vesting requirements, certain limitations and voting requirements.

During 2011, management invested $9 million (2010 – $9 million) under the MIP, including amounts invested under the Onex Partners and ONCAP 1 percent investment requirement. Management received $56 million under the MIP in 2011 (2010 – $4 million) associated with the gains Onex achieved during the year. Notes 1 and 31 to the audited annual consolidated financial statements provide additional details on the MIP.

Onex Partners and ONCAP Funds

The structure of the Onex Partners and ONCAP III Funds requires the management of Onex or ONCAP to invest a minimum of 1 percent in all acquisitions. This structure applies to Onex Partners I, II and III and ONCAP III. Onex Partners I completed its investment period in 2006. For Onex Partners II and III, Onex management and directors have committed to invest 4 percent and 5 percent, respectively, of the total capital invested by those Funds for the commitment periods beginning in 2012. For ONCAP III, management of Onex and ONCAP as well as directors have committed to invest 6 percent of the total capital invested by the Fund for the commitment period beginning in 2012.

The total amount invested in 2011 by Onex management and directors on acquisitions and investments completed through the Onex Partners and ONCAP Funds was $60 million (2010 – $36 million).

Carried interest participation

The General Partners of the Onex Partners Funds, which are controlled by Onex, are entitled to a carried interest (20 percent) on the realized gains of third-party limited partners in each Fund, subject to an 8 percent compound annual preferred return to those limited partners on all amounts contributed in each particular Fund. Onex, as sponsor of the Onex Partners Funds, is entitled to 40 percent of the carried interest and the Onex management team is entitled to 60 percent. Under the terms of the partnership agreements, Onex may receive carried interest as realizations occur. The ultimate amount of carried interest earned will be based on the overall performance of each of Onex Partners I, II and III, independently, and includes typical catch-up and claw-back provisions within each Fund, but not between Funds.

During 2011, management of Onex received carried interest of $96 million (2010 – nil).

Table 37 shows the amount of carried interest received by Onex, the parent company, by year.

Carried Interest

TABLE 37 *($ millions)*	Carried Interest Received
Carried interest – 2003	$ 1
Carried interest – 2004	4
Carried interest – 2005	16
Carried interest – 2006	55
Carried interest – 2007	77
Carried interest – 2008	–
Carried interest – 2009	19
Carried interest – 2010	–
Carried interest – 2011	65
Total	$ 237

During 2011, Onex, the parent company, realized carried interest as follows:

- $9 million on the sale of a portion of the shares of Spirit AeroSystems by Onex Partners I in the secondary offering completed by the company during the second quarter;
- $32 million on the sale of the remaining shares of EMSC by Onex Partners I;
- $1 million from Onex Partners II as a result of the initial public offering of TMS International and the redemption of TMS International's Series 2008 Promissory Notes in April 2011;
- $17 million during the second quarter of 2011, from the sale of Husky International by the limited partners of Onex Partners I ($14 million) and Onex Partners II ($3 million). The amount of carried interest earned by Onex, the parent company, and the Onex management team on the sale of Husky International by the limited partners of Onex Partners II was voluntarily reduced by $88 million (Onex' share of the reduction was $35 million) at the request of Onex. The reduction was made after a review of the remaining portfolio companies in Onex Partners II and reflecting the desire to not distribute or collect carried interest that may be subject to a future claw-back; and

- $6 million during the third quarter of 2011 from the limited partners of Onex Partners I ($1 million) and Onex Partners II ($5 million) related to their receipt of a portion of the amounts held in escrow at the time of the sale of Husky International. In accordance with the distribution policy set out in the Agreement of Limited Partnership, and as a result of the voluntary reduction in the amount of carried interest collected at the time of the sale of Husky International, Onex' carried interest entitlement was 80 percent of the escrow amounts received by the limited partners of Onex Partners II.

During 2010, there was no carried interest received by Onex, the parent company.

At December 31, 2011, there was $13 million (2010 – $49 million) of unrealized carried interest allocable to Onex on the public companies held at market value in the Onex Partners Funds. In addition, Onex has the potential to earn a further $83 million (2010 – $84 million) of carried interest on its private businesses in the Onex Partners and ONCAP Funds based on their fair values determined at December 31, 2011.

Stock Option Plan

Onex, the parent company, has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of Subordinate Voting Shares of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years with the exception of the options granted in December 2007, which vest over six years. The price of the options issued is at the market value of the Subordinate Voting Shares on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex Subordinate Voting Shares is at least 25 percent greater than the exercise price at the time of exercise. Table 26 on page 55 of this MD&A provides details of the change in the stock options outstanding during 2011 and 2010.

Management Deferred Share Unit Plan

Effective December 2007, a Management Deferred Share Unit Plan ("MDSU Plan") was established as a further means of encouraging personal and direct economic interests by the Company's senior management in the performance of the Subordinate Voting Shares. Under the MDSU Plan, the members of the Company's senior management team are given the opportunity to designate all or a portion of their annual compensation to acquire MDSUs based on the market value of Onex shares at the time in lieu of cash. MDSUs vest immediately but are redeemable by the participant only after he or she has ceased to be an officer or employee of the Company or an affiliate for a cash payment equal to the then current market price of Subordinate Voting Shares. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the Subordinate Voting Shares. To hedge Onex' exposure to changes in the trading price of Onex shares associated with the MDSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the MDSU Plan. The costs of those arrangements are borne entirely by participants in the MDSU Plan. MDSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof. Table 28 on page 57 of this MD&A provides details of the change in the MDSUs outstanding during 2011 and 2010.

Director Deferred Share Unit Plan

Onex, the parent company, established a Director Deferred Share Unit Plan ("DSU Plan") in 2004, which allows Onex directors to apply directors' fees to acquire Deferred Share Units ("DSUs") based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of a Subordinate Voting Share at the redemption date. The DSUs vest immediately, are only redeemable once the holder retires from the Board of Directors and must be redeemed by the end of the year following the year of retirement. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the Subordinate Voting Shares. Onex, the parent company, has recorded a liability for the future settlement of DSUs at the balance sheet date by reference to the value of underlying shares at that date. The liability is adjusted up or down for the change in the market value of

the underlying Subordinate Voting Shares, with the corresponding amount reflected in the consolidated statements of earnings. Table 28 on page 57 of this MD&A provides details of the change in the DSUs outstanding during 2011 and 2010.

Investment in Onex shares and acquisitions

In 2006, Onex adopted a program designed to further align the interests of the Company's senior management and other investment professionals with those of Onex shareholders through increased share ownership. Under this program, members of senior management of Onex are required to invest at least 25 percent of all amounts received on the 7.5 percent gain allocated under the MIP and the carried interest in Onex Subordinate Voting Shares and/or Management DSUs until they individually hold at least 1,000,000 Onex Subordinate Voting Shares and/or Management DSUs. Under this program, during 2011 Onex management reinvested C$18 million (2010 – less than C$1 million) in the purchase of Subordinate Voting Shares.

Members of management and the Board of Directors of Onex can invest limited amounts in partnership with Onex in all acquisitions outside the Onex Partners and ONCAP Funds at the same time and cost as Onex and other outside investors. During 2011, approximately $5 million in investments (2010 – $9 million) was made by Onex management and Onex Board members.

Management fees

Onex receives management fees through its private equity platforms, Onex Partners and ONCAP, and directly from the operating businesses. In addition, Onex Credit Partners earns management fees on its third-party capital.

Onex Partners I completed its investment period in 2006, and for the remainder of the life of this Fund, Onex will receive a 1 percent annual management fee based on third-party invested capital. During the investment period of Onex Partners II, Onex received a management fee of 2 percent on the committed capital of the Fund provided by third-party investors. Toward the end of 2008, the initial fee period for Onex Partners II concluded when Onex began to receive a management fee from Onex Partners III. Onex, therefore, earns a 1 percent management fee on Onex Partners II's third-party invested capital. The management fee on Onex Partners I and II will decline over time as realizations on invested capital occur.

Onex is now entitled to a management fee of 1.75 percent on the committed capital of the third-party limited partners of Onex Partners III. This management fee will be earned during the investment period of Onex Partners III for a period of up to five years. Thereafter, a 1 percent management fee is payable to Onex based on third-party invested capital.

ONCAP I has been fully realized and as a result, Onex no longer earns a management fee from this Fund. During the initial fee period for ONCAP II, Onex received a management fee of 2 percent on the committed capital of the Fund provided by third-party investors. The initial fee period for ONCAP II concluded in July 2011 when ONCAP established a successor Fund, ONCAP III, and as a result, Onex is now entitled to a 2 percent management fee on ONCAP II's third-party invested capital. The management fee on ONCAP II will decline over time as realizations on invested capital occur.

Onex is entitled to a management fee of 2 percent on the committed capital of the third-party limited partners of ONCAP III for a period of up to six years. Thereafter, a 1.5 percent management fee is payable to Onex based on third-party invested capital.

Onex Credit Partners earns management fees on third-party capital invested. The fees charged by Onex Credit Partners are based on capital invested and vary by investment product.

As determined at the time of acquisition, the operating companies typically pay an annual management fee to Onex. Onex is entitled to its pro-rata share of the fees received from the operating companies to the extent of its interest as a limited partner in each company.

Management fees earned by Onex Partners, ONCAP and Onex Credit Partners totalled approximately $110 million in 2011 (2010 – $102 million).

Debt of operating companies

Onex' practice is not to guarantee the debt of its operating companies, and there are no cross-guarantees between operating companies. Onex may hold debt as part of its investment in certain operating companies, which amounted to $1.3 billion at December 31, 2011 compared to $1.4 billion at December 31, 2010. Note 12 to the audited annual consolidated financial statements provides information on the debt of operating companies held by Onex.

Tax loss transactions

During 2011, Onex sold entities, the sole assets of which were certain tax losses, to a public company controlled by Mr. Gerald W. Schwartz, who is also Onex' controlling shareholder. As a result of these transactions, Onex recorded a gain of C$10 million in other items in 2011. A discussion of these transactions is included on page 37 of this MD&A.

In January 2012, Onex completed a similar transaction, receiving approximately C$2 million in cash for Canadian tax losses of C$20 million. The entire C$2 million will be recorded as a gain in other items in the first quarter of 2012. In connection with this transaction, Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided an opinion that the value received by Onex for the tax losses was fair. The transactions were unanimously approved by Onex' Audit and Corporate Governance Committee, all the members of which are independent directors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Except for the limitation in scope of the design of internal controls over financial reporting as noted below, 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. Except for the limitation in scope of the design of disclosure controls and procedures as noted below, 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 disclosure controls and procedures and our internal controls over financial reporting are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

During 2010, Onex, the parent company, implemented an information technology solution that accommodates accounting under IFRS for 2010 and going forward. In addition, Onex documented its internal control processes surrounding IFRS reporting concurrently with the implementation in 2010. There were no significant changes in internal controls over financial reporting for the year ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

Limitation on scope of design

Management has limited the scope of the design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of JELD-WEN, the results of which are included in the 2011 consolidated financial statements of Onex, the parent company, since the acquisition date of October 3, 2011. The scope limitation is in accordance with Section 3.3 of National Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*, which allow an issuer to limit its design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates. Table 38 shows a summary of the financial information for JELD-WEN, which is included in the December 31, 2011 audited annual consolidated financial statements of Onex, the parent company.

Financial information for JELD-WEN

TABLE 38 (IFRS, U.S. $ millions)	2011
Revenue	$ 774
Net loss	$ (89)
Current assets	$ 776
Non-current assets	$ 1,805
Current liabilities	$ 563
Non-current liabilities	$ 1,097

OUTLOOK

2011 was another tumultuous year for both the equity and credit markets, reflecting ongoing global economic uncertainty. All eyes were on the European Union as it faced its biggest challenge since it was formed 18 years ago. While it is clear that Europe has a long road ahead to fiscal stability, the full breadth and depth of the debt crisis is unknown.

Despite the difficult economic environment, overall demand for our industrial businesses' products increased last year. Most of our operating companies grew earnings and generated strong free cash flow, allowing some to reduce debt levels and pay distributions. This resulted in year-over-year mark-to-market returns to Onex of 15 percent and 12 percent from our interests in the Onex Partners and ONCAP private operating companies, respectively, including distributions. Reflected in our valuations is an appropriate mark for Hawker Beechcraft, which continues to suffer from the prolonged depressed state of the general aviation market, despite management's efforts to aggressively reduce costs, improve its sales effectiveness and conserve cash.

While value is persistently being created in our businesses, we regularly review our alternatives to capture this value. In 2011, when credit markets were strong and the initial public offering ("IPO") markets were open, Onex and its partners realized approximately $3.5 billion primarily through the sales of Husky International and Emergency Medical Services as well as the IPO of TMS International. When the markets are once again receptive to IPOs and appropriately valuing high-quality companies, we will consider additional offerings. Fortunately, we can be patient given the strength of our operating companies' balance sheets, and we are more than happy to continue owning these businesses given their attractive cash-on-cash returns.

We were disappointed that we were unable to complete one or two more acquisitions at the upper-end of the private equity market last year. Overall transaction volume was modest as corporate America, with solid balance sheets and anemic growth, seemed reluctant to part with even non-core subsidiaries until strategic alternatives were available. Despite this challenging acquisition market, we did complete an $871 million investment in JELD-WEN, one of the world's largest residential door and window manufacturers, and ONCAP was very busy in the mid-market space, acquiring four businesses in 2011.

In the last few months, there has been a slight increase in merger and acquisition activity, which has translated into more pipeline activity at Onex. One source of interesting opportunities has been Europe, where some companies are looking to divest of their U.S.-based subsidiaries to generate cash. In addition to participating in auctions, our team is focused on originating proprietary investment opportunities like we did with both Tomkins and JELD-WEN. We are also interested in finding more industrial partners with deep expertise and relationships to broaden our origination capabilities.

As we have done throughout our 27 year history, we are looking for just a few great businesses to acquire each year. Following an active year of realizations, we now have over $1.3 billion in cash and near-cash items, which is sufficient to meet Onex' fund commitments. In that regard we increased our commitment to Onex Partners III to $1.2 billion from $800 million with effect for acquisitions after May 14, 2012. At this time we have approximately $2.5 billion of uncalled committed capital from our third-party Limited Partners for acquisitions through Onex Partners III and ONCAP III.

In addition to investing capital primarily through its two private equity platforms, Onex uses its cash to repurchase shares under the Normal Course Issuer Bid when we believe the shares are trading at prices that reflect a meaningful discount to our view of their value. We believe this provides good value for our shareholders. During 2011, Onex repurchased approximately 3.2 million shares for C$105 million at an average price of C$33.27 per share.

We continue to believe that our success in building companies and our record of capital preservation and superior growth – a 3.3 multiple on invested capital and a 29 percent gross IRR – are direct results of 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 every fund, Onex' distinctive ownership culture requires each member of the management team to have a significant ownership in Onex stock and to invest meaningfully in each operating company acquired. At December 31, 2011, the team had approximately $1.3 billion invested in Onex' shares and its businesses.

For over 27 years, we have employed an active ownership approach in acquiring and building industry-leading businesses. We are excited about the potential of our current portfolio of companies and remain focused on helping them to enhance their productivity and profitability with the goal of creating long-term value for Onex and its investors.

RISK MANAGEMENT

This section describes the risks that we believe are material to Onex that could adversely affect Onex' business, financial condition or results of operations. The risks described below are not the only risks that may impact our business. Additional risks not currently known to us or that we currently believe are immaterial may also have a material adverse effect on future business and operations.

As managers, it is our responsibility to identify and manage business risk. As shareholders, we require an appropriate return for the risk we accept.

Managing risk

Onex' general approach to the management of risk is to apply common-sense business principles to the management of the Company, the ownership of its operating companies and the acquisition of new businesses. Each year, detailed reviews are conducted of many opportunities to purchase either new businesses or add-on acquisitions for existing businesses. Onex' primary interest is in acquiring well-managed companies with a strong position in growing industries. In addition, diversification among Onex' operating companies enables Onex to participate in the growth of a number of high-potential industries with varying business cycles.

As a general rule, Onex attempts to arrange as many factors as practical to minimize risk without hampering its opportunity to maximize returns. When a purchase opportunity meets Onex' criteria, for example, typically a fair price is paid, though not necessarily the lowest price, for a high-quality business. Onex does not commit all of its capital to a single acquisition and does have equity partners with whom it shares the risk of ownership. The Onex Partners and ONCAP Funds streamline Onex' process of sourcing and drawing on commitments from such equity partners.

An acquired company is not burdened with more debt than it can likely sustain, but rather is structured so that it has the financial and operating leeway to maximize long-term growth in value. Finally, Onex invests in financial partnership with management. This strategy not only gives Onex the benefit of experienced managers but also is designed to ensure that an operating company is run entrepreneurially for the benefit of all shareholders.

Onex maintains an active involvement in its operating companies in the areas of strategic planning, financial structures and negotiations and acquisitions. In the early stages of ownership, Onex may provide resources for business and strategic planning and financial reporting while an operating company builds these capabilities in-house. In almost all cases, Onex ensures there is oversight of its investment through representation on the acquired company's board of directors. Onex does not get involved in the day-to-day operations of acquired companies.

Operating companies are encouraged to reduce risk and/or expand opportunity by diversifying their customer bases, broadening their geographic reach or product and service offerings and improving productivity. In certain instances, we may also encourage an operating company to seek additional equity in the public markets in order to continue its growth without eroding its balance sheet. One element of this approach may be to use new equity investment, when financial markets are favourable, to prepay existing debt and absorb related penalties. Some of the strategies and policies to manage business risk at Onex and its operating companies are discussed in this section.

Business cycles

Diversification by industry and geography is a deliberate strategy at Onex to reduce the risk inherent in business cycles. Onex' practice of owning companies in various industries with differing business cycles reduces the risk of holding a major portion of Onex' assets in just one or two industries. Similarly, the Company's focus on building industry leaders with extensive international operations reduces the financial impact of downturns in specific regions. Onex is well diversified among various industry segments, with no single industry or business representing more than 10 percent of its proprietary capital. The table in note 34 to the audited annual consolidated financial statements provides information on the geographic diversification of Onex' consolidated revenues.

Operating liquidity

It is Onex' view that one of the most important things Onex can do to control risk is to maintain a strong parent company with an appropriate level of liquidity. Onex needs to be in a position to support its operating companies when and if it is appropriate and reasonable for Onex, as an equity owner with paramount duties to act in the best interests of Onex shareholders, to do so. Maintaining liquidity is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow other than management fees. The approximate $112 million in annualized management fees that are expected to be earned by Onex Partners, ONCAP and Onex Credit Partners in 2012 will be used to offset the costs of running the parent company.

A significant portion of the purchase price for new acquisitions is generally funded with debt provided by third-party lenders. This debt, sourced exclusively on the strength of the acquired company's financial condition and prospects, is a debt of the acquired company at closing and is without recourse to Onex, the parent company, or to its other operating companies or partnerships. The foremost consideration, however, in developing a financing structure for an acquisition is identifying the appropriate amount of equity to invest. In Onex' view, this should be the amount of equity that maximizes the risk/reward equation for both shareholders and the acquired company. In other words, it allows the acquired company to not only manage its debt through reasonable business cycles but also to have sufficient financial latitude for the business to vigorously pursue its growth objectives.

While Onex seeks to optimize the risk/reward equation in all acquisitions, there is the risk that the acquired company will not generate sufficient profitability or cash flow to service its debt requirements and/or meet related debt covenants or provide adequate financial flexibility for growth. In such circumstances, additional investment by the equity partners, including Onex, may be appropriate. In severe circumstances, the recovery of Onex' equity and any other investment in that operating company is at risk.

Timeliness of investment commitments

Onex' ability to create value for shareholders is dependent in part on its ability to successfully complete large acquisitions. Our preferred course is to complete acquisitions on an exclusive basis. However, we also participate in large acquisitions through an auction or bidding process with multiple potential purchasers. Bidding is often very competitive for the large-scale acquisitions that are Onex' primary interest, and the ability to make knowledgeable, timely investment commitments is a key component in successful purchases. In such instances, the vendor often establishes a relatively short timeframe for Onex to respond definitively. In order to improve the efficiency of Onex' internal processes on both auction and exclusive acquisition processes, and so reduce the risk of missing out on high quality acquisition opportunities, Onex has committed pools of capital from third-party investors with the Onex Partners and ONCAP Funds. As at December 31, 2011, the Onex Partners Funds have $2.3 billion of undrawn committed third-party capital and the ONCAP Funds have C$485 million of such undrawn capital.

Once the investment period for Onex Partners III has expired at the end of 2013, Onex will need to have raised or be in the process of raising additional third-party capital to continue its program of investing new third-party capital in large-scale acquisitions. The ability to raise new capital commitments at that time will be dependent upon general economic conditions and the track record or success Onex has achieved with the management and investment of prior funds. To date, Onex has a strong track record of investing third-party capital and most investors in the original Onex Partners and ONCAP Funds have committed to invest in successor funds that have been established.

Capital commitment risk The limited partners in the Onex Partners and ONCAP Funds comprise a relatively small group of high-quality, primarily institutional, investors. To date, each of these investors has met its commitments on called capital, and Onex has received no indications that any investor will be unable to meet its commitments in the future. While Onex' experience with its limited partners suggests that commitments will be honoured, there is always the possibility that a limited partner may not be able to meet its entire commitment over the life of the fund.

Financial risks

In the normal course of business, Onex and its operating companies may face a variety of risks related to financial management. In dealing with these risks, it is a matter of Company policy that neither Onex nor its operating companies engage in speculative derivatives trading or other speculative activities.

Default on known credit As previously noted, new investments generally include a meaningful amount of third-party debt. Those lenders typically require that the acquired company meet ongoing tests of financial performance as defined by the terms of the lending agreement, such as ratios of total debt to operating income ("EBITDA") and the ratio of EBITDA to interest costs. It is Onex' practice to not burden acquired companies with levels of debt that might put at risk their ability to generate sufficient levels of profitability or cash flow to service their debts – and so meet their related debt covenants – or which might hamper their flexibility to grow.

Financing risk The volatility in the global credit markets has created some unpredictability about whether businesses, even creditworthy businesses, will be able to obtain new loans. This represents a risk to the ongoing viability of many otherwise healthy businesses whose loans or operating lines of credit are up for renewal in the short term. The major portion of Onex' operating companies' refinancing will take place in 2014 and thereafter. Table 22 on page 52 of this MD&A provides the aggregate debt maturities for Onex' consolidated operating companies and investments in associates for each of the years up to 2017 and in total thereafter.

Interest rate risk As previously noted, new investments generally include a meaningful amount of third-party debt taken on by the acquired operating company. An important element in controlling risk is to manage, to the extent reasonable, the impact of fluctuations in interest rates on the debt of the operating company.

Onex' operating companies generally seek to fix the interest on some of their term debt or otherwise minimize the effect of interest rate increases on a portion of their debt at the time of acquisition. This is achieved by taking on debt at fixed interest rates or entering into interest rate swap agreements or financial contracts to control the level of interest rate fluctuation on variable rate debt. At December 31, 2011, approximately 52 percent (2010 – 56 percent) of Onex' operating companies' long-term debt had a fixed interest rate or the interest rate was effectively fixed by interest rate swap contracts. The risk inherent in such a strategy is that, should interest rates decline, the benefit of such declines may not be obtainable or may only be achieved at the cost of penalties to terminate existing arrangements. There is also the risk that the counterparty on an interest rate swap agreement may not be able to meet its commitments. Guidelines are in place that specify the nature of the financial institutions that operating companies can deal with on interest rate contracts.

Onex, the parent company, has some exposure to interest rate changes primarily through its cash and short-term investments, which are held in short-term deposits and commercial paper. A 0.25 percent increase (0.25 percent decrease) in the interest rate, assuming no significant changes in the cash balance at the parent company, would result in a minimal impact in annual interest income. In addition, The Warranty Group, which holds substantially all of its investments in interest-bearing securities, would also have some exposure to interest rate changes. A 0.25 percent increase in the interest rate would decrease the fair value of the investments held by The Warranty Group by $12 million, with a corresponding decrease in other comprehensive earnings. However, as the investments are reinvested, a 0.25 percent increase in the interest rate would increase the annual interest income recorded by The Warranty Group by $5 million.

Currency fluctuations The functional currency of Onex, the parent company, and substantially all of Onex' operating companies is the U.S. dollar. A number of Onex' operating companies conduct business outside of the United States and as a result are exposed to currency risk on the portion of their business which is not based on U.S. currency. Fluctuations in the value of the U.S. dollar relative to other currencies can have an impact on Onex' reported results and consolidated financial position. Onex' operating companies may use currency derivatives in the normal course of business to hedge against adverse fluctuations in key operating currencies, but speculative activity is not permitted.

Onex holds cash and marketable securities in Canadian-dollar-denominated securities. The portion of securities held in Canadian dollars is based on Onex' view of funds it will require for future operating costs and investments in Canada. Onex does not speculate on the direction of exchange rates between the U.S. dollar and

the Canadian dollar when determining the balance of cash and marketable securities to hold in each currency. A 5 percent strengthening (5 percent weakening) of the U.S. dollar relative to the Canadian dollar at December 31, 2011 would result in an $8 million decrease ($8 million increase) in net earnings of Onex, the parent company. In addition, Celestica has exposure to the U.S. dollar/ Canadian dollar foreign currency exchange rate. A 5 percent strengthening (5 percent weakening) of the Canadian dollar against the U.S. dollar at December 31, 2011 would result in a $6 million increase ($5 million decrease) in other comprehensive earnings of Celestica and an $11 million increase ($10 million decrease) in net earnings.

Fair value changes The fair value measurements for investments in associates, Limited Partners' Interests 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 a reasonably possible alternative estimate and/or assumption used in the valuation of non-public investments in the Onex Partners and ONCAP Funds could have a significant impact on the fair values calculated for investments in associates, Limited Partners' Interests and unrealized carried interest, which would impact both Onex' financial condition and results of operations.

Insurance claims The Warranty Group underwrites and administers extended warranties and credit insurance on a wide variety of consumer goods, including automobiles, consumer electronics and major home appliances. Unlike most property insurance risk, the risk associated with extended warranty claims is non-catastrophic and short-lived, resulting in predictable loss trends. The predictability of claims, which is enhanced by the large volume of claims data in the company's database, enables The Warranty Group to appropriately measure and price risk.

Commodity price risk

Certain Onex operating companies are vulnerable to price fluctuations in major commodities. Individual operating companies may use financial instruments to offset the impact of anticipated changes in commodity prices related to the conduct of their businesses. Aluminum, titanium and raw materials such as carbon fibre used to manufacture composites represent the principal raw materials used in Spirit AeroSystems' manufacturing operations. Spirit AeroSystems has entered into long-term supply contracts with its key suppliers of raw materials, which limit the company's exposure to rising raw materials prices. Most of the raw materials purchased is based on a fixed pricing or at reduced rates through Boeing's or Airbus' high-volume purchase contracts.

Diesel fuel is a key commodity used in TMS International's operations. The company consumes approximately 11 million gallons of diesel fuel annually. To help mitigate the risk of price fluctuations in fuel, TMS International incorporates into substantially all of its contracts pricing escalators based on published price indices that would generally offset some portion of the fuel price changes.

Silver is a significant commodity used in Carestream Health's manufacturing of x-ray film. The company's management continually monitors movement and trends in the silver market and enters into collar and forward agreements when considered appropriate to mitigate some of the risk of future price fluctuations for periods generally up to a year.

Integration of acquired companies

An important aspect of Onex' strategy for value creation is to acquire what we consider to be "platform" companies. Such companies often have distinct competitive advantages in products or services in their respective industries that provide a solid foundation for growth in scale and value. In these instances, Onex works with company management to identify attractive add-on acquisitions that may enable the platform company to achieve its goals more quickly and successfully than by focusing solely on the development and/or diversification of its customer base, which is known as organic growth. Growth by acquisition, however, may carry more risk than organic growth. While as many of these risks as possible are considered in the acquisition planning, operating companies undertaking these acquisitions also face such risks as unknown expenses related to the cost-effective amalgamation of operations, the retention of key personnel and customers, the future value of goodwill, intangible assets and intellectual property. There are also risk factors associated with the industry and combined business more generally. Onex works with company management to understand and attempt to mitigate such risks as much as possible.

Dependence on government funding

Since 2005, Onex has acquired businesses, or interests in businesses, in various segments of the U.S. healthcare industry. Certain of the revenues of these companies are partially dependent on funding from federal, state and local government agencies, especially those agencies responsible for U.S. federal Medicare and state Medicaid funding. Budgetary pressures, as well as economic, industry, political and other factors, could influence governments to not increase or, in some cases, to decrease appropriations for the services that are offered by Onex' operating subsidiaries, which could reduce their revenues materially. Future revenues may be affected by changes in rate-setting structures, methodologies or interpretations that may be proposed or are under consideration. While each of Onex' operating companies in the U.S. healthcare industry is subject to reimbursement risk directly related to its particular business segment, it is unlikely that all of these companies would be affected by the same event, or to the same extent, simultaneously. Ongoing pressure on government appropriations is a normal aspect of business for these companies, and all seek to minimize the effect of possible funding reductions through productivity improvements and other initiatives. It is not known what impact, if any, proposed healthcare reform in the United States will have on the companies.

Significant customers

Some of Onex' major acquisitions have been divisions of large companies. As part of these purchases, the acquired company has often continued to supply its former owner through long-term supply arrangements. It has been Onex' policy to encourage its operating companies to quickly diversify their customer bases to the extent practical in order to manage the risk associated with serving a single major customer.

Certain Onex operating companies have major customers that represent more than 10 percent of annual revenues. Spirit AeroSystems primarily relies on two major customers, Boeing and Airbus. The table in note 30 to the audited annual consolidated financial statements provides information on the concentration of business the consolidated operating companies have with major customers.

Environmental considerations

Onex has an environmental protection policy that has been adopted by its operating companies; many of these operating companies have also adopted supplemental policies appropriate to these industries or businesses. Senior officers at each of these companies are ultimately responsible for ensuring compliance with these policies. They are required to report annually to their company's board of directors and to Onex regarding compliance.

Environmental management by the operating companies is accomplished through the education of employees about environmental regulations and appropriate operating policies and procedures; site inspections by environmental consultants; the addition of proper equipment or modification of existing equipment to reduce or eliminate environmental hazards; remediation activities as required; and ongoing waste reduction and recycling programs. Environmental consultants are engaged to advise on current and upcoming environmental regulations that may be applicable.

Many of the operating companies are involved in the remediation of particular environmental situations, such as soil contamination. In almost all cases, these situations have occurred prior to Onex' acquisition of those companies, and the estimated costs of remedial work and related activities are managed either through agreements with the vendor of the company or through provisions established at the time of acquisition. Manufacturing activities carry the inherent risk that changing environmental regulations may identify additional situations requiring capital expenditures or remedial work and associated costs to meet those regulations.

Income taxes

The Company has investments in companies that operate in a number of tax jurisdictions. Onex provides for the tax on undistributed earnings of its subsidiaries that are not permanently reinvested based on the expected future income tax rates that are substantively enacted at the time of the income/gain recognition events. Changes to the expected future income tax rate will affect the provision for future tax, both in the current year and in respect of prior year amounts that are still outstanding, either positively or negatively, depending on whether rates decrease or increase. Changes to tax legislation or the application of tax legislation may affect the provision for future tax and the taxation of deferred amounts.

Other contingencies

Onex and its operating companies are or may become parties to legal claims arising in the ordinary course of business. The operating companies have recorded liability provisions based upon their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements. Onex, the parent company, has not currently recorded any further liability provision and we do not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on our consolidated financial position.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management, reviewed by the Audit and Corporate Governance Committee and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies which management believes are appropriate for the Company are described in note 1 to the consolidated financial statements. Additionally, the Company's transition from reporting under previous Canadian generally accepted accounting principles to International Financial Reporting Standards is presented in note 35.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit and Corporate Governance Committee of three non-management independent Directors is appointed by the Board.

The Audit and Corporate Governance Committee reviews the consolidated financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit and Corporate Governance Committee reports to the Directors prior to the approval of the audited consolidated financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors, who are appointed by the holders of Subordinate Voting Shares, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out on the following page.

[signed]

Donald W. Lewtas
Chief Financial Officer
February 23, 2012

[signed]

Christine M. Donaldson
Vice President Finance

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Onex Corporation:

We have audited the accompanying consolidated financial statements of Onex Corporation and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of earnings, comprehensive earnings, equity and cash flows for the years ended December 31, 2011 and 2010 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Onex Corporation and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and their financial performance and their cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

[signed]

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
February 23, 2012

CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)	**As at December 31, 2011**	As at December 31, 2010	As at January 1, 2010
Assets			
Current assets			
Cash and cash equivalents (note 4)	**$ 2,448**	$ 2,532	$ 3,018
Short-term investments	**749**	715	605
Accounts receivable	**3,272**	3,430	2,928
Inventories (note 5)	**4,428**	4,004	3,204
Other current assets (note 6)	**1,186**	1,495	1,101
	12,083	12,176	10,856
Property, plant and equipment (note 7)	**5,102**	4,056	3,366
Long-term investments (note 8)	**5,415**	4,864	3,448
Other non-current assets (note 9)	**1,813**	1,872	1,915
Intangible assets (note 10)	**2,599**	2,505	2,241
Goodwill (note 10)	**2,434**	2,634	2,198
	$ 29,446	$ 28,107	$ 24,024
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities	**$ 3,893**	$ 3,964	$ 3,268
Current portion of provisions (note 11)	**263**	257	255
Other current liabilities	**890**	1,211	974
Current portion of long-term debt of operating companies, without recourse to Onex Corporation (note 12)	**482**	243	404
Current portion of obligations under finance leases, without recourse to Onex Corporation (note 13)	**19**	14	20
Current portion of warranty reserves and unearned premiums (note 14)	**1,400**	1,314	1,342
	6,947	7,003	6,263
Non-current portion of provisions (note 11)	**180**	284	231
Long-term debt of operating companies, without recourse to Onex Corporation (note 12)	**6,479**	6,346	5,284
Non-current portion of obligations under finance leases, without recourse to Onex Corporation (note 13)	**45**	43	39
Non-current portion of warranty reserves and unearned premiums (note 14)	**1,727**	1,780	1,935
Other non-current liabilities (note 15)	**2,331**	1,921	1,670
Deferred income taxes (note 16)	**1,075**	938	810
Limited Partners' Interests (note 17)	**4,980**	5,650	3,708
	23,764	23,965	19,940
Equity			
Share capital (note 18)	**360**	373	381
Non-controlling interests	**3,862**	3,638	3,329
Retained earnings and accumulated other comprehensive earnings	**1,460**	131	374
	5,682	4,142	4,084
	$ 29,446	$ 28,107	$ 24,024

Signed on behalf of the Board of Directors

[signed] [signed]

Director Director

CONSOLIDATED STATEMENTS OF EARNINGS

Year ended December 31 *(in millions of U.S. dollars except per share data)*	**2011**	2010
Revenues	**$ 24,642**	$ 19,734
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	**(19,725)**	(15,492)
Operating expenses	**(2,921)**	(2,306)
Interest income	**32**	34
Amortization of property, plant and equipment	**(462)**	(403)
Amortization of intangible assets and deferred charges	**(311)**	(284)
Interest expense of operating companies (note 20)	**(488)**	(342)
Unrealized increase in value of investments in associates at fair value, net (note 8)	**501**	448
Foreign exchange loss	**(14)**	(8)
Stock-based compensation expense (note 21)	**(133)**	(186)
Other gains, net (note 22)	**–**	99
Other items (note 23)	**(146)**	(221)
Impairment of goodwill, intangible assets and long-lived assets, net (note 24)	**(197)**	(14)
Limited Partners' Interests charge (note 17)	**(627)**	(831)
Earnings before income taxes and discontinued operations	**151**	228
Provision for income taxes (note 16)	**(237)**	(239)
Loss from continuing operations	**(86)**	(11)
Earnings from discontinued operations (note 3)	**1,715**	208
Net Earnings for the Year	**$ 1,629**	$ 197

Earnings (Loss) from Continuing Operations attributable to:		
Equity holders of Onex Corporation	**$ (355)**	$ (282)
Non-controlling Interests	**269**	271
Loss from Continuing Operations for the Year	**$ (86)**	$ (11)

Net Earnings (Loss) attributable to:		
Equity holders of Onex Corporation	**$ 1,327**	$ (167)
Non-controlling Interests	**302**	364
Net Earnings for the Year	**$ 1,629**	$ 197

Net Earnings (Loss) per Subordinate Voting Share of Onex Corporation (note 26)		
Basic and Diluted:		
Continuing operations	**$ (3.02)**	$ (2.36)
Discontinued operations	**14.33**	0.96
Net Earnings (Loss) for the Year	**$ 11.31**	$ (1.40)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Year ended December 31 *(in millions of U.S. dollars)*	**2011**	2010
Net earnings for the year	**$ 1,629**	$ 197
Other comprehensive earnings (loss), net of tax		
Currency translation adjustments	**(60)**	(17)
Change in fair value of derivatives designated as hedges	**(7)**	(4)
Unrealized gains on available-for-sale financial assets	**8**	7
Pension actuarial loss and other	**(59)**	(47)
Other comprehensive earnings (loss) from discontinued operations, net of tax (note 3)	**(14)**	5
Total Comprehensive Earnings for the Year	**$ 1,497**	$ 141

Total Comprehensive Earnings (Loss) attributable to:		
Equity holders of Onex Corporation	**$ 1,266**	$ (188)
Non-controlling Interests	**231**	329
Total Comprehensive Earnings for the Year	**$ 1,497**	$ 141

CONSOLIDATED STATEMENTS OF EQUITY

(in millions of U.S. dollars except per share data)	Share Capital (note 18)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Equity Attributable to Equity Holders of Onex Corporation	Non-controlling Interests	Total Equity
Balance – January 1, 2010	**$ 381**	**$ 338**	**$ 36[b]**	**$ 755**	**$ 3,329**	**$ 4,084**
Dividends declared[a]	–	(13)	–	(13)	–	(13)
Purchase and cancellation of shares (note 18)	(8)	(42)	–	(50)	–	(50)
Investments by shareholders other than Onex	–	–	–	–	160	160
Distributions to non-controlling interests	–	–	–	–	(9)	(9)
Repurchase of shares of operating companies	–	–	–	–	(171)	(171)
Comprehensive Earnings (Loss)						
Net earnings (loss) for the year	–	(167)	–	(167)	364	197
Other comprehensive earnings (loss) for the year, net of tax:						
Currency translation adjustments	–	–	(23)	(23)	(1)	(24)
Change in fair value of derivatives designated as hedges	–	–	3	3	5	8
Unrealized gains on available-for-sale financial assets	–	–	6	6	1	7
Pension actuarial loss and other	–	(10)	3	(7)	(40)	(47)
Balance – December 31, 2010	**$ 373**	**$ 106**	**$ 25[c]**	**$ 504**	**$ 3,638**	**$ 4,142**
Dividends declared[a]	–	(13)	–	(13)	–	(13)
Purchase and cancellation of shares (note 18)	(13)	(92)	–	(105)	–	(105)
Investments by shareholders other than Onex	–	24	–	24	637	661
Distributions to non-controlling interests	–	–	–	–	(19)	(19)
Repurchase of shares of operating companies	–	(7)	–	(7)	(67)	(74)
Sale of investments in operating companies under continuing control (note 25)	–	151	–	151	108	259
Non-controlling interests of discontinued operations (note 3)	–	–	–	–	(666)	(666)
Comprehensive Earnings (Loss)						
Net earnings for the year	–	1,327	–	1,327	302	1,629
Other comprehensive earnings (loss) for the year, net of tax:						
Currency translation adjustments	–	–	(40)	(40)	(13)	(53)
Change in fair value of derivatives designated as hedges	–	–	(9)	(9)	(19)	(28)
Unrealized gains on available-for-sale financial assets	–	–	4	4	3	7
Pension actuarial loss and other	–	(15)	(1)	(16)	(42)	(58)
Balance – December 31, 2011	**$ 360**	**$ 1,481**	**$ (21)[d]**	**$ 1,820**	**$ 3,862**	**$ 5,682**

(a) Dividends declared per Subordinate Voting Share during 2011 totalled C$0.11 (2010 – C$0.11). In 2011, shares issued under the dividend reinvestment plan amounted to less than $1 (2010 – less than $1). There are no tax effects for Onex on the declaration or payment of dividends.

(b) Accumulated Other Comprehensive Earnings (Loss) as at January 1, 2010 consisted of unrealized gains on the effective portion of cash flow hedges of $4, unrealized gains on available-for-sale financial assets of $35 and other of negative $3. Accumulated Other Comprehensive Earnings (Loss) at January 1, 2010 included $8 of net earnings related to discontinued operations. Income taxes did not have a significant effect on these items.

(c) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2010 consisted of currency translation adjustments of negative $23, unrealized gains on the effective portion of cash flow hedges of $7 and unrealized gains on available-for-sale financial assets of $41. Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2010 included $13 of net earnings related to discontinued operations. Income taxes did not have a significant effect on these items.

(d) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2011 consisted of currency translation adjustments of negative $63, unrealized losses on the effective portion of cash flow hedges of $2, unrealized gains on available-for-sale financial assets of $45 and other of negative $1. Income taxes did not have a significant effect on these items.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 *(in millions of U.S. dollars)*	**2011**	2010
Operating Activities		
Loss for the year from continuing operations	**$ (86)**	$ (11)
Adjustments to loss from continuing operations:		
Provision for income taxes	**237**	239
Interest income	**(32)**	(34)
Interest expense of operating companies	**488**	342
Net earnings before interest and provision for income taxes	**607**	536
Cash taxes paid	**(161)**	(187)
Items not affecting cash and cash equivalents:		
Amortization of property, plant and equipment	**462**	403
Amortization of intangible assets and deferred charges	**311**	284
Amortization of deferred warranty costs	**47**	72
Unrealized increase in value of investments in associates at fair value, net (note 8a)	**(501)**	(448)
Stock-based compensation expense	**62**	174
Other gains, net (note 22)	**–**	(99)
Impairment of goodwill, intangible assets and long-lived assets, net (note 24)	**197**	14
Limited Partners' Interests charge (note 17)	**627**	831
Change in provisions	**89**	114
Other	**(6)**	9
	1,734	1,703
Changes in non-cash working capital items:		
Accounts receivable	**1**	(200)
Inventories	**(162)**	(599)
Other current assets	**3**	(47)
Accounts payable, accrued liabilities and other current liabilities	**(457)**	294
Decrease in cash and cash equivalents due to changes in working capital items	**(615)**	(552)
Increase (decrease) in other operating activities	**(58)**	6
Increase (decrease) in warranty reserves and premiums	**27**	(92)
Cash flows from operating activities of discontinued operations (note 3)	**100**	471
	1,188	1,536
Financing Activities		
Issuance of long-term debt	**594**	2,180
Repayment of long-term debt	**(460)**	(1,997)
Cash interest paid	**(411)**	(298)
Cash dividends paid	**(13)**	(13)
Repurchase of share capital of Onex Corporation	**(105)**	(50)
Repurchase of share capital of operating companies	**(149)**	(167)
Financing provided by Limited Partners (note 17)	**932**	1,451
Issuance of share capital by operating companies	**151**	25
Proceeds from sales of operating investments under continuing control (note 25)	**268**	–
Distributions paid to non-controlling interests and Limited Partners	**(2,248)**	(349)
Change in restricted cash for distribution to Limited Partners	**272**	(272)
Decrease due to other financing activities	**(52)**	(55)
Cash flows used for financing activities of discontinued operations (note 3)	**(42)**	(126)
	(1,263)	329
Investing Activities		
Acquisition of operating companies, net of cash and cash equivalents in acquired companies of $191 (2010 – $55) (note 2)	**(1,155)**	(474)
Purchase of property, plant and equipment	**(646)**	(660)
Proceeds from other gains (note 22)	**–**	123
Cash interest and dividends received	**45**	11
Investment in Tomkins Limited	**–**	(1,219)
Increase (decrease) due to other investing activities	**(286)**	81
Cash flows from (used for) investing activities of discontinued operations (note 3)	**2,030**	(205)
	(12)	(2,343)
Decrease in Cash and Cash Equivalents for the Year	**(87)**	(478)
Increase (decrease) in cash due to changes in foreign exchange rates	**3**	(8)
Cash and cash equivalents, beginning of the year – continuing operations	**2,053**	2,582
Cash and cash equivalents, beginning of the year – discontinued operations	**479**	436
Cash and Cash Equivalents	**2,448**	2,532
Cash and cash equivalents held by discontinued operations (note 3)	**–**	479
Cash and Cash Equivalents Held by Continuing Operations	**$ 2,448**	$ 2,053

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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, aerostructures, healthcare, financial services, customer care services, metal services, building products, gaming, cabinetry products, industrial products, commercial vehicles and aircraft and aftermarket. Additionally, the Company has investments in real estate, credit strategies and mid-market private equity opportunities. Note 34 provides additional description of the Company's operations on a segmented basis. 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 OCX. Onex Corporation's shares are traded in Canadian dollars. The registered address for Onex Corporation is 161 Bay Street, Toronto, Ontario. Gerald W. Schwartz controls Onex Corporation by indirectly holding all of the outstanding Multiple Voting Shares of the corporation.

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

The consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2012.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). These consolidated financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through total comprehensive earnings.

In 2010 and prior periods, the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). IFRS differs in a number of areas from Canadian GAAP. In preparing these consolidated financial statements, management has amended certain accounting, valuation and consolidation methods previously applied to comply with IFRS, including IFRS 1, *First-time Adoption of IFRS.* The comparative figures for 2010 were restated to reflect these adjustments, including note disclosures at January 1, 2010 where the effect of the transition from previous Canadian GAAP to IFRS was significant. Note 35 contains reconciliations and descriptions of the effect of the transition from the previous Canadian GAAP to IFRS on earnings and comprehensive earnings for the year ended December 31, 2010. In addition, equity is reconciled with line-by-line reconciliations of the consolidated balance sheets at January 1, 2010 and December 31, 2010.

In completing the transition to IFRS the Company conducted an evaluation of the primary and secondary factors to assess its functional currency under IFRS. It was determined that the U.S. dollar is the Company's functional currency under IFRS. As such, the financial statements under IFRS have been reported on a U.S. dollar basis.

CONSOLIDATION

The 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") and Onex Partners III LP ("Onex Partners III"), referred to collectively as "Onex Partners", and ONCAP II L.P. and ONCAP III LP, referred to collectively as "ONCAP" (as described in note 31). 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.

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

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

	December 31, 2011			December 31, 2010		
	Onex Ownership	Onex and Limited Partners Ownership	Voting	Onex Ownership	Onex and Limited Partners Ownership	Voting
Investments made through Onex						
Celestica Inc. ("Celestica")	9%	9%	71%	9%	9%	71%
SITEL Worldwide Corporation ("Sitel Worldwide")	68%	68%	88%	68%	68%	88%
Investments made through Onex and Onex Partners I						
Center for Diagnostic Imaging, Inc. ("CDI")	19%	81%	100%	19%	81%	100%
Emergency Medical Services Corporation ("EMSC")[(a)]	–	–	–	12%	31%	82%
Skilled Healthcare Group, Inc. ("Skilled Healthcare Group")	9%	40%	89%	9%	40%	89%
Spirit AeroSystems, Inc. ("Spirit AeroSystems")	5%	16%	64%	7%	23%	74%
Investments made through Onex and Onex Partners II						
Allison Transmission, Inc. ("Allison Transmission")	15%	49%	(b)	15%	49%	(b)
Carestream Health, Inc. ("Carestream Health")	37%	95%	100%	38%	97%	100%
Hawker Beechcraft Corporation ("Hawker Beechcraft")	19%	49%	(b)	19%	49%	(b)
RSI Home Products, Inc. ("RSI")	20%	50%	50%[(b)]	20%	50%	50%[(b)]
TMS International Corp. ("TMS International")	24%	60%	85%	36%	91%	100%
Investments made through Onex, Onex Partners I and Onex Partners II						
Husky International Ltd. ("Husky")[(a)]	–	–	–	36%	98%	100%
The Warranty Group, Inc. ("The Warranty Group")	29%	92%	100%	29%	92%	100%
Investments made through Onex and Onex Partners III						
JELD-WEN Holding, inc. ("JELD-WEN")[(c)]	20%	59%	59%	–	–	–
Tomkins Limited ("Tomkins")	14%	56%	50%[(b)]	14%	56%	50%[(b)]
Tropicana Las Vegas, Inc. ("Tropicana Las Vegas")	17%	76%	76%	16%	74%	74%
Investments made through Onex, Onex Partners I and Onex Partners III						
Res-Care, Inc. ("ResCare")	20%	98%	100%	20%	98%	100%
Other investments						
ONCAP II Fund ("ONCAP II")	46%	100%	100%	46%	100%	100%
ONCAP III Fund ("ONCAP III")	29%	100%	100%	–	–	–
Onex Real Estate Partners ("Onex Real Estate")	88%	88%	100%	86%	86%	100%

(a) EMSC and Husky were sold during the second quarter of 2011, as described in note 3.

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

(c) Economic ownership and voting interests are presented on an as-converted basis. The allocation of net earnings and comprehensive earnings attributable to equity holders of Onex Corporation and non-controlling interests is completed using an as-converted economic ownership of 68% to reflect certain JELD-WEN shares that are recorded as liabilities at fair value.

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plans (the "MIP"), as described in note 31(i). The allocation of net earnings and comprehensive earnings attributable to equity holders of Onex Corporation and non-controlling interests is completed 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.

SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The Company's functional currency is the U.S. dollar, as it is the currency of the primary economic environment in which it operates. For such operations, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the period-end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates and revenue and expenses are translated at the average exchange rates prevailing during the month of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. These exchange gains and losses are recognized in earnings.

Assets and liabilities of foreign operations with non-U.S. dollar functional currencies are translated into U.S. dollars using the period-end exchange rates. Revenue and expenses are translated at the average exchange rates prevailing during the month of the transaction. Gains and losses arising from the translation of these foreign operations are deferred in the currency translation account included in equity.

Cash and cash equivalents

Cash and cash equivalents includes liquid investments such as term deposits, money market instruments and commercial paper with original maturities of less than three months. The investments are carried at cost plus accrued interest, which approximates fair value.

Short-term investments

Short-term investments consist of liquid investments such as money market instruments and commercial paper with original maturities of three months to a year. The investments are carried at fair value.

Accounts receivable

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. A provision is recorded for impairment when there is objective evidence (such as significant financial difficulties of the debtor) that the Company will not be able to collect all amounts due according to the original terms of the receivable. A provision expense is recorded as the difference between the carrying value of the receivable and the present value of future cash flows expected from the debtor, with an offsetting amount recorded as an allowance, reducing the carrying value of the receivable. The provision expense is included in operating expenses in the consolidated statements of earnings. When a receivable is considered permanently uncollectible, the receivable is written off against the allowance account.

Operating companies may enter into agreements to sell accounts receivable when considered appropriate, whereby the accounts receivable are transferred to an unrelated third party. The transfers are recorded as sales of accounts receivable, as the operating companies do not retain any financial or legal interest in the sold accounts receivable. The accounts receivable are sold at their face value less a discount rate as provided in the agreements.

Inventories

Inventories are recorded at the lower of cost or net realizable value. To the extent economic circumstances have changed, previous writedowns are reversed and recognized in the consolidated statements of earnings in the period the reversal occurs. For inventories in the aerostructures segment, costs are attributed to units delivered under long-term contracts based on the estimated average cost of all units expected to be produced. Certain inventories in the healthcare and metal services segments are stated using an average cost method. For substantially all other inventories, cost is determined on a first-in, first-out basis.

Inventories include real estate assets that are available for sale. Real estate assets held-for-sale are recorded at the lower of cost or net realizable value.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated amortization and provisions for impairments, if any. Cost consists of expenditures directly attributable to the acquisition of the asset. The costs of construction of qualifying long-term assets include capitalized interest, as applicable.

Land is not amortized. For substantially all remaining property, plant and equipment, amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	up to 50 years
Machinery and equipment	up to 20 years
Leasehold improvements	over the term of the lease

When components of an asset have a significantly different useful life or residual value than the primary asset, the components are amortized separately. Residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively.

Investment property

Investment property includes commercial property held to earn rental income and property that is being constructed or developed for future use as investment property. Investment property is included with property, plant and equipment in the consolidated balance sheets and recorded at cost less accumulated amortization and provisions for impairments, if any.

The cost of investment property includes direct development costs, property transfer taxes and borrowing costs directly attributable to the development of the property.

The Company's investment property consists of Flushing Town Center's retail space and parking structures. The fair value of Flushing Town Center's investment property at December 31, 2011 was approximately $437 (2010 – $470). The decrease in fair value of Flushing Town Center's investment property during 2011 was primarily due to the sale of a portion of its retail space. For the year ended December 31, 2011, property, plant and equipment additions included $16 (2010 – $124) related to Flushing Town Center's investment property.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest rate on the balance outstanding. The corresponding lease obligations, net of finance charges, are included in the consolidated balance sheets. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recorded in the consolidated statements of earnings on a straight-line basis over the period of the lease.

Intangible assets

Intangible assets, including intellectual property and software, are recorded at their fair value at the date of acquisition of the related operating company or cost if internally generated. Amortization is provided for intangible assets with limited life. For substantially all limited life intangible assets, amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Trademarks and licenses	1 year to 30 years
Customer relationships	3 years to 29 years
Computer software	1 year to 10 years
Other	1 year to 25 years

Intangible assets with indefinite useful lives are not amortized. The assessment of indefinite life is reviewed annually. Changes in the useful life from indefinite to finite are made on a prospective basis.

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of any contingent consideration, the amount of any non-controlling interest in the acquired company and, in a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the net fair value of the acquiree's identifiable assets and liabilities acquired. Substantially all of the goodwill and intangible asset amounts that appear in the consolidated balance sheets are recorded by the operating companies. The recoverability of goodwill is assessed annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is allocated to cash generating units ("CGUs") of the acquisition that gave rise to the goodwill for the purposes of impairment testing. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. Therefore, goodwill may be assessed for impairment at the level of either an individual CGU or a group of CGUs. The carrying amount of a CGU is compared to its recoverable amount, which is the higher of its value-in-use or fair value less costs to sell, to determine if an impairment exists. Impairment losses for goodwill are not reversed in future periods.

Impairment charges recorded by the operating companies under IFRS may not impact the fair values of the operating companies used in determining the increase or decrease in investments in associates, the change in carried interest and for calculating the Limited Partners' Interests liability.

Investments in associates

Associates are those entities over which the Company has significant influence, but not control. Investments in associates are designated, upon initial recognition, at fair value through earnings in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*. As a result, the investments are recorded at fair value in the consolidated balance sheets, with changes in fair value recognized in the consolidated statements of earnings.

Impairment of long-lived assets

Property, plant and equipment and intangible assets are reviewed for impairment annually or whenever events or changes in circumstances suggest that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the carrying value of an asset or CGU exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value-in-use or its fair value less costs to sell.

Impairment losses for long-lived assets are reversed in future periods if the circumstances that led to the impairment no longer exist. The reversal is limited to restoring the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior periods.

Other non-current assets

Acquisition costs relating to the financial services segment

Certain costs of the warranty business, principally commissions, underwriting and sales expenses that vary with, and are primarily related to, the production of new business, are deferred and amortized as the related premiums and contract fees are earned. The possibility of premium deficiencies and the related recoverability of deferred acquisition costs is evaluated annually. Management considers the effect of anticipated investment income in its evaluation of premium deficiencies and the related recoverability of deferred acquisition costs. Deferred acquisition costs are derecognized when related contracts are either settled or cancelled.

Other current liabilities

Profit-sharing provisions relating to the financial services segment

Certain arrangements with producers of warranty contracts include profit-sharing provisions whereby the underwriting profits, after a fixed percentage allowance for the company and an allowance for investment income, are remitted to the producers on a retrospective basis. Unearned premiums and contract fees subject to retrospective commission agreements totalled $400 at December 31, 2011 (2010 – $500).

Financing charges

Financing charges consist of costs incurred by the operating companies relating to the issuance of debt and are amortized over the term of the related debt or as the debt is retired, if earlier. These financing charges are recorded against the carrying value of the long-term debt, as described in note 12.

Losses and loss adjustment expenses reserves

Losses and loss adjustment expenses reserves relate to The Warranty Group and represent the estimated ultimate net cost of all reported and unreported losses incurred and unpaid through December 31, 2011. The Warranty Group does not discount losses and loss adjustment expenses reserves. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in loss severity and frequency and claims reporting patterns of the company's third-party administrators. Although considerable variability is inherent in such estimates, management believes the reserves for losses and loss adjustment expenses are reasonable. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognized when the Company has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be reliably estimated. The Company's significant provisions consist of the following:

a) Self-insurance

Self-insurance provisions are established for automobile, workers' compensation, general liability, professional liability and other claims. Provisions are established for claims based on an assessment of actual claims and claims incurred but not reported. The reserves may be established based on consultation with third-party independent actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and changes in case reserves and the assumed rate of inflation in healthcare costs and property damage repairs.

b) Warranty

Certain operating companies offer warranties on the sale of products or services. A provision is recorded to provide for future warranty costs based on management's best estimate of probable claims under these warranties. The provision is based on the terms of the warranty, which vary by customer and product or service and historical experience. The appropriateness of the provision is evaluated at each reporting period. The warranty provisions exclude reserves recognized by The Warranty Group for its warranty contracts.

c) Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring – including the concerned business or part of the business, the principal locations affected, details regarding the employees affected, the restructuring's timing and the expenditures that will have to be undertaken – has been developed and the restructuring has either commenced or the plan's main features have already been publicly announced to those affected by it.

Note 11 provides further details on provisions recognized by the Company.

Pension and non-pension post-retirement benefits

The operating companies accrue their obligations under employee benefit plans and related costs, net of plan assets. The costs of defined benefit pensions and other post-retirement benefits earned by employees are accrued in the period incurred and are actuarially determined using the projected unit credit method pro-rated on length of service, based on management's best estimates of items, including expected plan investment performance, salary escalation, retirement ages of employees, the discount rate used in measuring the liability and expected healthcare costs. Plan assets are valued at fair value for the purposes of calculating expected returns on those assets. Past service costs from plan amendments are recognized immediately in earnings, unless the

amendments have not vested, in which case they are deferred and amortized on a straight-line basis over the vesting period.

The value of any plan assets recognized is restricted to the sum of any past service costs not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets and the expected long-term rate of return on plan assets for a period or from changes in actuarial assumptions used to determine the benefit obligation. Actuarial gains (losses) are recognized in other comprehensive earnings and directly recorded in retained earnings, without recognition to the consolidated statements of earnings.

Defined contribution plan accounting is applied to multi-employer defined benefit plans, for which the operating companies have insufficient information to apply defined benefit accounting.

Limited Partners' Interests

The interests of the Limited Partners and other investors through the Onex Partners and ONCAP Funds are recorded as a financial liability in accordance with IAS 32, *Financial Instruments: Presentation*. The structure of the Onex Partners and ONCAP Funds as defined in the partnership agreements, specifically the limited life of the Funds, requires presentation of the Limited Partners' Interests as a liability. The liability is recorded at fair value and is impacted by the change in fair value of the underlying investments in the Onex Partners and ONCAP Funds, a reduction for unrealized carried interest as well as any contributions and distributions in those Funds. Adjustments to the fair value of the Limited Partners' Interests are reflected through earnings and loss, net of the change in carried interest.

Income taxes

Income taxes are recorded using the asset and liability method of income tax allocation. Under this method, assets and liabilities are recorded for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax bases, and on tax loss and tax credit carryforwards. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences as well as tax loss and tax credit carryforwards can be utilized. These deferred income tax assets and liabilities are recorded using substantively enacted income tax rates. The effect of a change in income tax rates on these deferred income tax assets or liabilities is included in income in the period in which the rate change occurs. Certain of these differences are estimated based on the current tax legislation and the Company's interpretation thereof.

Income tax expense or recovery is based on the income earned or loss incurred in each tax jurisdiction and the enacted or substantively enacted tax rate applicable to that income or loss. Tax expense or recovery is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized in equity.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures are recognized, except when the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

In the ordinary course of business, there are transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by the Company in determining its income tax provisions. The Company periodically evaluates the positions taken with respect to situations in which applicable tax rules and regulations are subject to interpretation. Provisions related to tax uncertainties are established where appropriate based on the best estimate of the amount that will ultimately be paid to or received from tax authorities. Accrued interest and penalties relating to tax uncertainties are recorded in current income tax expense.

Revenue recognition

Electronics Manufacturing Services

Revenue from the electronics manufacturing services segment consists primarily of product sales and services. Revenue is recognized upon delivery or when significant risks and rewards of ownership have been transferred to the customer and receivables are reasonably assured of collection.

Aerostructures

A significant portion of Spirit AeroSystems' revenues is under long-term volume-based pricing contracts, requiring delivery of products over several years. Revenue from these contracts is recognized under the contract method of accounting in accordance with IAS 11, *Construction Contracts*. Revenues and earnings are recognized on each contract by reference to the percentage-of-completion of the contract activity primarily using the units-of-delivery method. The contract method of accounting involves the use of various estimating techniques to project costs at completion and includes estimates of recoveries asserted against the customer for changes in specifications. Due to the significant length of time over which these estimates will be developed, the impact to recognized revenues and costs may be significant if the estimates change. These estimates involve various assumptions and projections relative to the outcome of future events, including the quantity and timing of product deliveries based on contractual terms and market projections. Also included are assumptions relative to future labour performance and rates, projections relative to material and overhead costs and expected "learning curve" cost reductions over the term of the contract.

Where the outcome of a contract cannot be reliably estimated, all contract related costs are expensed and revenues are recognized only to the extent that those costs are recoverable. When the outcome of such contracts becomes reliably estimatable, revenues are recognized prospectively.

The company periodically reevaluates its contract estimates and reflects changes in estimates in the current period, and uses the cumulative catch-up method of accounting for revisions in estimates of total revenue, total costs or extent of progress on a contract.

During the year ended December 31, 2011 the company recognized revenues of $4,684 (2010 – $4,039) for contracts accounted under the contract method of accounting. Contracts in progress at December 31, 2011 had incurred costs of $23,290 (2010 – $19,012) and recognized earnings of $3,529 (2010 – $2,948). Additionally, these contracts had received advances of $1,651 (2010 – $1,563) and retentions of nil (2010 – nil). At December 31, 2011 the company was due $2,600 (2010 – $2,419) from customers for contract work and $5 (2010 – $5) was due to customers for contract work.

For revenues not recognized under the contract method of accounting, Spirit AeroSystems recognizes revenues from the sale of products at the point of passage of title, which is generally at the time of shipment. Revenues earned from providing maintenance services, including any contracted research and development, are recognized when the service is complete or other contractual milestones are attained.

Healthcare

Revenue in the healthcare segment consists primarily of CDI's patient service and healthcare provider management service revenue, Skilled Healthcare Group's patient service revenue, Carestream Health's product sales revenue and ResCare's client service revenue. Service revenue is recognized at the time of service, if revenues and costs can be reliably measured and economic benefits are expected to be received, and is recorded net of provisions for contractual discounts and estimated uncompensated care. Revenue from product sales is recognized when the following criteria are met: significant risks and rewards of ownership have been transferred; involvement in the capacity as an owner of the goods has ceased; revenue and costs incurred can be reliably measured; and economic benefits are expected to be realized.

Financial Services

The financial services segment revenue consists of revenue from The Warranty Group's warranty contracts primarily in North America and Europe. The company records revenue and associated unearned revenue on warranty contracts issued by North American obligor companies at the net amount remitted by the selling dealer or at retailer "dealer cost". Cancellations of these contracts are typically processed through the selling dealer or retailer, and the company refunds only the unamortized balance of the dealer cost. However, the company is primarily liable on these contracts and must refund the full amount of customer retail price if the selling dealer or retailer cannot or will not refund its portion. The amount the company has historically been required to pay under such circumstances has been negligible. The potentially refundable excess of customer retail price over dealer cost at December 31, 2011 was $2,100 (2010 – $1,800).

The company records revenue and associated unearned revenue at the customer retail price on warranty contracts issued by statutory insurance companies domiciled in Europe. The difference between the customer retail price and dealer cost is recognized as commission and deferred as a component of deferred acquisition costs.

The company has dealer obligor and administrator obligor service contracts with the dealers or retailers to facilitate the sale of extended warranty contracts. Dealer obligor service contracts result in sales of extended warranty contracts in which the dealer/retailer is designated as the obligor. Administrator obligor service contracts result in sales of extended warranty contracts in which the company is designated as the obligor. For both dealer obligor and administrator obligor, premium and/or contract fee revenue is recognized over the contractual exposure period of the contracts or historical claim payment patterns. Unearned premiums and contract fees on single-premium insurance related to warranty agreements are calculated to result in premiums and contract fees being earned over the period at risk. Factors are developed based on historical analyses of claim payment patterns over the duration of the policies in force. All other unearned premiums and contract fees are determined on a pro rata basis.

Reinsurance premiums, commissions, losses and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to other companies have been reported as a reduction of revenue. Expense reimbursement received in connection with reinsurance ceded has been accounted for as a reduction of the related acquisition costs. Reinsurance receivables and prepaid reinsurance premium amounts are reported as assets.

Customer Care Services

The customer care services segment generates revenue primarily through the provision of a wide array of outsourced customer care management services, including customer service, technical support and customer acquisition, retention and revenue generation services. These services support its clients' customers through phone, e-mail, online chat and interactive voice response and are generally charged by the minute or hour, per employee, per subscriber or user, or on a per item basis for each transaction processed. Revenue is recognized to the extent that it is probable that future economic benefits will be received and revenue can be reliably measured. A portion of the revenue is often subject

to performance standards. Revenue subject to monthly or longer performance standards is recognized when such performance standards are met.

The company is reimbursed by clients for certain pass-through out-of-pocket expenses, consisting primarily of telecommunication, employee performance incentive, and postage and shipping costs. The reimbursement and related costs are reflected in the accompanying consolidated statements of earnings as revenue and cost of services, respectively.

Metal Services

The metal services segment generates revenue primarily through raw materials procurement and slag processing, metal recovery and metal sales.

Revenue from raw materials procurement represents sales to third parties whereby the company either purchases scrap iron and steel from a supplier and then immediately sells the scrap to a customer, with shipment made directly from the supplier to the third-party customer, or the company earns a contractually determined fee for arranging scrap shipments for a customer directly with a vendor. The company recognizes revenue from raw materials procurement sales when title and risk of loss pass to the customer.

Revenue from slag processing, metal recovery and metal sales is derived from the removal of slag from a furnace and processing it to separate metallic material from other slag components. Metallic material is generally returned to the customer or sold to other end users and the non-metallic material is generally sold to third parties. The company recognizes revenue from slag processing and metal recovery services when it performs the services and revenue from co-product sales when title and risk of loss pass to the customer.

Building Products

Revenue from the building products segment primarily consists of product sales. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer; involvement in the capacity as an owner of the goods has ceased; revenue and costs incurred can be reliably measured; and receivables are reasonably assured of collection. Incentive payments to customers are recorded as a reduction of revenue over the periods benefited.

Other

Other segment revenues consist of product sales and services. Revenue from product sales is recognized when the following criteria are met: significant risks and rewards of ownership have been transferred; involvement in the capacity as an owner of the goods has ceased; revenue and costs incurred can be reliably measured; and economic benefits are expected to be realized. Revenue from services is recognized at the time of service, when revenues and costs can be reliably measured and economic benefits are expected to be received by the company.

Depending on the terms under which the operating companies supply product, they may also be responsible for some or all of the repair or replacement costs of defective products. The companies establish provisions for issues that are probable and estimable in amounts management believes are adequate to cover ultimate projected claim costs. The final amounts determined to be due related to these matters could differ significantly from recorded estimates.

Research and development

Research and development activities can be either (a) contracted or (b) self-initiated:

a) Costs for contracted research and development activities, carried out in the scope of externally financed research and development contracts, are expensed when the related revenues are recorded.

b) Costs for self-initiated research and development activities are assessed as to whether they qualify for recognition as internally generated intangible assets. Apart from complying with the general requirements for initial measurement of an intangible asset, qualification criteria are met only when technical as well as commercial feasibility can be demonstrated and cost can be reliably measured. It must also be probable that the intangible asset will generate future economic benefits, be clearly identifiable and allocable to a specific product. Further to meeting these criteria, only such costs that relate solely to the development phase of a self-initiated project are capitalized. Any costs that are classified as part of the research phase of a self-initiated project are expensed as incurred. If the research phase cannot be clearly distinguished from the development phase, the respective project-related costs are treated as if they were incurred in the research phase only. Capitalized development costs are generally amortized over the estimated number of units produced. In cases where the number of units produced cannot be reliably estimated, capitalized development costs are amortized over the estimated useful life of the internally generated intangible asset. Internally generated intangible assets are reviewed for impairment annually when the asset is not yet in use or when events or changes in circumstances indicate that the carrying amount may not be recoverable and the asset is in use.

During 2011, $162 (2010 – $182) in research and development costs were expensed and $22 of development costs (2010 – $22) were capitalized. Capitalized development costs relating to the aerostructures segment are included in intangible assets.

Stock-based compensation

The Company follows the fair value-based method of accounting, which is applied to all stock-based compensation plans.

There are five types of stock-based compensation plans. The first is the Company's Stock Option Plan (the "Plan"), described in note 18(e), which provides that in certain situations the Company has the right, but not the obligation, to settle any exercisable option under the Plan by the payment of cash to the option holder. The Company has recorded a liability for the potential future settlement of the vested options at the balance sheet date by reference to the fair value of the liability. The liability is adjusted each reporting period for changes in the fair value of the options with the corresponding amount reflected in the consolidated statements of earnings.

The second type of plan is the MIP, which is described in note 31(i). The MIP provides that exercisable investment rights may be settled by issuance of the underlying shares or, in certain situations, by a cash payment for the value of the investment rights. The Company has recorded a liability for the potential future settlement of the vested rights at the balance sheet date by reference to the fair value of the liability. The liability is adjusted each reporting period for changes in the fair value of the rights with the corresponding amount reflected in the consolidated statements of earnings.

The third type of plan is the Director Deferred Share Unit Plan. A Deferred Share Unit ("DSU") entitles the holder to receive, upon redemption, a cash payment equivalent to the market value of a Subordinate Voting Share at the redemption date. The Director DSU Plan enables Onex directors to apply directors' fees earned to acquire DSUs based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. The DSUs vest immediately, are redeemable only when the holder retires and must be redeemed within one year following the year of retirement. Additional units are issued for any cash dividends paid on the Subordinate Voting Shares. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of underlying Subordinate Voting Shares at the balance sheet date. On a quarterly basis, the liability is adjusted up or down for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings.

The fourth type of plan is the Management Deferred Share Unit Plan ("Management DSU Plan"). The Management DSU Plan enables Onex management to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. The DSUs vest immediately and are redeemable only when the holder has ceased to be an officer or employee of the Company or an affiliate for a cash payment equal to the then current market price of Subordinate Voting Shares. Additional units are issued for any cash dividends paid on the Subordinate Voting Shares. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of underlying Subordinate Voting Shares at the balance sheet date. On a quarterly basis, the liability is adjusted up or down for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management DSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the Management DSU Plan. As such, the change in value of the forward agreements will be recorded to offset the amounts recorded as stock-based compensation under the Management DSU Plan. The administrative costs of those arrangements are borne entirely by participants in the plan. Management DSUs are redeemable only for cash and no shares or other securities of the Corporation will be issued on the exercise, redemption or other settlement thereof.

The fifth type of plan is employee stock option and other stock-based compensation plans in place for employees at various operating companies, under which, on payment of the exercise price, stock of the particular operating company or cash is issued. The Company records a compensation expense for such options based on the fair value over the vesting period.

Unrealized carried interest

Onex, as the General Partner of the Onex Partners and ONCAP Funds, is entitled to a portion (20%) of the realized net gains of third-party limited partners in each Fund. This share of the net gains is referred to as carried interest. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. The Onex management team is entitled to the remaining 60% of the carried interest realized in the Onex Partners Funds and the ONCAP management team is entitled to the remaining 60% of the carried interest realized in the ONCAP Funds.

The unrealized carried interest of the Onex Partners and ONCAP Funds is calculated based on the fair values of the underlying investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The unrealized carried interest reduces the amount due to the Limited Partners and will eventually be paid through the realization of the Limited Partners' share of the underlying Onex Partners and ONCAP Fund investments. The change in net unrealized carried interest attributable to Onex is recognized through a reduced charge for the Limited Partners' Interests. The unrealized carried interest of the Onex Partners and ONCAP Funds attributable to management is recognized as a liability within other non-current liabilities. The charge for the change in net unrealized carried interest attributable to management is recorded within other items in the consolidated statements of earnings.

Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. Transaction costs in respect of an asset or liability not recorded at fair value through net earnings are added to the initial carrying amount. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis.

a) Fair value through net earnings

Financial assets and financial liabilities that are purchased and incurred with the intention of generating earnings in the near term are classified as fair value through net earnings. Other instruments may be designated as fair value through net earnings on initial recognition.

b) Available-for-sale

Financial assets classified as available-for-sale are carried at fair value, with the changes in fair value recorded in other comprehensive earnings. Securities that are classified as available-for-sale and do not have a quoted price in an active market are recorded at fair value, unless fair value is not reliably determinable, in which case they are recorded at cost. Available-for-sale securities are written down to fair value through earnings whenever it is necessary to reflect an impairment. Gains and losses realized on disposal of available-for-sale securities, which are calculated on an average cost basis, are recognized in earnings. Impairments are determined based upon all relevant facts and circumstances for each investment and recognized when appropriate. Foreign exchange gains and losses on available-for-sale assets are recognized immediately in earnings.

c) Held-to-maturity investments

Securities that have fixed or determinable payments and a fixed maturity date, which the Company intends and has the ability to hold to maturity, are classified as held-to-maturity and accounted for at amortized cost using the effective interest rate method. Investments classified as held-to-maturity are written down to fair value through earnings whenever it is necessary to reflect an impairment. Impairments are determined based on all relevant facts and circumstances for each investment and recognized when appropriate.

d) Loans and receivables

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These instruments are accounted for at amortized cost using the effective interest rate method.

e) Financial liabilities measured at amortized cost

Financial liabilities not classified as fair value through net earnings or loans and receivables are accounted at amortized cost using the effective interest rate method. Long-term debt has been designated as a financial liability measured at amortized cost.

Derivatives and hedge accounting

At the inception of a hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objectives and its strategy for undertaking the hedge. The Company also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in the hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Derivatives that are not designated as effective hedging relationships continue to be accounted for at fair value with changes in fair value being included in other items in the consolidated statements of earnings.

When derivatives are designated as effective hedging relationships, the Company classifies them either as: (a) hedges of the change in fair value of recognized assets or liabilities or firm commitments (fair value hedges); (b) hedges of the variability in highly probable future cash flows attributable to a recognized asset or liability or a forecasted transaction (cash flow hedges); or (c) hedges of net investments in a foreign self-sustaining operation (net investment hedges).

a) Fair value hedges

The Company's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the consolidated statements of earnings, along with changes in the fair value of the assets, liabilities or group thereof that are attributable to the hedged risk.

b) Cash flow hedges

The Company is exposed to variability in future interest cash flows on non-trading assets and liabilities that bear interest at variable rates or are expected to be reinvested in the future.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive earnings. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the consolidated statements of earnings in other items.

Amounts accumulated in other comprehensive earnings are reclassified in the consolidated statements of earnings in the period in which the hedged item affects earnings. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in other comprehensive earnings are transferred from other comprehensive earnings and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive earnings at that time remains in other comprehensive earnings until the forecasted transaction is eventually recognized in the consolidated statements of earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive earnings is immediately transferred to the consolidated statements of earnings.

c) Net investment hedges

Hedges of net investments in foreign operations are accounted for in a manner similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive earnings. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of earnings in other items. Gains and losses accumulated in other comprehensive earnings are included in the consolidated statements of earnings upon the reduction or disposal of the investment in the foreign operation.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. Where an impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in earnings, is removed from equity and recognized in earnings.

De-recognition of financial instruments

A financial asset is de-recognized if substantially all risks and rewards of ownership and, in certain circumstances, control of the financial asset are transferred. A financial liability is de-recognized when it is extinguished, with any gain or loss on extinguishment to be recognized in other items in the consolidated statements of earnings.

Government assistance

The operating companies may receive government assistance in the form of grants or investment tax credits for the acquisition of capital assets and other expenditures. Government assistance is recognized when there is reasonable assurance that the operating companies will realize the benefits. Government assistance relating to the acquisition of capital assets is deducted from the costs of the related assets and amortization is calculated on the net amount. Other forms of government assistance relating to operating expenditures are recorded as a reduction of the expense at the time the expense is incurred.

Assets held-for-sale and discontinued operations

An asset is classified as held-for-sale if its carrying amount will be recovered by sale rather than by continuing use in the business, the asset is available for immediate sale in its present condition, and management is committed to, and has initiated, a plan to sell the asset which, when initiated, is expected to result in a completed sale within 12 months. An extension of the period required to complete the sale does not preclude the asset from being classified as held-for-sale, provided the delay is for reasons beyond the Company's control and management remains committed to its plan to sell the asset. Assets that are classified as held-for-sale are measured at the lower of their carrying amount or fair value less costs to sell and are no longer depreciated. At December 31, 2011, assets classified as held-for-sale totalled $124, which primarily consisted of JELD-WEN's non-core assets and operations that are being sold as contemplated in the original transaction.

A discontinued operation is a component of the Company that has either been disposed of, or satisfies the criteria to be classified as held-for-sale, and represents a separate major line of business or geographic area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations, or is an operating company acquired exclusively with a view to its disposal.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Subjects that involve critical assumptions and estimates and that have a significant influence on the amounts recognized in the audited annual consolidated financial statements are further described as follows:

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Land, buildings and equipment are usually independently appraised while short-term investments are valued at market prices. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

In certain circumstances where estimates have been made, the companies may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

Investments in associates

Investments in operating companies over which the Company has significant influence, but not control, are recorded at fair value. The fair value of investments in associates is assessed at each reporting date with changes to the values being recorded through earnings. The valuation of these non-public investments requires significant judgement by the Company due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. Valuation methodologies include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Considerations are necessary because, in the absence of a committed buyer and completion of due diligence similar to that performed in an actual negotiated sale process, there may be company-specific items that are not fully known that may affect value. In addition, a variety of additional factors are reviewed by management, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the valuations, emphasis is placed on current company performance and market conditions.

Investments in associates designated at fair value are measured with significant unobservable inputs (level 3 of the fair value hierarchy), with the exception of ResCare (prior to November 2010) and Hawker Beechcraft debt, which are measured with significant other observable inputs (level 2 of the fair value hierarchy). Further information is provided in notes 8 and 28.

Goodwill impairment tests and recoverability of assets

The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of a CGU (or group of CGUs) to which goodwill is allocated involves the use of estimates by management. The Company generally uses discounted cash flow-based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operative plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value-in-use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Note 24 provides details on the significant estimates used in the calculation of the recoverable amounts for impairment testing. Likewise, whenever property, plant and equipment and other intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Limited Partners' Interests

The interests of the Limited Partners and other investors through the Onex Partners and ONCAP Funds are recorded at fair value, which is significantly driven by estimates of the fair values of the Company's investments held by the Onex Partners and ONCAP Funds. The valuation of non-public investments requires significant judgement by the Company due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. Valuation methodologies include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Considerations are necessary because, in the absence of a committed buyer and completion of due diligence similar to that performed in an actual negotiated sale process, there may be company-specific items that are not fully known that may affect value. In addition, a variety of additional factors are reviewed by management, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the valuations, emphasis is placed on current company performance and market conditions. For publicly traded investments, the valuation is based on closing market prices less adjustments, if any, for regulatory and/or contractual sale restrictions.

Included in the measurement of the Limited Partners' Interests is a deduction for the estimated unrealized carried interest of the Onex Partners and ONCAP Funds.

The Limited Partners' Interests are measured with significant unobservable inputs (level 3 of the fair value hierarchy). Further information is provided in note 17.

Revenue recognition

- The Company's accounting for construction contracts in the aerostructures segment involves critical assumptions and estimates which have a significant influence on the amounts recognized in the audited annual consolidated financial statements. The revenue recognition policy for the aerostructures segment above provides a description of the critical assumptions and estimates used by the Company. A significant portion of future revenues in the aerostructures segment is expected to be derived from new programs for which the Company may be contracted to provide design and engineering services, recurring production, or both. There are several risks inherent in such new programs. In the design and engineering phase, the Company may incur costs in excess of our forecasts due to several factors, including cost overruns, customer directed change orders and delays in the overall program. The Company may also incur higher than expected recurring production costs, which may be caused by a variety of factors, including the future impact of engineering changes (or other change orders) or an inability to secure contracts with suppliers at projected cost levels. The ability to recover these excess costs from the customer will depend on several factors, including the Company's rights under its contracts for the new programs. The recognition of earnings and loss under these new contracts requires the Company to make significant assumptions regarding its future costs, ability to achieve cost reduction opportunities, as well as the estimated number of units to be manufactured under the contract and other variables.
- Revenues for Skilled Healthcare Group and ResCare in the healthcare segment are substantially derived from federal, state and local government agencies, including Medicare and Medicaid programs. Laws and regulations under these programs are complex and subject to interpretation. Management of those businesses believes that they are in compliance with all applicable laws and regulations. Compliance with such laws and regulations is subject to ongoing and future government review and interpretation, including processing claims at lower amounts upon audit as well as significant regulatory action including revenue adjustments, fines, penalties and exclusion from programs. Government agencies may condition their contracts upon a sufficient budgetary appropriation. If a government agency does not receive an appropriation sufficient to cover its contractual obligations, it may terminate the contract or defer or reduce reimbursements to be received by the Company. In addition, previously appropriated funds could also be reduced or eliminated through subsequent legislation.

Income taxes

The Company, including the operating companies, operates and earns income in numerous countries and is subject to changing tax laws in multiple jurisdictions within these countries. Significant judgements are necessary in determining the worldwide income tax liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final outcome of these tax matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on the income tax liabilities and deferred tax liabilities in the period in which such determinations are made. At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits.

Legal contingencies

The Company and its operating companies in the normal course of operations become involved in various legal proceedings, as described in note 31. While the Company cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a material effect on the Company's consolidated financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses, including the estimate of legal expenses to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim or the disclosure of any such suit or assertion does not automatically indicate that a provision may be appropriate.

Employee benefits

Onex, the parent company, does not provide pension, other retirement or post-retirement benefits to its employees or to those of any of the operating companies. The operating companies account for pension and other post-retirement benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions, including the discount rate, expected return on plan assets, expected salary increases and mortality rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions and therefore may result in a significant change in post-retirement employee benefit obligations and the related future expense. Note 32 provides details on the estimates used in accounting for pensions and post-retirement benefits.

Stock-based compensation

The Company's stock-based compensation accounting for its MIP options is completed using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry comparable historical volatility for each investment. The fair value of the underlying investments includes critical assumptions and estimates as described above for investments in associates and Limited Partners' Interests.

Earnings per share

Basic earnings per share is based on the weighted average number of Subordinate Voting Shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method.

Dividend distributions

Dividend distributions to the shareholders of Onex Corporation are recognized as a liability in the consolidated balance sheets in the period in which the dividends are declared and authorized by the Board of Directors.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Standards, amendments and interpretations not yet adopted or effective

Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

In accordance with IFRS 4, *Insurance Contracts*, an entity is permitted to change its accounting policies for insurance contracts if, and only if, the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. In October 2010, the Financial Accounting Standards Board ("FASB") issued new guidance on the accounting for costs associated with acquiring or renewing insurance contracts. The new guidance, which will impact The Warranty Group's results, modifies the definition of the types of costs incurred that can be capitalized in the acquisition of new and renewal insurance contracts and restricts the capitalization of acquisition costs to those that are related directly to the successful acquisition of new or renewal insurance contracts. The Company will be retroactively adopting the new guidance as an accounting policy change on January 1, 2012. As a result of this change in accounting policy, the Company expects to defer fewer costs and record lower amortization. The Company is currently evaluating the full effects of implementing the new policy.

Reporting Entity Standards

In May 2011, the IASB issued a group of five new standards that addresses the scope and accounting for the reporting entity. The new standards consist of amendments to IAS 27, which was renamed *Separate Financial Statements*, amendments to IAS 28, which was renamed *Investments in Associates and Joint Ventures*, IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements* and IFRS 12 – *Disclosure of Interests in Other Entities*. These five new standards are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of adopting these standards on its consolidated financial statements. A description of the significant changes and new requirements is included below.

- IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the entity. IFRS 10 supersedes all of the guidance in IAS 27, *Consolidated and Separate Financial Statements* and Standing Interpretations Committee 12, *Consolidation – Special Purpose Entities*.

- IFRS 11 establishes the principles for determining the type of joint arrangements and the accounting for those arrangements in accordance with that type of joint arrangement. IFRS 11 reduces the types of joint arrangements and eliminates use of the proportionate consolidation method for joint ventures. IFRS 11 supersedes all of the guidance in IAS 31, *Interests in Joint Ventures*.
- IFRS 12 provides the disclosure requirements for entities reported under IFRS 10 and IFRS 11 and replaces the disclosure requirements currently in IAS 28, *Investments in Associates*. IFRS 12 requires the disclosure of the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- IAS 28 prescribes the use of the equity method for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee. However, IAS 28 retains the ability of the Company to designate its investments in associates, upon initial recognition, at fair value through earnings.

IFRS 13 – Fair Value Measurement

In May 2011, the IASB issued IFRS 13, *Fair Value Measurement*, which provides a single framework for measuring fair value and requires enhanced disclosures when fair value is used for measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

IAS 19 – Employee Future Benefits

In June 2011, the IASB issued an amendment to IAS 19, *Employee Future Benefits*, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures of all employee benefits. The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

IAS 1 – Presentation of Financial Statements

In June 2011, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements*, which requires entities to separately present items in other comprehensive earnings based on whether they may be recycled to earnings or loss in future periods. The amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012. The impact of adopting this standard is not expected to have a significant effect on the consolidated financial statements.

IFRS 9 – Financial Instruments

In November 2009, the IASB issued IFRS 9, *Financial Instruments*, which represents the first phase of its replacement of IAS 39, *Financial Instruments: Recognition and Measurement*, and introduces new requirements for the classification and measurement of financial assets and removes the need to separately account for certain embedded derivatives. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

2. ACQUISITIONS

During 2011 and 2010 several acquisitions, which were accounted for as business combinations, were completed either directly by Onex or through subsidiaries of Onex. Any third-party borrowings in respect of these acquisitions are without recourse to Onex.

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interests. Any non-controlling interests in the acquired company are measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the acquired business. The fair values are determined using a combination of valuation techniques, including discounted cash flows and projected earnings multiples, and allocated to the assets and liabilities accordingly. The key inputs to the model include assumptions related to the future customer demand, material and employee-related costs, changes in mix of product and services produced or delivered and restructuring programs. The excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired company and, in a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the fair value of the identifiable net assets acquired is recorded as goodwill. Acquisition-related costs are expensed as incurred and related restructuring charges are expensed in the periods after the acquisition date. Subsequent changes in the fair value of contingent consideration recorded as a liability at the acquisition date are recognized in earnings or loss.

In certain circumstances where estimates have been made, the companies are obtaining third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments. The results of operations for all acquired businesses are included in the consolidated statements of earnings, comprehensive earnings and equity of the Company from their respective dates of acquisition.

2011 ACQUISITIONS

Details of the purchase price and allocation for the 2011 acquisitions are as follows:

	ONCAP[a]	Celestica[b]	JELD-WEN[c]	Other[d]	Total
Cash and cash equivalents	$ 52	$ 1	$ 138	$ –	$ 191
Other current assets	196	50	859	3	1,108
Intangible assets with limited life	262	13	114	6	395
Intangible assets with indefinite life	188	–	256	1	445
Goodwill	278	34	119	41	472
Property, plant and equipment and other non-current assets	267	1	1,384	9	1,661
	1,243	99	2,870	60	4,272
Current liabilities	(211)	(17)	(661)	(1)	(890)
Non-current liabilities	(824)[(1)]	–	(1,182)[(2)]	–	(2,006)
	208	82	1,027	59	1,376
Non-controlling interests in net assets	(64)	–	(327)	–	(391)
Interest in net assets acquired	$ 144	$ 82	$ 700	$ 59	$ 985

(1) Included in non-current liabilities of ONCAP is $201 of acquisition financing provided by ONCAP, of which Onex' share was $85.

(2) Included in non-current liabilities of JELD-WEN is $171 of acquisition financing provided by the Company, of which Onex' share was $58.

a) In May 2011, ONCAP II completed the acquisition of a majority of the issued and outstanding shares of Pinnacle Pellet, Inc. ("Pinnacle Renewable Energy Group"). Pinnacle Renewable Energy Group is a British Columbia, Canada headquartered producer of wood pellets for markets around the world. Onex and ONCAP II have an approximate 60% equity ownership in Pinnacle Renewable Energy Group, of which Onex' equity ownership is 29%.

In May 2011, ONCAP II completed the acquisition of Crown Amusements Ltd. ("Casino ABS"). Casino ABS is the largest casino operator in the Alberta, Canada market, with four casinos. In December 2011, ONCAP III purchased approximately 22% of Casino ABS from ONCAP II at the same cost basis as ONCAP II's original investment. Onex, ONCAP II and ONCAP III have close to 100% of the equity ownership in Casino ABS, of which Onex' equity ownership is 44%.

In June 2011, ONCAP III completed the acquisition of Hopkins Manufacturing Corporation ("Hopkins"), a Kansas, United States headquartered manufacturer, marketer and distributor of automotive aftermarket products for sale to distributors and retailers primarily in North America. Onex and ONCAP III have an approximate 90% equity ownership in Hopkins, of which Onex' equity ownership is 26%.

In December 2011, ONCAP III completed the acquisition of Davis-Standard Holdings, Inc. ("Davis-Standard"), a Connecticut, United States headquartered designer, manufacturer and supplier of highly engineered extrusion and converting machinery systems. Onex and ONCAP III have an approximate 90% ownership in Davis-Standard, of which Onex' equity ownership is 26%.

Onex, ONCAP II, ONCAP III and management of Onex and ONCAP invested a total of $324 in these investments, of which Onex' investment was $123.

In addition, ONCAP includes acquisitions made by Caliber Collision Centers ("Caliber Collision"), Hopkins, Mister Car Wash and BSN SPORTS, formerly Sport Supply Group, Inc. ("Sport Supply Group"). The purchase price for these acquisitions was $21, of which $2 was non-cash consideration.

b) In June 2011, Celestica completed the acquisition of Brooks Automation's semiconductor equipment contract manufacturing operations. These operations specialize in manufacturing complex mechanical equipment and providing systems integration services for semiconductor equipment manufacturers. The purchase price for this acquisition was $82, which was financed by Celestica.

c) In early October 2011, the Company acquired a controlling interest in JELD-WEN Holding, inc. ("JELD-WEN"). JELD-WEN is 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. The Company's investment in JELD-WEN consisted of $700 of convertible preferred stock for a 57% as-converted equity ownership interest and $171 for convertible notes. The convertible notes can be redeemed within 18 months with proceeds from the sale of certain non-core assets and, if not redeemed, will convert into additional convertible preferred stock. The Company's investment of $871 was made by Onex, Onex Partners III, Onex management and others. Onex' initial investment in JELD-WEN was $240 for convertible preferred stock for a 20% as-converted equity ownership interest and $58 of convertible notes.

In October 2011, JELD-WEN redeemed $42 of the convertible notes and interest accrued to the redemption date, of which Onex' share was $14.

In February 2012, Onex sold a total of $83 of its original investment in JELD-WEN to certain limited partners and others at the same cost basis as Onex' original investment. Onex received proceeds of $79, reflecting the cost reduction from JELD-WEN's convertible notes redemption in October 2011. Onex' investment in JELD-WEN was reduced to $173 of convertible preferred stock for a 15% as-converted equity ownership interest and $32 of convertible notes.

d) Other includes acquisitions made by CDI, ResCare, Skilled Healthcare Group and TMS International for total consideration of $59, of which $50 was financed with cash by the respective operating companies and $9 was non-cash consideration.

Included in the acquisitions above were gross receivables due from customers of $543, of which $27 of contractual cash flows are not expected to be recovered. The fair value of these receivables was determined to be $516.

Details of the net loss since the date of acquisition for the significant 2011 acquisitions are as follows:

	ONCAP	JELD-WEN	Total
Revenues	$ 243	$ 774	$ 1,017
Expenses	257	863	1,120
Net loss	$ (14)	$ (89)	$ (103)

The Company estimates it would have reported consolidated revenues of $27,495 and net earnings of $1,524 for the year ended December 31, 2011, if the acquisitions completed during 2011 had been acquired on January 1, 2011.

Goodwill of the acquisitions is attributable primarily to the acquired workforce, non-contractual established customer bases and technological knowledge of the acquired companies. Goodwill of the acquisitions that is expected to be deductible for tax purposes is $50.

In addition to the acquisitions described above, in April 2010 and May 2011, Tropicana Las Vegas completed preferred share rights offerings of $50 and $35, respectively. Onex, Onex Partners III and Onex management invested $45 and $29 in the April 2010 and May 2011 preferred rights offerings, of which Onex' share was $10 and $6, respectively. The preferred shares under both offerings have terms similar to the 2009 preferred share offering, accrue dividends at an annual rate of 12.5% and are convertible into common shares of Tropicana Las Vegas at a fixed ratio including accrued and unpaid dividends. After giving effect to the additional investments, Onex, Onex Partners III and Onex management's ownership, on an as-converted basis, at December 31, 2011 was 76% (2010 – 74%), of which Onex' share was 17% (2010 – 16%).

2010 ACQUISITIONS

Details of the purchase price and allocation for the 2010 acquisitions are as follows:

	Flushing Town Center[a]	Skilled Healthcare Group[b]	ONCAP II[c]	Carestream Health[d]	ResCare[e]	EMSC[f]	Other[g]	Total
Cash and cash equivalents	$ 23	$ –	$ 13	$ 4	$ 15	$ –	$ –	$ 55
Other current assets	125	–	84	11	296	9	13	538
Intangible assets with limited life	–	–	29	37	112	67	16	261
Intangible assets with indefinite life	–	5	54	–	227	2	–	288
Goodwill	–	57	89	63	234	74	14	531
Property, plant and equipment and other non-current assets	331	1	9	–	106	2	1	450
	479	63	278	115	990	154	44	2,123
Current liabilities	(27)	–	(51)	(5)	(190)	(22)	(17)	(312)
Non-current liabilities	(443)	–	(128)	(1)	(555)[1]	(15)	(11)	(1,153)
	9	63	99	109	245	117	16	658
Non-controlling interests in net assets	–	–	(36)	–	(5)	–	–	(41)
Interest previously held	–	–	–	–	(113)	–	–	(113)
Interest in net assets acquired	$ 9	$ 63	$ 63	$ 109	$ 127	$ 117	$ 16	$ 504

(1) Included in non-current liabilities of ResCare is $159 of interim acquisition financing provided by Onex and Onex Partners III, which was repaid during the fourth quarter of 2010.

a) In the first quarter of 2010, a subsidiary of Onex became the managing partner of Flushing Town Center, a mixed-use development located in New York City. As a result, Onex began consolidating its interest in the first quarter of 2010.

b) In May 2010, Skilled Healthcare Group completed the acquisitions of substantially all the assets of five Medicare-certified hospice companies and four Medicare-certified home health companies in the United States, operating in Arizona, Idaho, Montana and Nevada. The total purchase price of these acquisitions was $63, which was financed by Skilled Healthcare Group, of which $17 was in the form of certain deferred and/or contingent payments.

c) In August 2010, ONCAP II completed the acquisition of Sport Supply Group. Sport Supply Group is a leading marketer, manufacturer and distributor of proprietary and third-party sporting goods equipment and branded team uniforms to the institutional and team sports market in the United States. Onex and ONCAP II purchased a 62% equity ownership in Sport Supply Group. Onex and ONCAP II's total equity investment in Sport Supply Group was $56, of which Onex' share was $29. During 2011, Sport Supply Group began operating as BSN SPORTS.

In addition, ONCAP II includes acquisitions made by Caliber Collision, Mister Car Wash and BSN SPORTS. The purchase price for these acquisitions was $7.

d) In September 2010, Carestream Health completed the acquisition of Quantum Medical Imaging, LLC ("Quantum Medical Imaging"). Quantum Medical Imaging is a manufacturer of digital and conventional x-ray systems used by hospitals, imaging centres and health clinics. In addition, Carestream Health completed one other acquisition during 2010. The total purchase price of these acquisitions was $109, which was financed by Carestream Health.

e) In mid-November 2010, Onex and Onex Partners III acquired all of the outstanding common shares of ResCare not previously owned by Onex and its affiliates. Onex, Onex Partners III and Onex management's equity investment was $120, of which Onex' share was $22. Including Onex and Onex Partners I's 2004 investments in ResCare, the combined investment of Onex, Onex Partners I, Onex Partners III and Onex management was $204, of which Onex' share was $41.

As a result of this transaction, Onex and its affiliates control ResCare and began consolidating ResCare in the fourth quarter of 2010.

In addition, ResCare completed an acquisition in December 2010 for total consideration of $7.

f) During 2010, EMSC completed seven acquisitions located in the United States for total consideration of $117. The Company sold its remaining interests in EMSC during the second quarter of 2011 and no longer consolidates EMSC.

g) Other includes acquisitions made by Celestica and TMS International.

Included in the acquisitions above were gross receivables due from customers of $356, of which $25 of contractual cash flows are not expected to be recovered. The fair value of these receivables was determined to be $331.

Net earnings since the date of the acquisitions were not significant to the Company's results for the year ended December 31, 2010.

Goodwill of the acquisitions is attributable primarily to the acquired workforce and non-contractual established customer bases of the acquired companies. Goodwill of the acquisitions that was expected to be deductible for tax purposes was $301.

3. DISCONTINUED OPERATIONS

The following tables show revenue, expenses and net after-tax results from discontinued operations.

Year ended December 31, 2011	Revenue	Expenses	Pre-tax Earnings	Tax Provision	Gain Net of Tax	Earnings for the Year
EMSC[a]	**$ 1,018**	**$ 942**	**$ 76**	**$ 29**	**$ 559**	**$ 606**
Husky[b]	**508**	**470**	**38**	**16**	**1,087**	**1,109**
	$ 1,526	**$ 1,412**	**$ 114**	**$ 45**	**$ 1,646**	**$ 1,715**

Year ended December 31, 2010	Revenue	Expenses	Pre-tax Earnings	Tax Provision	Gain Net of Tax	Earnings for the Year
EMSC[a]	$ 2,860	$ 2,648	$ 212	$ 80	$ –	$ 132
Husky[b]	1,095	994	101	25	–	76
	$ 3,955	$ 3,642	$ 313	$ 105	$ –	$ 208

a) In May 2011, Onex, Onex Partners I, Onex management and certain limited partners sold their remaining 13.7 million shares of EMSC, of which Onex' portion was approximately 4.8 million shares. The sale was part of an offer made for all outstanding shares of EMSC. The sale was completed at a price of $64.00 cash per share. Onex' cash cost for these shares was $6.67 per share.

Total cash proceeds received from the sale were $878, resulting in a pre-tax gain of $600. Onex recorded a deferred tax provision of $41 on the gain. Onex' share of the cash proceeds was $342, including carried interest and deducting distributions paid on account of the MIP. The gain on the sale 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.

Amounts received on account of the carried interest related to this transaction totalled $80. Consistent with market practice and the terms of the Onex Partners agreements, Onex is allocated 40% of the carried interest with 60% allocated to management. Onex' share of the carried interest received was $32 and is included in Onex' share of the cash proceeds. Management's share of the carried interest was $48. In addition, amounts paid on account of the MIP totalled $20 for this transaction.

b) In June 2011, Onex, Onex Partners I, Onex Partners II and Onex management completed the sale of their entire investment in Husky. The sale was completed for net cash proceeds of $1,652, of which Onex' share was $583, including carried interest and deducting distributions paid on account of the MIP. In addition to the net cash proceeds, additional amounts of $60 held in escrow and receivable from Husky were recognized on the sale, of which Onex' share was $19, excluding carried interest. The proceeds held in escrow are for the closing working capital, tax indemnities and other adjustments and have been recorded at fair value. As a result, a pre-tax gain of $1,142 was recognized on the sale of Husky. In addition, Onex recorded a non-cash tax provision of $49 on the gain. The gain on the sale 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.

During the third quarter of 2011, $38 of the additional amounts held in escrow and receivable from Husky were received by the Company, of which Onex' share was $18, including carried interest and deducting distributions paid on account of the MIP. As a result of a change in estimated amounts held in escrow to be received by the Company, a pre-tax loss of $5 was recorded during the third quarter of 2011. In addition, Onex recorded a non-cash tax provision of $1 during the third quarter of 2011.

At December 31, 2011, $18 was held in escrow for tax indemnities and other expenses, of which Onex' share was $6 excluding carried interest, and is expected to be received in approximately four years.

Amounts received during 2011 on account of the carried interest related to this transaction totalled $57. Consistent with market practice and the terms of the Onex Partners agreements, Onex is allocated 40% of the carried interest with 60% allocated to management. Onex' share of the carried interest received was $23 and is included in Onex' share of the cash proceeds. Management's share of the carried interest was $34. The amount of carried interest received on this transaction was voluntarily reduced by $88 (Onex' share of the reduction was $35) at the request of Onex. The carried interest that was voluntarily reduced may be received on a future realization in Onex Partners II. In addition, amounts paid during 2011 on account of the MIP totalled $31 for this transaction.

The following table shows the summarized aggregate assets and liabilities of discontinued operations:

	December 31, 2010	January 1, 2010
Cash and cash equivalents	$ 479	$ 436
Other current assets	946	896
Intangible assets	460	395
Goodwill	514	502
Property, plant and equipment and other non-current assets	733	758
	3,132	2,987
Current liabilities	(716)	(635)
Non-current liabilities	(992)	(1,069)
Net assets of discontinued operations	$ 1,424	$ 1,283

The following table presents the summarized aggregate cash flows from discontinued operations:

Year ended December 31, 2010	EMSC	Husky	Total
Operating activities	$ 214	$ 257	$ 471
Financing activities	(69)	(57)	(126)
Investing activities	(158)	(47)	(205)
Increase (decrease) in cash and cash equivalents for the year	(13)	153	140
Increase in cash and cash equivalents due to changes in foreign exchange rates	–	3	3
Distribution paid to Husky shareholders	–	(100)	(100)
Cash and cash equivalents, beginning of the year	300	136	436
Cash and cash equivalents, end of the year	$ 287	$ 192	$ 479

Year ended December 31, 2011	**EMSC**	**Husky**	**Total**
Operating activities	**$ 76**	**$ 24**	**$ 100**
Financing activities	**8**	**(50)**	**(42)**
Investing activities	**(371)**	**(167)**	**(538)**
Decrease in cash and cash equivalents for the year	**(287)**	**(193)**	**(480)**
Increase in cash and cash equivalents due to changes in foreign exchange rates	**–**	**1**	**1**
Cash and cash equivalents, beginning of the year	**287**	**192**	**479**
Cash and cash equivalents, end of the year	**–**	**–**	**–**
Proceeds from sales of operating companies no longer controlled	**878**	**1,690**	**2,568**
	$ 878	**$ 1,690**	**$ 2,568**

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

As at December 31	2011	2010
Cash at bank and on hand	$ 1,050	$ 1,083
Bank term deposits	411	446
Commercial paper	845	425
Money market funds	142	578
	$ 2,448	$ 2,532[i]

(i) Cash and cash equivalents at December 31, 2010 includes $479 related to discontinued operations.

5. INVENTORIES

Inventories comprised the following:

As at December 31	2011	2010
Raw materials	$ 1,231	$ 1,002
Work in progress	2,546	2,324
Finished goods	455	474
Real estate held for sale	196	204
	$ 4,428	$ 4,004

During the year ended December 31, 2011, $14,042 (2010 – $11,976) of inventory was expensed in cost of sales. Note 11 provides details on inventory provisions recorded by the Company.

6. OTHER CURRENT ASSETS

Other current assets comprised the following:

As at December 31	2011	2010
Current portion of ceded claims recoverable held by The Warranty Group (note 14)	$ 154	$ 209
Current portion of prepaid premiums of The Warranty Group	362	277
Current portion of deferred costs of The Warranty Group (note 9)	162	177
Prepaid expenses	154	126
Other[a]	354	706
	$ 1,186	$ 1,495

(a) Other at December 31, 2010 includes $272 of restricted cash that was distributed to the limited partners of the Onex Partners' Funds in January 2011. The restricted cash represented the limited partners' net share of distributions received in the fourth quarter of 2010.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised the following:

	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
At January 1, 2010					
Cost	$ 387	$ 1,358	$ 3,379	$ 434	$ 5,558
Accumulated amortization and impairments	(8)	(380)	(1,804)	–	(2,192)
Net book amount	$ 379	$ 978	$ 1,575	$ 434	$ 3,366
Year ended December 31, 2010					
Opening net book amount	$ 379	$ 978	$ 1,575	$ 434	$ 3,366
Additions	2	35	163	598	798
Disposals	(1)	(20)	(21)	(2)	(44)
Amortization charge	–	(86)	(317)	–	(403)
Amortization and impairment charges (discontinued operations)	–	(15)	(68)	–	(83)
Acquisition of subsidiaries	39	87	31	256	413
Impairment charge	–	(5)	(1)	–	(6)
Transfers from construction in progress	39	535	412	(986)	–
Foreign exchange	–	(5)	(9)	–	(14)
Other	5	12	5	7	29
Closing net book amount	$ 463	$ 1,516	$ 1,770	$ 307	$ 4,056
At December 31, 2010					
Cost	$ 471	$ 1,987	$ 3,811	$ 307	$ 6,576
Accumulated amortization and impairments	(8)	(471)	(2,041)	–	(2,520)
Net book amount	$ 463	$ 1,516	$ 1,770	$ 307	$ 4,056
Year ended December 31, 2011					
Opening net book amount	$ 463	$ 1,516	$ 1,770	$ 307	$ 4,056
Additions	1	50	203	420	674
Disposals	(4)	(44)	(8)	(1)	(57)
Amortization charge	–	(105)	(357)	–	(462)
Amortization charge (discontinued operations)	–	(4)	(17)	–	(21)
Acquisition of subsidiaries	160	687	541	95	1,483
Disposition of operating companies	(30)	(226)	(225)	(22)	(503)
Impairment charge	–	(9)	(14)	–	(23)
Transfers from construction in progress	–	97	314	(411)	–
Foreign exchange	2	(5)	(6)	(1)	(10)
Other	(1)	(33)	–	(1)	(35)
Closing net book amount	$ 591	$ 1,924	$ 2,201	$ 386	$ 5,102
At December 31, 2011					
Cost	$ 599	$ 2,445	$ 4,223	$ 386	$ 7,653
Accumulated amortization and impairments	(8)	(521)	(2,022)	–	(2,551)
Net book amount	$ 591	$ 1,924	$ 2,201	$ 386	$ 5,102

Property, plant and equipment cost and accumulated amortization and impairments have been reduced for components retired during 2010 and 2011. At December 31, 2011 property, plant and equipment includes amounts under finance leases of $104 (2010 – $92) and related accumulated amortization of $48 (2010 – $43). During 2011, borrowing costs of $13 (2010 – $34) were capitalized and are included in the cost of additions.

8. LONG-TERM INVESTMENTS

Long-term investments comprised the following:

	December 31, 2011	December 31, 2010	January 1, 2010
Investments in associates at fair value through earnings:			
Onex Partners[a]	$ 3,234	$ 2,771	$ 1,264
Other associate investments[a]	128	106	133
EMSC insurance collateral[b]	–	139	158
Long-term investments held by The Warranty Group[c]	1,501	1,475	1,548
Investment in Onex Credit Partners funds[d]	412	255	218
Other	140	118	127
	$ 5,415	$ 4,864	$ 3,448

a) Investments in associates, over which the Company has significant influence, but not control, are designated, upon initial recognition, at fair value. The fair value of investments in associates is assessed at each reporting date with changes to the values being recorded through earnings. Details of those investments designated at fair value included in long-term investments are as follows:

	Onex Partners	Other Associate Investments	Total
Balance – January 1, 2010	$ 1,264	$ 133	$ 1,397
Purchase of investments	1,271	4	1,275
Distributions received	(121)	(18)	(139)
Unrealized increase (decrease) in investments, net	461	(13)	448
Interest income	7	–	7
Other adjustments[i]	(111)	–	(111)
Balance – December 31, 2010	$ 2,771	$ 106	$ 2,877
Purchase of investments	–	29	29
Distributions received	(38)	(14)	(52)
Unrealized increase in investments, net	494	7	501
Interest income	7	–	7
Balance – December 31, 2011	$ 3,234	$ 128	$ 3,362

(i) In the fourth quarter of 2010, Onex and Onex Partners III acquired all of the outstanding common shares of ResCare not previously owned by Onex or its affiliates. As a result of this transaction, Onex and its affiliates controlled and began consolidating the results of ResCare in the fourth quarter of 2010.

Onex Partners includes investments in Allison Transmission, Hawker Beechcraft, ResCare (prior to November 2010), RSI and Tomkins (since September 2010). Other associates accounted at fair value through earnings include investments in Cypress Insurance Group ("Cypress") and certain real estate investments. Investments in associates designated at fair value are measured with significant unobservable inputs (level 3 of the fair value hierarchy), with the exception of ResCare (prior to November 2010) and Hawker Beechcraft debt, which are measured with significant other observable inputs (level 2 of the fair value hierarchy). The associates also have financing arrangements that typically restrict their ability to transfer cash and other assets to the Company.

In September 2010, the Company, together with the Canada Pension Plan Investment Board ("CPPIB"), acquired Tomkins plc. The newly acquired business is operating as Tomkins Limited ("Tomkins"). Tomkins is a global engineering and manufacturing group that produces a variety of products for the industrial, automotive and building products markets across North America, Europe and Asia. The equity investment of $2,125 was initially split equally between the Company and CPPIB. Management of Tomkins also became investors in the business. During the fourth quarter of 2010, the Company and CPPIB equally sold a total of $314 of their investment to certain limited partners and others. The Tomkins investment held by certain limited partners and others

is in an entity controlled by the Company and therefore included in the investment of Tomkins. The Company's investment of $1,219 was made by Onex, Onex Partners III, certain limited partners, Onex management and others. Onex' net investment in the acquisition was $315 for a 14% equity ownership interest.

b) The Company sold its remaining interests in EMSC during the second quarter of 2011 and no longer consolidates EMSC.

c) The table below presents the fair value of all investments in securities held by The Warranty Group at December 31:

	2011	2010
U.S. government and agencies	$ 92	$ 72
States and political subdivisions	129	60
Foreign governments	451	429
Corporate bonds	652	756
Mortgage-backed securities	359	362
Other	63	64
	$ 1,746	$ 1,743
Current portion[1]	(245)	(268)
Long-term portion	$ 1,501	$ 1,475

(1) The current portion is included in short-term investments in the consolidated balance sheets.

Fair values generally represent quoted market value prices for securities traded in an active market or estimated using a valuation technique.

Management believes that unrealized losses on individual securities that are not recognized as impairments are the result of normal price fluctuations due to market conditions and are not an indication of objective evidence of an impairment loss. Management further believes it has the intent and ability to hold these securities until they fully recover in value. These determinations are based upon an in-depth analysis of individual securities.

The fair value of fixed-maturity securities owned by The Warranty Group, by contractual maturity, is shown below:

As at December 31	2011	2010
Years to maturity:		
One or less	$ 245	$ 268
After one through five	655	667
After five through ten	310	294
After ten	114	88
Mortgage-backed securities	359	362
Other	63	64
	$ 1,746	$ 1,743

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2011, certificates of deposit, money market funds and available-for-sale fixed-maturity securities with a carrying value of $38 (2010 – $38) were on deposit with various insurance departments and regulators to satisfy various regulatory requirements.

d) The investments in Onex Credit Partners Funds are recorded at fair value and classified as fair value through earnings. In August 2011, Onex invested an additional $150 in a segregated Onex Credit Partners unleveraged senior secured loan strategy fund.

9. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

As at December 31	2011	2010
Deferred income taxes (note 16)	$ 256	$ 346
Defined benefit pensions (note 32)	159	186
Non-current portion of ceded claims recoverable held by The Warranty Group (note 14)	358	391
Non-current portion of prepaid premiums of The Warranty Group	474	418
Non-current portion of deferred costs of The Warranty Group[a]	207	233
Other	359	298
	$ 1,813	$ 1,872

a) Deferred costs of The Warranty Group consist of certain costs of acquiring warranty and credit business including commissions, underwriting and sales expenses that vary with, and are primarily related to, the production of new business. These charges are deferred and amortized as the related premiums and contract fees are earned. At December 31, 2011, $369 (2010 – $410) of costs were deferred, of which $162 (2010 – $177) has been recorded as current (note 6). The Company's accounting for deferred costs of acquiring warranty and credit business will change on January 1, 2012, as described in note 1.

10. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprised the following:

	Goodwill	Trademarks and Licenses	Customer Relationships	Computer Software	Other Intangible Assets with Limited Life	Other Intangible Assets with Indefinite Life	Total Intangible Assets
At January 1, 2010							
Cost	$ 2,209	$ 332	$ 1,581	$ 569	$ 1,542	$ 79	$ 4,103
Accumulated amortization and impairments	(11)	(95)	(568)	(398)	(801)	–	(1,862)
Net book amount [1]	$ 2,198	$ 237	$ 1,013	$ 171	$ 741	$ 79	$ 2,241
Year ended December 31, 2010							
Opening net book amount	$ 2,198	$ 237	$ 1,013	$ 171	$ 741	$ 79	$ 2,241
Additions	–	–	–	65	38	–	103
Disposals	(3)	–	–	–	(3)	–	(3)
Amortization charge	–	(22)	(133)	(58)	(65)	–	(278)
Amortization charge (discontinued operations)	–	–	(11)	(4)	(43)	–	(58)
Acquisition of subsidiaries	531	75	93	25	77	279	549
Impairment charge	–	(5)	–	(3)	–	–	(8)
Foreign exchange	(5)	–	(5)	1	–	1	(3)
Other	(87)	–	–	–	(29)	(9)	(38)
Closing net book amount	$ 2,634	$ 285	$ 957	$ 197	$ 716	$ 350	$ 2,505
At December 31, 2010							
Cost	$ 2,645	$ 407	$ 1,668	$ 658	$ 1,645	$ 350	$ 4,728
Accumulated amortization and impairments	(11)	(122)	(711)	(461)	(929)	–	(2,223)
Net book amount [1]	$ 2,634	$ 285	$ 957	$ 197	$ 716	$ 350	$ 2,505
Year ended December 31, 2011							
Opening net book amount	$ 2,634	$ 285	$ 957	$ 197	$ 716	$ 350	$ 2,505
Additions	–	–	–	48	22	–	70
Disposals	–	–	–	(1)	–	–	(1)
Amortization charge	–	(26)	(143)	(59)	(80)	–	(308)
Amortization charge (discontinued operations)	–	–	(3)	(1)	(12)	–	(16)
Acquisition of subsidiaries	472	264	203	8	108	257	840
Disposition of operating companies	(514)	(5)	(67)	(20)	(325)	(27)	(444)
Impairment charge, net [2]	(166)	2	–	–	–	(10)	(8)
Foreign exchange	(7)	(6)	(1)	(2)	–	(1)	(10)
Other	15	(2)	(4)	–	(20)	(3)	(29)
Closing net book amount	$ 2,434	$ 512	$ 942	$ 170	$ 409	$ 566	$ 2,599
At December 31, 2011							
Cost	$ 2,611	$ 658	$ 1,772	$ 668	$ 1,189	$ 573	$ 4,860
Accumulated amortization and impairments	(177)	(146)	(830)	(498)	(780)	(7)	(2,261)
Net book amount [1]	$ 2,434	$ 512	$ 942	$ 170	$ 409	$ 566	$ 2,599

(1) Trademarks and licenses and customer relationships include amounts determined to have indefinite useful lives.

(2) Impairment charge for 2011 is net of impairment reversals of $2.

Additions to goodwill and intangible assets were primarily acquired through business combinations (note 2). Additions to intangible assets through internal development were $25 (2010 – $52) and those acquired separately were $45 (2010 – $51). Included in the balance of intangible assets at December 31, 2011 were $170 (2010 – $209) of internally generated intangible assets.

Intellectual property primarily represents the costs of certain intellectual property and process know-how obtained in acquisitions. Intangible assets include trademarks, non-competition agreements, customer relationships, software and contract rights obtained in the acquisition of certain facilities. Certain intangible assets are determined to have indefinite useful lives when the Company has determined there is no foreseeable limit to the period over which the intangible assets are expected to generate net cash inflows.

11. PROVISIONS

A summary of provisions presented contra to assets in the consolidated balance sheets detailed by the components of charges and movements is presented below.

	Accounts Receivable Provision[a]	Inventory Provision[b]	Total
Balance – January 1, 2011	$ 71	$ 91	$ 162
Charged (credited) to statement of earnings:			
Additional provisions	30	49	79
Unused amounts reversed during the year	(6)	(13)	(19)
Disposition of operating companies	(4)	(42)	(46)
Amounts used during the year	(24)	(26)	(50)
Other adjustments	4	–	4
Balance – December 31, 2011	$ 71	$ 59	$ 130

a) Accounts receivable provisions are established by the operating companies when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. When a receivable is considered permanently uncollectible, the receivable is written off against the allowance account.

b) Inventory provisions are established by the operating companies for any excess, obsolete or slow-moving items.

A summary of provisions presented as liabilities in the consolidated balance sheets detailed by the components of charges and movements is presented below.

	Restructuring[c]	Self-Insurance[d]	Warranty[e]	Other[f]	Total
Balance – December 31, 2010	$ 63	$ 349	$ 78	$ 51	$ 541
Charged (credited) to statement of earnings:					
Additional provisions	44	137	53	45	279
Unused amounts reversed during the year	(2)	(1)	(5)	(8)	(16)
Acquisition of subsidiaries	–	23	49	47	119
Disposition of operating companies	(2)	(208)	(31)	–	(241)
Amounts used during the year	(64)	(120)	(48)	(16)	(248)
Increase in provisions due to passage of time and changes in discount rates	1	1	1	–	3
Other adjustments	–	–	–	6	6
Balance – December 31, 2011	$ 40	$ 181	$ 97	$ 125	$ 443
Current portion of provisions	35	74	53	101	263
Non-current portion of provisions	$ 5	$ 107	$ 44	$ 24	$ 180

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

The operating companies record restructuring provisions relating to employee terminations, contractual lease obligations and other exit costs when the liability is incurred. The recognition of these provisions requires management to make certain judgements regarding the nature, timing and amounts associated with the planned restructuring activities, including estimating sublease income and the net recovery from equipment to be disposed of. At the end of each reporting period, the operating companies evaluate the appropriateness of the remaining accrued balances. The restructuring plans are expected to result in cash outflows for the operating companies between 2012 and 2015.

The closing balance of restructuring provisions consisted of the following:

As at December 31	2011	2010
Employee termination costs	$ 23	$ 35
Lease and other contractual obligations	15	26
Facility exit costs and other	2	2
	$ 40	$ 63

d) Self-insurance provisions are established for automobile, workers' compensation, general liability, professional liability and other claims. Provisions are established for claims based upon an assessment of actual claims and claims incurred but not reported. The reserves may be established based on consultation with third-party independent actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and changes in case reserves and the assumed rate of inflation in health care costs and property damage repairs.

e) Warranty provisions are established by the operating companies for warranties offered on the sale of products or services. Warranty provisions are established to provide for future warranty costs based on management's best estimate of probable claims under these warranties. The warranty provisions exclude reserves recognized by The Warranty Group for its warranty contracts.

f) Other includes legal, transition and integration, asset retirement and other provisions. Transition and integration provisions are typically to provide for the costs of transitioning the activities of an operating company from a prior parent company upon acquisition and to integrate new acquisitions at the operating companies.

12. LONG-TERM DEBT OF OPERATING COMPANIES, WITHOUT RECOURSE TO ONEX CORPORATION

Long-term debt of operating companies, without recourse to Onex Corporation, is as follows:

As at December 31		2011	2010
Carestream Health[a]	Senior revolving facility and senior secured term loan due 2016 and 2017	**$ 1,759**	$ –
	Senior secured first lien term loan due 2013	**–**	1,218
	Senior secured second lien term loan due 2013	**–**	440
	Redeemable preferred shares	**247**	420
	Other	**3**	8
		2,009	2,086
Celestica[b]	Revolving credit facility due 2015	**–**	–
Center for Diagnostic Imaging[c]	Revolving credit facility and term loan due 2016	**93**	–
	Revolving credit facility and term loan due 2013	**–**	33
	Other	**1**	1
		94	34
Emergency Medical Services[d]	Revolving credit facility and term loan due 2015	**–**	420
	Other	**–**	1
		–	421
Flushing Town Center[e]	Senior construction loan due 2014	**579**	541
	Mezzanine loan due 2014	**33**	25
		612	566
Husky[f]	Revolving credit facility and term loan due 2014	**–**	364
JELD-WEN[g]	Senior secured notes due 2017	**448**	–
	Senior secured revolving credit facility due 2016	**–**	–
	Convertible promissory notes due 2013	**132**	–
	Other	**57**	–
		637	–
ResCare[h]	Senior secured revolving credit facility and term loan due 2015 and 2016	**165**	167
	Senior unsecured notes due 2013	**–**	30
	Senior subordinated notes due 2019	**200**	200
	Other	**4**	9
		369	406
Sitel Worldwide[i]	Revolving credit facility and term loans due 2013–2016 and 2014–2017	**399**	353
	Senior unsecured notes due 2018	**232**	253
	Mandatorily redeemable preferred shares	**113**	100
		744	706
Skilled Healthcare Group[j]	Revolving credit facility and term loan due 2015 and 2016	**342**	381
	Subordinated notes due 2014	**130**	130
	Other	**3**	9
		475	520
Spirit AeroSystems[k]	Revolving credit facility and term loan due 2014 and 2013–2016	**562**	566
	Senior subordinated notes due 2017	**295**	294
	Senior subordinated notes due 2020	**300**	300
	Other	**29**	19
		1,186	1,179
The Warranty Group[l]	Term loan due 2012	**190**	192
	Redeemable preferred shares	**506**	506
		696	698
TMS International[m]	Revolving borrowings and senior secured term loan due 2016 and 2014	**157**	159
	Senior subordinated notes due 2015	**223**	223
	Subordinated notes due 2020	**–**	43
	Redeemable preferred shares	**–**	297
	Other	**7**	1
		387	723
Tropicana Las Vegas[n]	Revolving credit facility and term loan due 2014	**60**	27
ONCAP companies[o]	Revolving credit facility and term loans due 2012 to 2016	**737**	316
	Subordinated notes due 2012 to 2021	**281**	59
	Other	**57**	6
		1,075	381
Other		**6**	11
Less: long-term debt held by the Company		**(1,254)**	(1,390)
Long-term debt, December 31		**7,096**	6,732
Less: financing charges		**(135)**	(143)
		6,961	6,589
Current portion of long-term debt of operating companies, without recourse to Onex Corporation		**(482)**	(243)
Consolidated long-term debt of operating companies, without recourse to Onex Corporation		**$ 6,479**	$ 6,346

Onex Corporation does not guarantee the debt of its operating companies, nor are there any cross-guarantees between operating companies.

The financing arrangements for 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. In addition, certain financial covenants must be met by the operating companies that have outstanding debt.

Future changes in business conditions of an operating company may result in non-compliance with certain covenants by the company. No adjustments to the carrying amount or classification of assets or liabilities of any operating company have been made in the consolidated financial statements with respect to any possible non-compliance.

a) Carestream Health

In April 2007, Carestream Health entered into senior secured first and second lien term loans with an aggregate principal amount of $1,510 and $440, respectively. Additionally, as part of the first lien term loan, Carestream Health obtained a senior revolving credit facility with available funds of up to $150. The first and second lien term loans bore interest at LIBOR plus a margin of 2.00% and 5.25%, respectively, or at a base rate plus a margin of 1.00% and 4.25%, respectively. The senior revolving credit facility bore interest at LIBOR or a base rate plus a margin of up to 1.75%, payable quarterly. At December 31, 2010, $1,218 and $440 were outstanding under the senior secured first and second lien term loans, respectively, and nil was outstanding under the senior revolving credit facility.

In February 2011, Carestream Health entered into a new credit facility. The credit facility consists of a $1,850 senior secured term loan and a $150 senior revolving facility. The senior secured term loan matures in February 2017 and the senior revolving facility matures in February 2016. The senior secured term loan and senior revolving facility bear interest at LIBOR (subject to a floor of 1.50%) plus a margin of 3.50% or a base rate plus a margin of 2.50%. Interest is payable on the interest rollover dates for LIBOR borrowings and quarterly for base rate borrowings. The senior secured term loan requires quarterly instalment payments of $5.

The proceeds from the new facility were used primarily to repay the senior secured first and second lien term loans of Carestream Health.

As a result of the refinancing, Carestream Health recognized charges of $25 in the first quarter of 2011, which are included in interest expense in the consolidated statement of earnings.

In August, October and December 2011, Carestream Health purchased $35, $4 and $30 of its senior secured term loan for a cash cost of $30, $4 and $27, respectively. Carestream Health recognized net pre-tax gains of $5 in the third quarter of 2011 and $3 in the fourth quarter of 2011 on the repurchases of its senior secured term loan, which are included in other items in the consolidated statement of earnings.

At December 31, 2011, $1,767 and nil were outstanding under the senior secured term loan and senior revolving facility, respectively. The senior secured term loan is recorded net of the unamortized discount of $8.

Substantially all of Carestream Health's assets are pledged as collateral under the term loan.

In connection with the term loan, Carestream Health had an interest rate swap agreement with a notional amount totalling $800 that swapped the variable rate portion for a fixed rate of 1.55%. The agreement expired in December 2011.

Included in long-term debt at December 31, 2011 is $247 (2010 – $420) of redeemable preferred shares, including accumulated and unpaid dividends, of which $242 (2010 – $413) was held by the Company. The redeemable preferred shares accrue annual dividends at a rate of 10% and are automatically converted into common shares of Carestream Health for the initial liquidation amount plus accumulated and unpaid dividends upon a liquidation or other triggering event. During the first quarter of 2011, Carestream Health redeemed $200 of its redeemable preferred shares, including $7 of accumulated and unpaid dividends. The Company's share of the redemption was $197, of which Onex' share was $78.

b) Celestica

In March 2010, Celestica redeemed all of its outstanding 7.625% notes due in 2013. Celestica paid $232 to repurchase its notes with a carrying value of $223. Celestica recognized a charge of $9 in the first quarter of 2010 on the repurchase of the 2013 notes, which was included in interest expense in the consolidated statement of earnings.

At December 31, 2010, Celestica had a $200 revolving credit facility, which was due to mature in April 2011. In January 2011, Celestica renewed its revolving credit facility on generally similar terms and conditions, increased its size from $200 to $400 and extended its maturity to January 2015. No amounts were drawn on the facility at December 31, 2011 and 2010. At December 31, 2011, Celestica had $27 of letters of credit outstanding that were issued under its facility.

The facility has restrictive covenants relating to debt incurrence, the sales of assets and a change of control and also contains financial covenants that require Celestica to maintain certain financial ratios. Celestica also has uncommitted bank overdraft facilities available for intraday and overnight operating requirements that totalled $70 at December 31, 2011.

c) Center for Diagnostic Imaging

In July 2009, CDI entered into a credit agreement consisting of a $55 term loan and a $15 revolving credit facility. Both the term loan and revolving credit facility bore interest at LIBOR plus a margin of 4.25%, and were originally due in July 2013. At December 31, 2010, $33 was outstanding under the term loan and nil was outstanding under the revolving credit facility.

In May 2011, CDI entered into a new credit agreement. The new agreement consists of a $95 term loan and a $25 revolving credit facility. Both the term loan and revolving credit facility bear interest at LIBOR plus a margin of up to 3.75% depending on the company's leverage ratio and mature in May 2016. The term loan requires quarterly principal repayments of $2 beginning in December 2011. The required quarterly principal payments increase throughout the term until they reach $3 in December 2015. Substantially all of the assets of CDI's wholly owned subsidiaries are pledged as collateral under the term loan and revolving credit facility.

The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving credit facility and pay a $67 distribution to shareholders. The Company's share of the distribution was $54, of which Onex' share was $13. At December 31, 2011, $93 and nil were outstanding under the term loan and revolving credit facility, respectively.

CDI entered into interest rate swap agreements that effectively fix the interest rate on a portion of the borrowings under the credit agreement. In November 2009, CDI entered into a two-year interest rate cap agreement for a notional amount of $27 in order to hedge its exposure to fluctuations in the three-month LIBOR rates above 3.5%. The cap agreement began in April 2010 and terminates in September 2012. In June 2011, CDI entered into an additional four-year interest rate cap agreement for a notional amount of $48 in order to hedge its exposure to fluctuations in the three-month LIBOR rates above 3.5%. The cap agreement terminates in June 2015.

d) Emergency Medical Services

In April 2010, EMSC completed the financing of new senior secured credit facilities consisting of a $425 term loan and a $150 revolving credit facility. The proceeds from the new facilities were used to repay the company's existing facilities consisting of a $200 senior secured term loan and $250 senior subordinated notes.

At December 31, 2010, $420 and nil were outstanding under the term loan and revolving credit facility, respectively.

Substantially all of EMSC's domestic assets were pledged as collateral under the senior secured credit facilities.

In May 2011, the Company sold its remaining interests in EMSC and no longer consolidates EMSC.

e) Flushing Town Center

In December 2010, Flushing Town Center amended and restated its senior construction loan and mezzanine loan, increasing the total amount available under the construction loan to $642, including $25 of letters of credit, and extending the maturity to December 2013. The loans have two one-year extension options. The loans bear interest at LIBOR plus a margin that ranges between 1.55% and 3.65%. In conjunction with these amendments, the Company purchased $56 and $38 of the senior construction loan and mezzanine loan, respectively, from third-party lenders.

In November 2011, Flushing Town Center amended its senior construction loan agreement whereby the Company contributed an additional $14 in equity, of which $7 was in cash and $7 was in the form of a letter of credit that can be drawn upon to fund project costs. In addition, the initial maturity of the loans was extended to June 2014 and the second extension was reduced by six months. As at December 31, 2011 $3 was available under the letter of credit.

As at December 31, 2011, $592 and $43 (2010 – $560 and $38) of principal plus accrued interest were outstanding under the senior construction and mezzanine loans, respectively, of which a total of $102 (2010 – $94) was held by the Company. The senior construction and mezzanine loans are recorded net of unamortized debt extinguishment gains of $13 and $10 (2010 – $19 and $13), respectively. In addition, letters of credit of $7 were outstanding, which partially reduce the amount available to be drawn under the senior construction loan.

Substantially all of Flushing Town Center's assets are pledged as collateral under the senior construction and mezzanine loans.

f) Husky

At December 31, 2010, the long-term debt of Husky consisted of a $520 committed, secured credit agreement comprised of a $410 term loan and a $110 revolving credit facility. At December 31, 2010, $364 and nil were outstanding under the term loan and revolving credit facility, respectively.

The credit agreement had restrictions on the incurrence of new debt, the sales of assets, capital expenditures and the maintenance of certain financial ratios. Substantially all of Husky's assets were pledged as collateral under the credit agreement.

In June 2011, the Company sold its entire investment in Husky and no longer consolidates Husky.

g) JELD-WEN

In October 2011, JELD-WEN completed an offering of $460 in aggregate principal amount of 12.25% senior secured notes due in 2017. JELD-WEN received net proceeds of $448 after original issue discounts. Interest on the senior secured notes is payable semi-annually. The notes may be redeemed prior to maturity at various premiums above face value. The notes are secured by a second priority lien on the collateral securing the senior secured revolving credit facility, as described below. At December 31, 2011, the senior secured notes with $460 outstanding were recorded net of the unamortized discount of $12.

In October 2011, JELD-WEN entered into a new $300 senior secured revolving credit facility, maturing in April 2016. The facility contains a $75 sublimit for the issuance of letters of credit and a $100 sublimit for borrowings by a European subsidiary of JELD-WEN. Borrowings under the facility bear interest at either the Eurodollar rate or a base rate determined as the highest of the overnight Federal Funds rate plus 0.50%, the Eurodollar rate plus 1.00% or the prime rate. A margin is added to the Eurodollar and base rate that varies based on JELD-WEN's consolidated leverage ratio; base rate loan margins range from 1.50% to 3.00% and Eurodollar-based loan margins range from 2.50% to 4.00%. In addition, JELD-WEN pays a commitment fee ranging from 0.45% to 0.75% on the unused portion of the facility and a letter of credit fee ranging from 2.50% to 4.00% on the face amount of outstanding letters of credit.

Borrowings under the senior secured revolving credit facility are secured by first priority liens on substantially all of the present and future assets of JELD-WEN and its subsidiary guarantors.

At December 31, 2011, nil was outstanding under the senior secured revolving credit facility. The amount available is reduced by $35 of letters of credit outstanding at December 31, 2011.

JELD-WEN is required under the terms of the senior secured revolving credit facility to maintain certain financial ratios. The facility and the indenture governing the senior secured notes also contain certain additional requirements, including limitations or prohibitions on certain investments, payments, asset sales and additional indebtedness.

In October 2011, JELD-WEN issued convertible promissory notes in the amount of $171, all of which are held by the Company. The notes are due in 2013 and bear interest at a rate of 10% compounded annually. The notes are automatically converted into Series A Convertible Preferred Stock of JELD-WEN for the outstanding principal amount plus accrued and unpaid dividends to the extent the notes remain unpaid at the maturity date. Subsequently, JELD-WEN paid $42, including accrued interest, to repurchase a portion of the notes, all of which was paid to the Company. At December 31, 2011, $132 was outstanding under the convertible promissory notes, including accrued interest, all of which was held by the Company.

h) ResCare

In December 2010, ResCare amended and restated its senior secured revolving credit facility to extend the maturity of its senior secured revolving credit facility from July 2013 to December 2015 as well as maintain the size of the facility at $275 through July 2013 before stepping down to $240 through December 2015. Borrowings under the senior secured revolving credit facility bear interest at LIBOR plus a margin of 4.00%. At December 31, 2010 and 2011, nil was outstanding under the senior secured revolving credit facility. The amount available under the facility is reduced by $60 of standby letters of credit outstanding at December 31, 2011.

In December 2010, ResCare completed the financing of a $170 senior secured term loan and $200 of senior subordinated notes. The proceeds were used to repay a portion of ResCare's existing indebtedness of $150 of senior unsecured notes, complete the acquisition of all the publicly held shares of ResCare and for general corporate purposes. ResCare repaid the remainder of its $150 senior unsecured notes in January 2011.

The senior secured term loan bears interest at LIBOR (subject to a floor of 1.75%) plus a margin of 5.50%, with the principal balance due in December 2016. The senior subordinated notes bear interest at a rate of 10.75% and are repayable at maturity in January 2019.

At December 31, 2011, $168 and $200 (2010 – $170 and $200) were outstanding under the senior secured term loan and senior subordinated notes, respectively. The senior secured term loan is recorded net of the unamortized discount of $3 (2010 – $3).

ResCare has additional capacity of $175 available under its debt agreements to increase its senior secured term loan or the senior secured revolving credit facility, subject to certain limitations and conditions. ResCare is required under its debt agreements to maintain certain financial covenants, and substantially all of ResCare's assets are pledged as collateral under its debt agreements.

i) Sitel Worldwide

In December 2008, Sitel Worldwide amended its credit facility. The amendment included increases to the applicable interest rates and changes to the financial covenants.

Sitel Worldwide's credit facility, as amended, consists of a $675 term loan maturing in January 2014 and an $85 revolving credit facility maturing in January 2013. As a result of repayments and repurchases made in 2007 and 2008, no quarterly payments are due under the term loan until maturity. The term loan and revolving credit facility bear interest at a rate of LIBOR plus a margin of up to 5.5% or prime plus a margin of 4.5%.

In May and June 2011, Sitel Worldwide amended its credit facility that governs its term loan and revolving credit facility. The amendments included extending the maturity date on $228, or 64%, of its term loan from January 2014 to January 2017

and extending the maturity on $31, or 36%, of commitments for its revolving credit facility from January 2013 to January 2016. Borrowings under the extended term loan and revolving credit facility bear interest at a rate of LIBOR plus a margin of up to 6.75% or prime plus a margin of 5.75%. In addition, the credit agreement was amended to lessen restrictions with respect to certain covenant levels.

Borrowings under the facility are secured by substantially all of Sitel Worldwide's assets.

At December 31, 2011, $353 and $46 (2010 – $353 and nil) were outstanding under the term loan and revolving credit facility, respectively.

Sitel Worldwide is required under the terms of the facility to maintain certain financial ratio covenants. The facility also contains certain additional requirements, including limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of stock, capital spending, investments, acquisitions and asset sales.

In March 2010, Sitel Worldwide completed an offering of $300 in aggregate principal amount of senior unsecured notes due in 2018. The notes bear interest at an annual rate of 11.50% with no principal payments due until maturity. Proceeds from the offering were used to repay a portion of the indebtedness outstanding under the existing term loan and all of the outstanding balance under the revolving credit facility. In conjunction with this repayment, the debt covenants of the credit facility were amended to reduce the minimum adjusted EBITDA to interest ratio requirement and to change the total debt to adjusted EBITDA covenant to a senior secured debt to adjusted EBITDA covenant. At December 31, 2011, the 2018 senior notes with $300 outstanding were recorded net of the unamortized discount of $6 (2010 – $7) and embedded derivative of $62 (2010 – $40) associated with the senior unsecured notes. The embedded derivative is included in other long-term liabilities in the consolidated balance sheets.

Included in long-term debt at December 31, 2011 is $65 (2010 – $58) of mandatorily redeemable Class B preferred shares, of which $43 (2010 – $38) was held by Onex. The mandatorily redeemable Class B preferred shares accrue annual dividends at a rate of 12% and are redeemable at the option of the holder on or before July 2018. Also included in long-term debt at December 31, 2011 is $48 (2010 – $42) of mandatorily redeemable Class C preferred shares, of which $36 (2010 – $31) was held by Onex. The mandatorily redeemable Class C preferred shares accrue annual dividends at a rate of 16% and are redeemable at the option of the holder on or before July 2018. Outstanding amounts related to preferred shares at December 31, 2010 and 2011 include accrued dividends.

j) Skilled Healthcare Group

In December 2005, Skilled Healthcare Group issued unsecured senior subordinated notes in the amount of $200 due in 2014. In June 2007, using proceeds from its May 2007 initial public offering, Skilled Healthcare Group redeemed $70 of the notes. The notes bear interest at a rate of 11.0% per annum and are redeemable at the option of the company at various premiums above face value beginning in 2009. At December 31, 2011, $130 (2010 – $130) was outstanding under the notes.

In April 2010, Skilled Healthcare Group completed the financing of a new $330 term loan and $100 revolving credit facility. The term loan bears interest at LIBOR (subject to a floor of 1.50%) plus a margin of 3.75%, and requires quarterly principal repayments of $1 until maturity in 2016. The revolving credit facility bears interest at LIBOR (subject to a floor of 1.50%) plus a margin of 3.75%, and is repayable at maturity in 2015. The term loan was increased by an additional $30 to fund acquisitions completed in the second quarter of 2010. Substantially all of Skilled Healthcare Group's assets are pledged as collateral under the term loan and revolving credit facility.

The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving credit facility. Skilled Healthcare Group recognized a loss of $7 on the repurchase of the term loan and revolving credit facility, which is included in interest expense in the consolidated statements of earnings.

At December 31, 2011, $342 and nil (2010 – $355 and $26) were outstanding under the term loan and revolving credit facility, respectively.

In June 2010, Skilled Healthcare Group entered into an interest rate cap agreement and an interest rate swap agreement. The interest rate cap agreement was for a notional amount of $70 in order to hedge exposure to fluctuations in the one-month LIBOR rates above 2.0% from July 2010 to December 2011. The interest rate swap agreement is for a notional amount of $70 and swaps the variable rate portion for a fixed rate of 2.3% from January 2012 to June 2013.

k) Spirit AeroSystems

In June 2005, Spirit AeroSystems executed an $875 credit agreement that consists of a $700 senior secured term loan and a $175 senior secured revolving credit facility. In November 2006, Spirit AeroSystems used a portion of the proceeds from its initial public offering to permanently repay $100 of the senior secured term loan and amended its credit agreement. In March 2008, Spirit AeroSystems amended the agreement to increase the amount available under the senior secured revolving credit facility to $650 and add a provision allowing additional indebtedness of up to $300. In June 2009, Spirit AeroSystems further amended its credit agreement to extend the maturity of the senior secured revolving credit facility from June 2010 to June 2012 as well as increase the size of the facility to $729 from $650 through June 2010 before

stepping down to $409 through June 2012. In October 2010, Spirit AeroSystems amended its credit agreement to extend the maturity of the revolving credit facility from June 2012 to September 2014 as well as increase the amount available under the facility to $650 from $409. In addition, Spirit AeroSystems extended the maturity date with respect to $437 of its term loan to September 2016 ("Term B-2"), with $130 of the term loan remaining due in September 2013 ("Term B-1"). At December 31, 2011, $129, $433 and nil (2010 – $129, $437 and nil) were outstanding under Term B-1, Term B-2 and the revolving credit facility, respectively. In addition, letters of credit of $20 were outstanding, which partially reduce the amount available to be drawn under the senior secured revolving credit facility. Term B-1 requires equal quarterly principal instalments of $32 beginning in December 2012. Term B-2 requires equal quarterly principal instalments of $1, with the balance due upon maturity. The revolving credit facility requires the principal to be repaid at maturity.

Borrowings under the agreement bear interest based on LIBOR plus an interest rate margin of up to 4.0%, payable quarterly. In connection with the term loan, Spirit AeroSystems initially entered into interest rate swap agreements on $400 of the term loan. The agreements, which matured in July 2011, swapped the floating interest rate portion with a fixed interest rate that ranged between 3.2% and 4.3%. In July 2011, Spirit AeroSystems entered into interest rate swap agreements on $325 of the term loan. The agreements, which mature between 2013 and 2014, swap the floating interest rate portion with a fixed interest rate that ranges between 0.7% and 1.4%.

Substantially all of Spirit AeroSystems' assets are pledged as collateral under the credit agreement.

In September 2009, Spirit AeroSystems completed an offering of $300 in aggregate principal amount of 7.5% senior subordinated notes due in 2017. The offering price was 97.804% of par to yield 7.875% to maturity. The net proceeds were used to repay $200 in borrowings under its existing revolving credit facility without any reduction of the lenders' commitment, with the remainder used for general corporate purposes. Interest is payable semi-annually beginning in April 2010. The 2017 senior notes may be redeemed prior to maturity at various premiums above face value. At December 31, 2011, the 2017 senior notes with $300 outstanding were recorded net of the unamortized discount of $5 (2010 – $6).

In November 2010, Spirit AeroSystems completed an offering of $300 in aggregate principal amount of 6.75% senior subordinated notes due in 2020. The net proceeds were used to repay $150 in borrowings under its existing revolving credit facility without any reduction of the lenders' commitment, with the remainder to be used for general corporate purposes. Interest is payable semi-annually beginning in June 2011. The 2020 senior notes may be redeemed prior to maturity at various premiums above face value. At December 31, 2010 and 2011, $300 of senior notes due in 2020 were outstanding.

If a change in control of Spirit AeroSystems occurs, the holders of the 2017 and 2020 senior notes have the right to require Spirit AeroSystems to repurchase the senior notes at a price of 101% plus accrued and unpaid interest. The 2017 and 2020 senior notes rank equal in right of payment and are subordinate to the senior secured credit facility.

l) The Warranty Group

In November 2006, The Warranty Group entered into a $225 credit agreement consisting of a $200 term loan and up to $25 of revolving credit loans and swing line loans. The amounts outstanding on the credit agreement bear interest at LIBOR plus a margin based on The Warranty Group's credit rating. The term loan requires annual payments of $2, with the balance due in 2012. The revolving credit and swing line loans matured in 2011. At December 31, 2011, $190 (2010 – $192) was outstanding on the term loan.

The debt is subject to various terms and conditions, which include The Warranty Group maintaining a minimum credit rating and certain financial ratios relating to minimum capitalization levels.

Included in long-term debt at December 31, 2011 is $506 (2010 – $506) of redeemable preferred shares, including accumulated and unpaid dividends, of which $493 (2010 – $493) was held by the Company. The redeemable preferred shares accrue annual dividends at a rate of 8% and are automatically converted into common shares of The Warranty Group for the initial liquidation amount plus accumulated and unpaid dividends upon a liquidation or other triggering event.

m) TMS International

In January 2007, TMS International entered into a senior secured asset-based revolving credit facility with an aggregate principal amount of up to $165, which bore interest at a base rate plus a margin of up to 2.50% and was available through to January 2013. As at December 31, 2010, nil was outstanding under this revolving credit facility. In December 2011, TMS International terminated its 2007 senior secured asset-based revolving credit facility and entered into a new senior secured asset-based revolving credit facility with an aggregate principal amount of up to $350. The new revolving credit facility bears interest at a base rate plus a margin of up to 2.25%. The maximum availability under the new revolving credit facility is based on specified percentages of eligible accounts receivable, inventory and equipment. The new revolving credit facility is available through to December 2016; however, it is subject to "springing maturities" if TMS International does not refinance its senior secured term loan and its senior subordinated notes, with the maturity occurring three months prior to the scheduled maturities of these instruments. As at December 31, 2011, nil was outstanding under the new revolving credit facility. In addition, there were $16 of letters of credit outstanding

secured by the new revolving credit facility. The obligations under the new revolving credit facility are secured on a first-priority lien basis by TMS International's accounts receivable, inventory and cash proceeds therefrom and on a second-priority lien basis by substantially all of TMS International's other property and assets, subject to certain exceptions and permitted liens.

In January 2007, TMS International entered into a senior secured term loan credit facility with an aggregate principal amount of $165 and a senior secured synthetic letter of credit facility of $20, which bear interest at a base rate plus a margin of up to 2.25%. The senior secured term loan facility and senior secured synthetic letter of credit facility are repayable quarterly, with annual payments of $2, and mature in January 2014. The facilities require TMS International to prepay outstanding amounts under certain conditions. At December 31, 2011, $157 (2010 – $159) was outstanding under the term loan and there were $12 (2010 – $18) of letters of credit outstanding relating to the synthetic letter of credit facility. The obligations under the senior secured term loan facility and senior secured synthetic letter of credit facility are secured on a first-priority lien basis by all of TMS International's property and assets (other than accounts receivable and inventory and cash proceeds therefrom) and on a second-priority lien basis on all of TMS International's accounts receivable and inventory and cash proceeds therefrom, subject to certain exceptions and permitted liens.

In connection with the senior secured term loan credit facility, TMS International entered into interest rate swap agreements that swap the variable rate portion of the interest for a fixed rate of 2.2% on a notional amount of $40 and 2.3% on a notional amount of $40. The agreements mature in March 2012.

In addition, TMS International has $225 of unsecured senior subordinated notes outstanding issued in 2007. The notes bear interest at a rate of 9.75% and mature in February 2015. The notes are redeemable at the option of the company at various premiums above face value, beginning in 2011. At December 31, 2011, notes of $223 (2010 – $223) were outstanding.

In December 2008 and the first quarter of 2009, TMS International issued subordinated notes in the amount of $51, of which $49 were held by the Company. The notes were due in 2020 and bore interest at a rate of 15.0% in the first year, 17.5% in the second year and 20.0% in the third year and beyond. In December 2010, TMS International amended the agreement governing the subordinated notes to reduce the interest rate to 8.0%, effective January 1, 2011. Cash interest payments were required beginning in 2014. TMS International could prepay the notes, in whole or in part, without premium penalty or discount at any time. In March 2010, TMS International paid $23, including accrued interest of $9, to repurchase a portion of its notes due in 2020, of which $23, including accrued interest of $9 was paid to the Company. At December 31, 2010, $43 was outstanding, including accrued interest, of which $41 was held by the Company. In April 2011, using proceeds from its initial public offering, TMS International paid $44, including accrued interest of $6, to repurchase the remaining portion of its notes due in 2020, of which $43, including accrued interest of $6, was paid to the Company.

Included in long-term debt at December 31, 2010 was $297 of redeemable preferred shares, including accumulated and unpaid dividends, of which $270 was held by the Company. The redeemable preferred shares accrued annual dividends at a rate of 8% and were automatically convertible into common shares of TMS International for the initial liquidation amount plus accumulated and unpaid dividends upon a liquidation or other triggering event. In April 2011, the initial public offering of TMS International resulted in the automatic conversion of the initial liquidation amount plus accumulated and unpaid dividends of the redeemable preferred shares into common shares of TMS International based on the common share price in the initial public offering.

n) Tropicana Las Vegas

In March 2010, Tropicana Las Vegas entered into a credit agreement that consists of a $50 revolving credit facility and a delayed draw $10 term loan. The revolving credit facility and term loan bear interest at a fixed annual rate of 4.00% and 6.00%, respectively, and mature in March 2014. The term loan requires repayment of the principal balance in equal monthly instalments beginning in January 2013. At December 31, 2011, $50 and $10 (2010 – $27 and nil) were outstanding under the revolving credit facility and the term loan, respectively.

Substantially all of Tropicana Las Vegas' assets are pledged as collateral under the agreement.

o) ONCAP companies

ONCAP's investee companies consist of EnGlobe, CiCi's Pizza, Mister Car Wash, Caliber Collision, BSN SPORTS and the following companies that were acquired during 2011: Pinnacle Renewable Energy Group, Casino ABS, Hopkins and Davis-Standard. Each has debt that is included in the Company's consolidated financial statements. There are separate arrangements for each of the investee companies with no cross-guarantees between the companies, ONCAP or Onex Corporation.

Under the terms of the various credit agreements, combined term borrowings of $655 are outstanding and combined revolving credit facilities of $82 are outstanding. The available facilities bear interest at various rates based on a base floating rate plus a margin. At December 31, 2011, effective interest rates ranged from 2.3% to 7.4% on borrowings under the revolving credit and term loan facilities. The term loans have quarterly repayments and are due between 2012 and 2016. The companies also have subordinated notes of $281 due between 2012 and 2021 that bear interest at rates ranging from 10.0% to 17.0%, of which the Company owns $237.

Certain ONCAP investee companies have entered into interest rate swap agreements to fix a portion of their interest expense. The total notional amount of these swap agreements at December 31, 2011 was $152, with portions expiring through to 2014.

Senior debt is generally secured by substantially all of the assets of the respective company.

In December 2011, ONCAP III entered into a C$75 credit facility that consists of a C$50 line of credit and a C$25 deemed credit risk facility. The line of credit is available to finance ONCAP III capital calls, bridge finance investments in ONCAP III operating companies, support foreign exchange hedging of ONCAP III and finance other uses permitted by ONCAP III's limited partnership agreement. The deemed credit risk facility is available to ONCAP III and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Borrowings drawn on the line of credit bear interest at a base rate plus a margin of 2.50% or banker's acceptance rate (LIBOR for U.S. dollar borrowings) plus a margin of 5.25%. Borrowings under the credit facility are due and payable upon demand; however, ONCAP III shall have 15 business days to complete a capital call to the limited partners of ONCAP III to fund the demand. Onex Corporation, the ultimate parent company, is only obligated to fund borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP III. At December 31, 2011, the amount available under the deemed risk facility was reduced to C$10 as a result of a foreign exchange contract entered into by ONCAP III, and no amounts were outstanding on the line of credit.

The annual minimum repayment requirements for the next five years on consolidated long-term debt are as follows:

2012	$ 482
2013	294
2014	1,063
2015	382
2016	1,387
Thereafter	3,488
	$ 7,096

13. LEASE COMMITMENTS

Future minimum lease payments are as follows:

	Finance Leases	Operating Leases
For the year:		
2012	$ 22	$ 290
2013	18	225
2014	11	169
2015	8	128
2016	3	89
Thereafter	12	290
Total future minimum lease payments	$ 74	$ 1,191
Less: imputed interest	(10)	
Balance of obligations under finance leases, without recourse to Onex Corporation	64	
Less: current portion	(19)	
Non-current obligations under finance leases, without recourse to Onex Corporation	$ 45	

Substantially all of the lease commitments relate to the operating companies. Operating leases primarily relate to premises.

14. WARRANTY RESERVES AND UNEARNED PREMIUMS

The following describes the reserves and unearned premiums liabilities of The Warranty Group.

Reserves

The following table provides a reconciliation of The Warranty Group's beginning and ending reserves for losses and loss adjustment expenses ("LAE"), net of ceded claims recoverable for the year ended December 31, 2011:

	Property and Casualty[a]	Warranty[b]	Total Reserves
Current portion of reserves, December 31, 2010	$ 165	$ 177	$ 342
Non-current portion of reserves, December 31, 2010	388	35	423
Gross reserves for losses and LAE, December 31, 2010[2]	$ 553	$ 212	$ 765
Less current portion of ceded claims recoverable[1] (note 6)	(165)	(44)	(209)
Less non-current portion of ceded claims recoverable[1] (note 9)	(388)	(3)	(391)
Net reserves for losses and LAE, December 31, 2010	–	165	165
Benefits to policy holders incurred, net of reinsured amounts	$ –	$ 550	$ 550
Payments for benefits to policy holders, net of reinsured amounts	–	(540)	(540)
Other, including changes due to foreign exchange	–	(3)	(3)
Net reserves for losses and LAE, December 31, 2011	$ –	$ 172	$ 172
Add current portion of ceded claims recoverable[1] (note 6)	100	54	154
Add non-current portion of ceded claims recoverable[1] (note 9)	356	2	358
Gross reserves for losses and LAE, December 31, 2011[2]	456	228	684
Current portion of reserves, December 31, 2011	(100)	(202)	(302)
Non-current portion of reserves, December 31, 2011	$ 356	$ 26	$ 382

(1) Ceded claims recoverable represent the portion of reserves ceded to third-party reinsurers.

(2) Reserves for losses and LAE represent the estimated ultimate net cost of all reported and unreported losses incurred and unpaid through December 31, as described in note 1.

a) Property and casualty reserves represent estimated future losses on property and casualty policies. The property and casualty reserves and the corresponding ceded claims recoverable were acquired on acquisition of The Warranty Group. The property and casualty business is being run off and new business is not being booked. The reserves are 100% ceded to third-party reinsurers.

b) Warranty reserves represent estimated ultimate net cost of warranty policies written by The Warranty Group. Due to the nature of the warranty reserves, substantially all of the ceded claims recoverable and warranty reserves are of a current nature.

Unearned Premiums

The following table provides details of the unearned premiums.

As at December 31	2011	2010
Unearned premiums	**$ 2,443**	$ 2,329
Current portion of unearned premiums	**(1,098)**	(972)
Non-current portion of unearned premiums	**$ 1,345**	$ 1,357

15. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprised the following:

As at December 31	2011	2010
Boeing advance[a]	$ 628	$ 614
Deferred revenue and other deferred items	253	250
Unrealized carried interest due to Onex and ONCAP management[b]	165	199
Defined benefit pensions and non-pension post-retirement benefits (note 32)	477	272
Stock-based compensation[c]	290	290
JELD-WEN employee stock ownership plan[d]	121	–
Other[e]	397	296
	$ 2,331	$ 1,921

a) Pursuant to Spirit AeroSystems' 787 aircraft long-term supply agreement with The Boeing Company ("Boeing"), Boeing made advance payments to Spirit AeroSystems. During the second quarter of 2011, Spirit AeroSystems finalized a memorandum of agreement with Boeing related to the 787 long-term supply agreement, which resulted in the recognition of deferred revenues and the development of an annual price adjustment process with Boeing. As at December 31, 2011, $1,136 (2010 – $1,131) of advance payments had been made, of which $507 has been recognized as revenue and $629 will be settled against future sales of Spirit AeroSystems' 787 aircraft units to Boeing. Of the payments, $1 has been recorded as a current liability.

b) Unrealized carried interest due to management of Onex and ONCAP through the Onex Partners and ONCAP Funds is recognized as a non-current liability and reduces the Limited Partners' Interests liability, as described in note 17. The unrealized carried interest is calculated based on current fair values of the Funds' investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The liability will be increased or decreased based upon changes in the fair values and realizations of the underlying investments in the Onex Partners and ONCAP Funds. The liability will ultimately be recovered upon the realization of the Limited Partners' share of the underlying Onex Partners and ONCAP Fund investments. During 2011, the unrealized carried interest liability was reduced for carried interest paid on the sales of EMSC and Husky (note 3) and the partial dispositions of Spirit AeroSystems and TMS International (note 25), partially offset by a charge for the change in carried interest of $62, as described in note 23.

c) At December 31, 2011, the stock-based compensation liability consisted of $275 (2010 – $281) for the stock-based compensation plans at the parent company and $15 (2010 – $9) for stock option and other share-based compensation plans in place at the operating companies.

d) JELD-WEN's employee stock ownership plan ("ESOP") was established to allow its employees to share in the success of the company through the ESOP's ownership of JELD-WEN stock. The company may make discretionary contributions of cash or JELD-WEN shares to the ESOP on behalf of the employees. JELD-WEN consolidates the trust established to maintain the ESOP and therefore reports the liability for the value of JELD-WEN stock and miscellaneous other net assets held by the ESOP for the benefit of the employees. The company will periodically repurchase JELD-WEN shares owned by the ESOP to fund distributions to ESOP participants. During the fourth quarter of 2011, JELD-WEN repurchased stock from the ESOP for a cash cost of $31.

e) Other includes amounts for liabilities arising from indemnifications, unearned insurance contract fees, embedded derivatives on long-term debt and mark-to-market valuations of hedge contracts.

16. INCOME TAXES

The reconciliation of statutory income tax rates to the Company's effective tax rate is as follows:

Year ended December 31	2011	2010
Income tax provision at statutory rates	**$ 42**	$ 94
Changes related to:		
Amounts capitalized for book not deductible for tax	**20**	17
Income tax rate differential of operating companies	**(20)**	(164)
Book to tax differences on property, plant and equipment and intangibles	**65**	(9)
Non-taxable gains	**(135)**	(149)
Unbenefited tax losses	**96**	67
Foreign exchange	**(31)**	26
Limited Partners' Interests	**150**	258
Other, including permanent differences	**50**	99
Provision for income taxes	**$ 237**	$ 239
Classified as:		
Current	**$ 167**	$ 175
Deferred	**70**	64
Provision for income taxes	**$ 237**	$ 239

The Company's deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, comprised the following:

Deferred Tax Assets	Scientific Research and Development	Provisions	Deferred Revenue	Tax Losses	Property, Plant and Equipment, and Intangibles	Other	Total
Balance – January 1, 2010	$ 14	$ 234	$ 163	$ 213	$ 54	$ 178	$ 856
Credited (charged) to net earnings	–	(7)	(41)	(4)	(14)	34	(32)
Credited (charged) to net earnings (discontinued operations)	6	(17)	–	(2)	(1)	21	7
Credited (charged) directly to equity	–	1	–	–	–	(9)	(8)
Recognition of previously unrecognized benefits	–	–	–	14	1	–	15
Exchange differences	–	–	–	–	–	2	2
Acquisition of subsidiaries	–	26	1	1	1	22	51
Other adjustments	–	2	–	13	(3)	(18)	(6)
Balance – December 31, 2010	$ 20	$ 239	$ 123	$ 235	$ 38	$ 230	$ 885
Credited (charged) to net earnings	–	35	27	(18)	1	(103)	(58)
Credited directly to equity	–	2	–	–	–	–	2
Recognition of previously unrecognized benefits	–	1	–	–	–	–	1
Exchange differences	–	(1)	1	(9)	(1)	(1)	(11)
Acquisition of subsidiaries	–	6	1	23	–	29	59
Disposition of operating companies	(20)	(90)	–	(45)	–	(26)	(181)
Other adjustments	1	(1)	(1)	5	–	33	37
Balance – December 31, 2011	$ 1	$ 191	$ 151	$ 191	$ 38	$ 162	$ 734

Deferred Tax Liabilities	Gains on Sales of Operating Companies	Pension and Non-Pension Post-Retirement Benefits	Property, Plant and Equipment, and Intangibles	Foreign Exchange	Other	Total
Balance – January 1, 2010	$ 465	$ 57	$ 443	$ 138	$ 152	$ 1,255
Charged (credited) to net earnings	(6)	11	35	(4)	11	47
Charged (credited) to net earnings (discontinued operations)	–	–	22	–	(6)	16
Charged (credited) directly to equity	–	(10)	–	–	6	(4)
Exchange differences	–	–	1	4	(3)	2
Acquisition of subsidiaries	–	–	151	–	10	161
Other adjustments	–	–	5	–	(5)	–
Balance – December 31, 2010	$ 459	$ 58	$ 657	$ 138	$ 165	$ 1,477
Charged (credited) to net earnings	55	(33)	(30)	21	–	13
Charged to net earnings (discontinued operations)	–	–	40	–	–	40
Charged (credited) directly to equity	9	(30)	–	–	9	(12)
Exchange differences	–	–	2	(10)	(6)	(14)
Acquisition of subsidiaries	–	–	253	–	16	269
Disposition of operating companies	–	–	(175)	–	(67)	(242)
Other adjustments	–	27	(2)	(7)	4	22
Balance – December 31, 2011	$ 523	$ 22	$ 745	$ 142	$ 121	$ 1,553

At December 31, 2011, Onex and its investment holding companies have $603 of non-capital loss carryforwards and $3 of capital loss carryforwards.

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable income is probable. Unrecognized deferred income tax assets at December 31, 2011 were $1,045 in respect of losses amounting to $3,259 that can be carried forward and applied against future taxable income.

At December 31, 2011 the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries and associates was $614.

17. LIMITED PARTNERS' INTERESTS

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

	Limited Partners' Interests
Balance – January 1, 2010	$ 3,708
Limited Partners' Interests charge[a]	831
Contributions by Limited Partners[b]	1,451
Distributions paid to Limited Partners[c]	(340)
Balance – December 31, 2010	$ 5,650
Limited Partners' Interests charge[a]	627
Contributions by Limited Partners[b]	932
Distributions paid to Limited Partners[c]	(2,229)
Balance – December 31, 2011	$ 4,980

a) Limited Partners' Interests charge was reduced for the change in the carried interest of $91 for the year ended December 31, 2011 (2010 – $190). Onex' share of the change in the carried interest was $29 for the year ended December 31, 2011 (2010 – $76).

b) Management fees received from the Limited Partners were $106 for the year ended December 31, 2011 (2010 – $43). Contributions by Limited Partners during 2011 were primarily for the acquisition of JELD-WEN by Onex Partners III and the acquisitions of Pinnacle Renewable Energy Group, Casino ABS, Hopkins and Davis-Standard by ONCAP II and ONCAP III. Contributions by Limited Partners during 2010 were primarily for the acquisition of Tomkins and the acquisition of the portion of ResCare that was previously not owned by Onex or its affiliates.

c) Distributions paid to Limited Partners for 2011 primarily consisted of the proceeds paid on the sales of EMSC and Husky (note 3) and the partial dispositions of Spirit AeroSystems and TMS International (note 25). In addition, distributions paid to the Limited Partners for 2011 and 2010 includes distributions received from Carestream Health, The Warranty Group and other operating companies.

18. SHARE CAPITAL

a) The authorized share capital of the Company consists of:

i) 100,000 Multiple Voting Shares, which entitle their holders to elect 60% of the Company's Directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. The Multiple Voting Shares have no entitlement to a distribution on winding up or dissolution other than the payment of their nominal paid-in value.

ii) An unlimited number of Subordinate Voting Shares, which carry one vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Company carrying voting rights; to elect 40% of the Directors; and to appoint the auditors. These shares are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding up and to any declared but unpaid cash dividends. The shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors.

The Multiple Voting Shares and Subordinate Voting Shares are subject to provisions whereby, if an event of change occurs (such as Mr. Schwartz, Chairman and CEO, ceasing to hold, directly or indirectly, more than 5,000,000 Subordinate Voting Shares or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the Directors and otherwise will cease to have any general voting rights. The Subordinate Voting Shares would then carry 100% of the general voting rights and be entitled to elect 80% of the Directors.

iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Directors are empowered to fix the rights to be attached to each series.

b) At December 31, 2011, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (2010 – 100,000) and 115,117,316 Subordinate Voting Shares (2010 – 118,279,783). During the fourth quarter of 2010, the Company cancelled the issued and outstanding Series 1 Senior Preferred Shares. There were no issued and outstanding Senior and Junior Preferred shares at December 31, 2011 or 2010. The Multiple Voting Shares have a nominal paid-in value in these consolidated financial statements.

c) During 2011, under the Dividend Reinvestment Plan, the Company issued 2,829 Subordinate Voting Shares (2010 – 3,088) at an average cost of C$34.13 per share (2010 – C$27.68). In 2011 and 2010, no Subordinate Voting Shares were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2011 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its Subordinate Voting Shares. The 10% limit represents approximately 9.1 million shares.

During 2011, the Company repurchased and cancelled under its Normal Course Issuer Bid 3,165,296 of its Subordinate Voting Shares at a cash cost of $105 (C$105). The excess of the purchase cost of these shares over the average paid-in amount was $92 (C$92), which was charged to retained earnings. As at December 31, 2011, the Company has the capacity under the current Normal Course Issuer Bid to purchase approximately 5.9 million shares.

During 2010, the Company repurchased and cancelled under its Normal Course Issuer Bids 2,040,750 of its Subordinate Voting Shares at a cash cost of $50 (C$52). The excess of the purchase cost of these shares over the average paid-in amount was $42 (C$44), which was charged to retained earnings.

d) The Company has a Director Deferred Share Unit Plan ("Director DSU Plan") and a Management Deferred Share Unit Plan ("Management DSU Plan"), as described in note 1.

Details of DSUs outstanding under the plans are as follows:

	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at January 1, 2010	369,019		272,880	
Granted	40,000	C$ 28.40	–	–
Redeemed	(38,705)	C$ 26.38	–	–
Additional units issued in lieu of compensation and cash dividends	20,346	C$ 28.38	121,394	C$ 24.59
Outstanding at December 31, 2010	**390,660**		**394,274**	
Granted	**40,000**	**C$ 36.57**	**–**	**–**
Additional units issued in lieu of compensation and cash dividends	**15,728**	**C$ 34.11**	**48,865**	**C$ 31.14**
Outstanding at December 31, 2011	**446,388**		**443,139**	

e) The Company has a Stock Option Plan (the "Plan") under which options and/or share appreciation rights for a term not exceeding 10 years may be granted to Directors, officers and employees for the acquisition of Subordinate Voting Shares of the Company at a price not less than the market value of the shares on the business day preceding the day of the grant. Under the Plan, no options or share appreciation rights may be exercised unless the average market price of the Subordinate Voting Shares for the five prior business days exceeds the exercise price of the options or the share appreciation rights by at least 25% (the "hurdle price"). At December 31, 2011, 15,612,000 Subordinate Voting Shares (2010 – 15,612,000) were reserved for issuance under the Plan, against which options representing 14,036,498 shares (2010 – 13,889,600) were outstanding, of which 11,892,198 options were vested. The Plan provides that the number of options issued to certain individuals in aggregate may not exceed 10% of the shares outstanding at the time the options are issued.

Options granted vest at a rate of 20% per year from the date of grant with the exception of the 760,083 remaining options granted in December 2007, which vest at a rate of 16.7% per year. When an option is exercised, the employee has the right to request that the Company repurchase the option for an amount equal to the difference between the fair value of the stock under the option and its exercise price. Upon receipt of such request, the Company has the right to settle its obligation to the employee by the payment of cash, the issuance of shares or a combination of cash and shares.

Details of options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at January 1, 2010	13,450,050	C$ 18.33
Granted	625,000	C$ 29.29
Surrendered	(173,100)	C$ 18.98
Expired	(12,350)	C$ 26.69
Outstanding at December 31, 2010	**13,889,600**	**C$ 18.80**
Granted	**695,000**	**C$ 33.54**
Surrendered	**(506,235)**	**C$ 20.00**
Expired	**(41,867)**	**C$ 25.29**
Outstanding at December 31, 2011	**14,036,498**	**C$ 19.47**

During 2011 and 2010, the total cash consideration paid on options surrendered was $8 (C$8) and $2 (C$2), respectively. This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under the Plan.

Options outstanding at December 31, 2011 consisted of the following:

Number of Outstanding Options	Exercise Price	Number of Exercisable Options	Hurdle Price	Remaining Life (years)
155,500	C$ 20.50	155,500	C$ 25.63	0.5
505,000	C$ 14.90	505,000	C$ 18.63	1.1
7,260,000	C$ 15.87	7,260,000	C$ 19.84	2.2
2,248,625	C$ 18.18	2,248,625	C$ 22.73	2.9
115,000	C$ 19.25	115,000	C$ 24.07	4.1
280,000	C$ 29.22	–	C$ 36.53	4.9
20,000	C$ 33.40	–	C$ 41.75	5.3
760,083	C$ 35.20	–	C$ 44.00	5.9
672,290	C$ 15.95	399,790	C$ 19.94	6.9
702,500	C$ 23.35	280,700	C$ 29.19	7.9
622,500	C$ 29.29	–	C$ 36.62	8.9
10,000	C$ 37.31	–	C$ 46.64	9.4
60,000	C$ 37.37	–	C$ 46.72	9.5
625,000	C$ 33.11	–	C$ 41.39	9.9
14,036,498		10,964,615		

19. EXPENSES BY NATURE

The nature of expenses in cost of sales and operating expenses, excluding amortization of property, plant and equipment, intangible assets and deferred charges, consisted of the following:

Year ended December 31	2011	2010
Cost of inventory, raw materials and consumables used	**$ 13,962**	$ 11,263
Employee benefit expense[1]	**5,153**	3,762
Repairs, maintenance and utilities	**648**	592
Benefits incurred by The Warranty Group on warranty agreements	**579**	547
Operating lease payments	**292**	209
Amortization charges	**194**	208
Professional fees	**328**	143
Provisions	**130**	61
Transportation	**383**	186
Other expenses	**977**	827
	$ 22,646	$ 17,798

(1) Employee benefit expense excludes employee costs capitalized into inventory and internally generated capital assets. Stock-based compensation is disclosed separately in the consolidated statements of earnings.

20. INTEREST EXPENSE OF OPERATING COMPANIES

Year ended December 31	2011	2010
Interest on long-term debt of operating companies	**$ 434**	$ 311
Interest on obligations under finance leases of operating companies	**3**	3
Other interest expense of operating companies[1]	**51**	28
	$ 488	$ 342

(1) Other includes debt prepayment expense of $28 (2010 – $16).

21. STOCK-BASED COMPENSATION EXPENSE

Year ended December 31	2011	2010
Parent company[a]	$ 56	$ 105
Celestica	44	42
Spirit AeroSystems	14	31
Other	19	8
	$ 133	$ 186

a) Parent company stock-based compensation primarily relates to Onex' stock option plan (as described in note 18(e)) and the MIP (as described in note 31(i)). The expense is determined based on the fair value of the liability at the end of each reporting period.

The fair value for Onex' stock option plan is determined using an option valuation model. The significant inputs into the model were the share price at December 31, 2011 of C$33.18 (2010 – C$30.23), exercise price of the options, volatility of each option issuance ranging from 23.70% to 25.56%, an average dividend yield of 0.33% and an average risk-free rate of 1.67%. The volatility is measured as the historical volatility based on the remaining life of each respective option issuance.

The fair values for the MIP options are determined using an internally developed valuation model. The significant inputs into the model are the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate of 1.27% and an industry comparable historical volatility for each investment.

22. OTHER GAINS, NET

Year ended December 31	2011	2010
Gains on:		
Sale of CSI[a]	$ –	$ 97
Other, net	–	2
	$ –	$ 99

a) CSI

In November 2010, ONCAP II sold its interests in CSI Global Education, Inc. ("CSI") for net proceeds of $123 (C$126), of which Onex' share was $50 (C$50). Included in the proceeds was the repayment of $37 (C$37) of subordinated notes held by the Company. The Company recorded a pre-tax gain of $97 on the transaction. There were no cash taxes paid as a result of the gain.

Under the terms of the MIP, as described in note 31(i), management members participated in the realizations the Company achieved on the sale of CSI. Amounts paid on account of this transaction related to the MIP totalled C$4.

In addition, management of ONCAP II received C$13 in carried interest.

23. OTHER ITEMS

Year ended December 31	2011	2010
Restructuring[a]	$ 52	$ 94
Transition, integration and other[b]	17	42
Transaction costs[c]	17	–
Skilled Healthcare Group settlement charge[d]	(4)	53
Unrealized carried interest due to Onex and ONCAP management[e]	62	114
Gain on Flushing Town Center debt extinguishment[f]	–	(32)
Other[g]	2	(50)
	$ 146	$ 221

a) Restructuring charges recorded at the operating companies were:

Year ended December 31	2011	2010
Celestica[i]	$ 14	$ 36
Carestream Health[ii]	4	15
JELD-WEN[iii]	15	–
Sitel Worldwide[iv]	17	40
Other	2	3
	$ 52	$ 94

i) Celestica's restructuring plans primarily consist of actions to consolidate facilities and reduce its workforce.

ii) Carestream Health's restructuring plans are primarily related to a realignment of its information technology and service functions in its Medical Film and Medical Digital segments.

iii) JELD-WEN's restructuring charge was primarily related to a petition filed by the company's Spanish subsidiary during the fourth quarter of 2011 with the Commercial Court in Spain for a declaration of insolvency. During the fourth quarter, the Commercial Court granted the insolvency petition and as a result, the net assets of the Spanish subsidiary were derecognized as they were no longer controlled. The restructuring charges primarily related to the net expense of deconsolidating the net assets of that subsidiary.

iv) Sitel Worldwide's restructuring plans are to rationalize facility and labour costs, realign operations and resources to support growth plans and shift the geographic mix of certain resources.

b) Transition, integration and other expenses are typically to provide for the costs of transitioning activities of an operating company from a prior parent company upon acquisition and to integrate new acquisitions at the operating companies.

c) 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.

d) In July 2010, Skilled Healthcare Group announced that a jury had returned a verdict against the company in a California state court related to a complaint filed more than four years earlier. During the third quarter of 2010, Skilled Healthcare Group came to a settlement agreement on this complaint and recorded $53 in other expenses. The settlement contained no admission or concession of wrongdoing by Skilled Healthcare Group. During 2011, Skilled Healthcare Group recorded insurance recoveries of $4 related to the settlement.

e) Unrealized carried interest reflects the change in the amount of carried interest due to Onex and ONCAP management through the Onex Partners and ONCAP Funds. The unrealized carried interest is calculated based on 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 in other non-current liabilities and reduces the amount due to the Limited Partners, as described in note 17. The liability will be recovered upon the realization of the Limited Partners' share of the underlying Onex Partners and ONCAP Fund investments. During the second and third quarters of 2011 the unrealized carried interest liability was reduced for carried interest paid on the sales of EMSC and Husky (note 3) and the partial dispositions of Spirit AeroSystems and TMS International (note 25).

f) In December 2010, Flushing Town Center amended and restated its senior construction loan and mezzanine loan, as described in note 12. In conjunction with these amendments, the Company purchased $56 and $38 of the senior construction loan and mezzanine loan, respectively, from third-party lenders. The loans were purchased for a total cash cost of $62. As a result of the transaction, the loans purchased by the Company were extinguished with the original third-party lenders. Flushing Town Center recorded a net gain of $32 on the debt extinguishment.

g) Other for the years ended December 31, 2011 and 2010 includes realized gains recorded by The Warranty Group on its investment portfolio. In addition, other for the year ended December 31, 2011 includes a charge of $27 recorded by Carestream Health for an adverse ruling related to a complaint alleging competition law violations in Brazil by Carestream Health's predecessor. Carestream Health will appeal the ruling and vigorously pursue reversal of this ruling.

24. IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS, NET

Year ended December 31	2011	2010
Skilled Healthcare Group[a]	$ 120	$ –
JELD-WEN[b]	22	–
The Warranty Group[c]	40	2
Other[d]	15	12
	$ 197	$ 14

a) Due to a reduction in expected future recovery rates for Medicare, expected future growth rates for Medicare and changes to rehabilitation therapy regulations and their effect on expected cash flows, Skilled Healthcare Group recorded non-cash goodwill and intangible asset impairments of $117 and $3, respectively, in the third quarter of 2011. The impairments were calculated on a value-in-use basis using discount rates of 9.5% and 12.5%.

b) During the fourth quarter of 2011, JELD-WEN recorded a non-cash impairment charge of $22 to impair certain of its property, plant and equipment, primarily as part of a program to rationalize capacity resources of the company.

c) In the fourth quarter of 2011, as a result of its annual goodwill impairment test, The Warranty Group recorded a non-cash impairment charge of $40 related to its European operations. The impairment charge was due to a reduction in expected future growth rates driven by the poor economic conditions in Europe and their effect on expected future cash flows.

d) Other in 2011 includes impairments of $17 and impairment reversals of $2 related to CDI, Sitel Worldwide, BSN SPORTS and CiCi's Pizza. Other in 2010 includes Celestica and CiCi's Pizza.

Substantially all of the Company's goodwill and intangible assets with indefinite useful lives use the value-in-use method to measure the recoverable amount. The carrying value of goodwill and intangible assets with indefinite useful lives is allocated on a segmented basis in note 34.

In measuring the recoverable amounts for goodwill and intangible assets at December 31, 2011, significant estimates include the growth rate and discount rate, which ranged from 1.0% to 8.5% and 9.5% to 20.0%, respectively.

25. DISPOSITIONS OF OPERATING COMPANIES UNDER CONTINUING CONTROL

During 2011, Onex completed a number of transactions by selling a portion of its ownership interests in certain companies. Since these transactions did not result in a loss of control by the Company, they have been recorded as a transfer of equity to non-controlling interests holders. The excess of proceeds over the value of the transfer of equity to the non-controlling interest holders was recorded directly to retained earnings. The major transactions not resulting in a loss of control and the resulting impact on retained earnings are summarized and described as follows:

Year ended December 31	2011	2010
Excess of cash proceeds recorded directly to retained earnings:		
Spirit AeroSystems[a]	$ 100	$ –
TMS International[b]	51	–
	$ 151	$ –

a) In April 2011, under a secondary public offering of Spirit AeroSystems, Onex, Onex Partners I, Onex management and certain limited partners sold approximately 10 million shares of Spirit AeroSystems, of which Onex' portion was approximately 2.7 million shares. The offering was completed at a price of $24.49 per share. Onex' cash cost for these shares was $3.33 per share.

Total net cash proceeds received from the sale were $245, resulting in a transfer of the historical accounting carrying value of $136 to non-controlling interests in the consolidated statements of equity. The net cash proceeds in excess of the historical accounting carrying value of $109 were recorded directly to retained earnings. In addition, Onex recorded a deferred tax provision of $9 directly to retained earnings. Onex' share of the net proceeds was $74, including carried interest and deducting distributions paid on account of the MIP.

Amounts received on account of the carried interest related to this transaction totalled $22. Consistent with market practice and the terms of the Onex Partners agreements, Onex is allocated 40% of the carried interest with 60% allocated to management. Onex' share of the carried interest received was $9 and is included in the net proceeds. Management's share of the carried interest was $13. In addition, amounts paid on account of the MIP totalled $5 for this transaction.

As a result of this transaction, Onex, Onex Partners I, Onex management and certain limited partners' economic interest in Spirit AeroSystems was reduced to 16%, of which Onex' economic ownership is 5%. Onex continues to control and consolidate Spirit AeroSystems.

b) In April 2011, TMS International completed an initial public offering of approximately 12.9 million shares of Class A common stock (NYSE: TMS), including the exercise of the over-allotment option. As part of the offering, Onex, Onex Partners II and Onex management sold approximately 1.9 million shares. Net proceeds of $23 were received by Onex, Onex Partners II and Onex management, resulting in a transfer of the historical accounting carrying value of $4 to non-controlling interests in the consolidated statements of equity. The net cash proceeds in excess of the historical accounting carrying value of $19 were recorded directly to retained earnings. Onex' share of the net proceeds was $9, including carried interest received on the share sale.

Proceeds of the initial public offering received by TMS International were used to redeem its subordinated notes for $44 and for general corporate purposes. Onex, Onex Partners II and Onex management received $43, including accrued interest of $6, for their share of the redemption of the subordinated notes. Onex' share of the redemption of the subordinated notes was $17, including carried interest received on the redemption of the subordinated notes.

Amounts received on account of the carried interest related to these transactions totalled $2. Onex' share of the carried interest received was $1 and is included in the net proceeds for the share sale and the redemption of the subordinated notes. Management's share of the carried interest was $1.

No amounts were paid on account of this transaction related to the MIP as the required performance targets have not been met at this time.

As part of its initial public offering, TMS International issued approximately 10.9 million new common shares. As a result of the dilution of the Company's ownership interest in TMS International from the issuance, a transfer from the non-controlling interests of $32 was recorded in the consolidated statement of equity. This reflects Onex' share of the increase in the book value of the net assets of TMS International due to the issuance of additional common shares at a value above the Company's accounting carrying value of TMS International.

As a result of the dilutive transaction discussed above and the sale of shares by Onex, Onex Partners II and Onex management, Onex and the Limited Partners' economic ownership interest in TMS International was reduced to 60%, of which Onex' share is 24%. Onex continues to control and consolidate TMS International.

26. NET EARNINGS PER SUBORDINATE VOTING SHARE

The weighted average number of Subordinate Voting Shares for the purpose of the earnings per share calculations was as follows:

Year ended December 31	**2011**	2010
Weighted average number of shares outstanding *(in millions)*:		
Basic	**117**	119
Diluted	**117**	119

27. FINANCIAL INSTRUMENTS

Financial assets and liabilities reported at December 31, 2010 include EMSC and Husky, which were sold during the second quarter of 2011.

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

	Fair Value through Net Earnings						
	Recognized	Designated	Available-for-Sale	Held-to-Maturity	Loans and Receivables	Derivatives Used for Hedging	Total
December 31, 2011							
Assets as per balance sheet							
Cash and cash equivalents	$ –	$ 2,448	$ –	$ –	$ –	$ –	$ 2,448
Short-term investments	372	68	309	–	–	–	749
Accounts receivable	–	–	–	–	3,212	–	3,212
Other current assets	3	32	–	–	77	8	120
Long-term investments	3,795	–	1,501	22	–	14	5,332
Other non-current assets	1	–	–	–	101	–	102
Total	$ 4,171	$ 2,548	$ 1,810	$ 22[(a)]	$ 3,390[(b)]	$ 22	$ 11,963

	Fair Value through Net Earnings						
	Recognized	Designated	Available-for-Sale	Held-to-Maturity	Loans and Receivables	Derivatives Used for Hedging	Total
December 31, 2010							
Assets as per balance sheet							
Cash and cash equivalents	$ –	$ 2,532	$ –	$ –	$ –	$ –	$ 2,532
Short-term investments	398	–	317	–	–	–	715
Accounts receivable	–	–	–	–	3,401	–	3,401
Other current assets	1	294	6	1	57	45	404
Long-term investments	3,172	31	1,584	18	–	12	4,817
Other non-current assets	1	–	–	–	26	16	43
Total	$ 3,572	$ 2,857	$ 1,907	$ 19[(a)]	$ 3,484[(b)]	$ 73	$ 11,912

(a) Fair value of held-to-maturity assets, which are measured at amortized cost at December 31, 2011, was $22 (2010 – $19).

(b) 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				
	Recognized	Designated	Financial Liabilities at Amortized Cost	Derivatives Used for Hedging	Total
December 31, 2011					
Liabilities as per balance sheet					
Accounts payable and accrued liabilities	$ –	$ –	$ 3,665	$ 17	$ 3,682
Provisions	–	–	54	–	54
Other current liabilities	31	1	260	15	307
Long-term debt	–	–	7,096	–	7,096
Obligations under finance leases	–	–	64	–	64
Other non-current liabilities	359	9	69	12	449
Limited Partners' Interests	–	4,980	–	–	4,980
Total	$ 390	$ 4,990	$ 11,208	$ 44	$ 16,632

	Fair Value through Net Earnings		Financial Liabilities at Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
December 31, 2010					
Liabilities as per balance sheet					
Accounts payable and accrued liabilities	$ 20	$ –	$ 3,585	$ 1	$ 3,606
Provisions	–	–	33	–	33
Other current liabilities	1	–	155	46	202
Long-term debt	–	–	6,732	–	6,732
Obligations under finance leases	–	–	57	–	57
Other non-current liabilities	240	–	44	16	300
Limited Partners' Interests	–	5,650	–	–	5,650
Total	$ 261	$ 5,650	$ 10,606	$ 63	$ 16,580

The gains (losses) recognized by the Company related to financial assets and liabilities were as follows:

Year ended December 31	**2011**		2010	
	Earnings (Loss)	**Comprehensive Earnings (Loss)[1]**	Earnings (Loss)	Comprehensive Earnings[1]
Fair Value through Net Earnings	**$ (182)[a]**	**$ –**	$ (462)[a]	$ –
Available-for-Sale				
Fair value adjustments		**11**	–	10
Interest income	**96**	**–**	108	–
Impairments	**(1)**	**–**	(6)	–
Held-to-Maturity				
Interest income	**2**	**–**	2	–
Interest expense and other	**(1)**	**–**	–	–
Loans and Receivables				
Provisions and other	**5**	**–**	(7)	–
Liabilities at Amortized Cost				
Interest expense of operating companies	**(488)**	**–**	(342)	
Derivatives used for Hedging	**14**	**(39)**	14	9
Total gains (losses) recognized	**$ (555)**	**$ (28)**	$ (693)	$ 19

(1) Amounts recognized in comprehensive earnings (loss) are presented gross of the income tax effect.

(a) Primarily consists of Limited Partners' Interests charge of $627 (2010 – $831), carried interest charge of $62 (2010 – $114) and unrealized increase of investments in associates at fair value of $501 (2010 – $448).

28. FAIR VALUE MEASUREMENTS

Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2011 and 2010 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 measured at amortized cost at December 31, 2011 was $6,822 (2010 – $6,593).

Financial instruments measured at fair value are allocated within the fair value hierarchy based upon the lowest level of input that is significant to the fair value measurement. 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 December 31, 2011 is as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through earnings				
Trading securities	**$ –**	**$ 51**	**$ –**	**$ 51**
Investments in associates	**–**	**15**	**3,347**	**3,362**
Other	**329**	**529**	**–**	**858**
Available-for-sale financial assets				
Investments in debt	**–**	**1,663**	**–**	**1,663**
Investments in equities	**64**	**–**	**–**	**64**
Other	**–**	**83**	**–**	**83**
Total financial assets at fair value	**$ 393**	**$ 2,341**	**$ 3,347**	**$ 6,081**

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at December 31, 2010 is as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through earnings				
Trading securities	$ –	$ 33	$ –	$ 33
Investments in associates	–	65	2,812	2,877
Other	364	623	–	987
Available-for-sale financial assets				
Investments in debt	103[(a)]	1,743	–	1,846
Investments in equities	50	6	–	56
Other	5	–	–	5
Total financial assets at fair value	$ 522	$ 2,470	$ 2,812	$ 5,804

(a) Balance represents EMSC's investments in debt. EMSC was sold in the second quarter of 2011.

The allocation of financial liabilities in the fair value hierarchy at December 31, 2011 is as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests	$ –	$ –	$ 4,980	$ 4,980
Unrealized carried interest due to Onex and ONCAP management	–	–	165	165
Derivatives	–	–	62	62
Other	–	12	161	173
Total financial liabilities at fair value	$ –	$ 12	$ 5,368	$ 5,380

The allocation of financial liabilities in the fair value hierarchy at December 31, 2010 is as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests	$ –	$ –	$ 5,650	$ 5,650
Unrealized carried interest due to Onex and ONCAP management	–	–	199	199
Derivatives	–	–	40	40
Other	–	2	20	22
Total financial liabilities at fair value	$ –	$ 2	$ 5,909	$ 5,911

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3), excluding investments in associates designated at fair value through earnings (note 8) and Limited Partners' Interests designated at fair value (note 17), are as follows:

	Financial Assets at Fair Value through Net Earnings	Available-for-Sale Financial Assets	Financial Liabilities at Fair Value through Net Earnings
Balance – January 1, 2010	$ –	$ 2	$ 85
Total gains or losses			
In net earnings	–	–	139
Additions	–	–	35
Settlements	–	(2)	–
Balance – December 31, 2010	$ –	$ –	$ 259
Total gains or losses			
In net earnings	–	–	84
Disposition of operating companies	–	–	(20)
Additions from business combinations	–	–	181
Settlements	–	–	(116)
Balance – December 31, 2011	$ –	$ –	$ 388
Unrealized gains (losses) in net earnings for assets and liabilities held at the end of the reporting period	$ –	$ –	$ (84)

The fair value measurements for investments in associates, Limited Partners Interests 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 (as described in note 1) 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 to 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 Management Investment Plan 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 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 for the investment in associates 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, resulting 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 would be recorded for the change in unrealized carried interest due to Onex and ONCAP management on the other items line in the consolidated statements of earnings with a corresponding increase to the other non-current liabilities in the consolidated balance sheets; and
v) a change in the fair value of the vested investment rights held under the Management Investment Plan, resulting in a charge being recorded on the stock-based compensation line in the consolidated statements of earnings and a corresponding increase to other non-current liabilities in the consolidated balance sheets.

29. FINANCIAL INSTRUMENT RISKS AND CAPITAL DISCLOSURES

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Substantially all of the cash, cash equivalents and short-term investments consist of investments in debt securities. In addition, the long-term investments of The Warranty Group included in the investments line in the consolidated balance sheets, consist primarily of investments in debt securities. The investments in debt securities are subject to credit risk. A description of the investments held by The Warranty Group is included in note 8.

At December 31, 2011, Onex Corporation, the ultimate parent company, held approximately $990 of cash and cash equivalents in short-term high-rated money market instruments. In addition, Celestica had approximately $660 of cash and cash equivalents. Celestica's current portfolio consists of bank deposits and certain money market funds that hold primarily U.S. government securities. The majority of Celestica's and Onex Corporation's, the ultimate parent company's, cash and cash equivalents is held with financial institutions, each of which has a current Standard & Poor's rating of A-1 or above.

Accounts receivable are also subject to credit risk. At December 31, 2011, the aging of consolidated accounts receivable was as follows:

	Accounts Receivable
Current	**$ 2,610**
1-30 days past due	**323**
31-60 days past due	**100**
>60 days past due	**239**
	$ 3,272

Liquidity risk

Liquidity risk is the risk that Onex and its operating companies will have insufficient funds on hand to meet their respective obligations as they come due. The operating companies operate autonomously and generally have restrictions on cash distributions to shareholders under their financing agreements. Onex needs to be in a position to support its operating companies when and if it is appropriate and reasonable for Onex, as an equity owner with paramount duties to act in the best interests of Onex' shareholders. Maintaining sufficient liquidity at Onex is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow.

In completing acquisitions, it is generally Onex' policy to finance a significant portion of the purchase price with debt provided by third-party lenders. This debt, sourced exclusively on the strength of the acquired companies' financial condition and prospects, is assumed by the acquired company at closing and is without recourse to Onex Corporation, the ultimate parent company, or to its other operating companies or partnerships. The foremost consideration, however, in developing a financing structure for an acquisition is identifying the appropriate amount of equity to invest. In Onex' view, this should be the amount of equity that maximizes the risk/reward equation for both shareholders and the acquired company.

Accounts payable for the operating companies are primarily due within 90 days. The repayment schedules for long-term debt and finance leases of the operating companies have been disclosed in notes 12 and 13. Onex Corporation, the ultimate parent company, has no debt and has not guaranteed the debt of the operating companies.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rate between the Canadian and U.S. dollars and fluctuations in the LIBOR and U.S. prime interest rate.

Foreign currency exchange rates

Onex' operating companies operate autonomously as self-sustaining companies. In addition, the functional currency of substantially all of Onex' operating companies is the U.S. dollar. As investments in self-sustaining subsidiaries are excluded from the financial instrument disclosure, the Company's exposure on financial instruments to the Canadian/U.S. dollar foreign currency exchange rate is primarily at the parent company, through the holding of Canadian-dollar-denominated cash and cash equivalents. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at December 31, 2011 would result in an $8 increase ($8 decrease) in net earnings. As all of the Canadian-dollar-denominated cash and cash equivalents at the parent company are designated as fair value through net earnings, there would be no effect on other comprehensive earnings.

In addition, Celestica has significant exposure to the U.S. dollar/Canadian dollar foreign currency exchange rate. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at December 31, 2011 would result in a $6 increase ($5 decrease) in the other comprehensive earnings of Celestica and an $11 increase ($10 decrease) in net earnings.

Interest rates

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment. The parent company is exposed to interest rate changes primarily through its cash and cash equivalents, which are held in short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the parent company from those at December 31, 2011, a 0.25% increase (0.25% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a minimal impact on annual interest income. As all of the Canadian dollar cash and cash equivalents at the parent company are designated as fair value through net earnings, there would be no effect on other comprehensive earnings.

The operating companies' results are also affected by changes in interest rates. A change in the interest rate (including the LIBOR and U.S. prime interest rate) would result in a change in interest expense being recorded due to the variable-rate portion of the long-term debt of the operating companies. At December 31, 2011, approximately 52% (2010 – 56%) of the operating companies' long-term debt had a fixed interest rate or the interest rate was effectively fixed by interest rate swap contracts. The long-term debt of the operating companies is without recourse to Onex Corporation, the ultimate parent company.

In addition, The Warranty Group holds substantially all of its investments in interest bearing securities, as described in note 8. A 0.25% increase in the interest rate would decrease the fair value of the investments held by $12 and result in a corresponding decrease to other comprehensive earnings of The Warranty Group. However, as the investments are reinvested, a 0.25% increase in the interest rate would increase the annual interest income recorded by The Warranty Group by $5.

Commodity risk

Certain of Onex' operating companies have exposure to commodities. In particular, aluminum, titanium and raw materials such as carbon fibres used to manufacture composites are the principal raw materials for Spirit AeroSystems' manufacturing operations. To limit its exposure to rising raw materials prices, Spirit AeroSystems has entered into long-term supply contracts directly with its key suppliers of raw materials and collective raw materials sourcing contracts arranged through certain of its customers.

In addition, diesel fuel is a key commodity used in TMS International's operations. To help mitigate the risk of changes in fuel prices, substantially all of its contracts contain pricing escalators based on published commodity or inflation price indices.

Silver is a significant commodity used in Carestream Health's manufacturing of x-ray film. The company's management continually monitors movement and trends in the silver market and enters into collar and forward agreements when considered appropriate to mitigate some of the risk of future price fluctuations, generally for periods of up to a year.

Capital disclosures

Onex considers the capital it manages to be the amounts it has in cash, cash equivalents and short-term investments, the investments made by it in the operating companies, Onex Real Estate and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners, ONCAP and Onex Credit Partners Funds.

Onex' objectives in managing capital are to:

- preserve a financially strong parent company with substantial liquidity and no, or a limited amount of, debt so that it can have funds available to pursue new acquisitions and growth opportunities as well as support the growth of its existing businesses. Onex does not generally have the ability to draw cash from its operating companies. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital commensurate with the level of risk taken on;
- build the long-term value of its operating companies;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each operating company is required to support its own debt. Onex does not normally guarantee the debt of the operating companies and there are no cross-guarantees of debt between the operating companies; and
- have appropriate levels of committed third-party capital available to invest along with Onex' capital. This enables Onex to respond quickly to opportunities and pursue acquisitions of businesses it could not achieve using only its own capital. The management of third-party capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of third-party participants.

At December 31, 2011, Onex, the parent company, had approximately $990 of cash and cash equivalents on hand and $312 of near-cash items in a segregated unleveraged fund managed by Onex Credit Partners. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market products. At December 31, 2011, Onex had access to $2,811 of uncalled committed third-party capital for acquisitions through the Onex Partners and ONCAP Funds.

The strategy for risk management of capital has not changed significantly since December 31, 2010.

30. SIGNIFICANT CUSTOMERS OF OPERATING COMPANIES AND CONCENTRATION OF CREDIT RISK

A number of operating companies, by the nature of their businesses, individually serve major customers that account for a large portion of their revenues. For each of these operating companies, the table below shows the number of significant customers and the percentage of revenues they represent.

Year ended December 31	2011		2010	
	Number of Significant Customers	**Percentage of Revenues**	Number of Significant Customers	Percentage of Revenues
Caliber Collision	**4**	**52%**	4	52%
CDI	**1**	**12%**	1	12%
Celestica	**2**	**30%**	1	20%
Hopkins	**1**	**19%**	–	–
JELD-WEN	**1**	**17%**	–	–
Pinnacle Renewable Energy Group	**2**	**93%**	–	–
Skilled Healthcare Group	**2**	**67%**	2	69%
Spirit AeroSystems	**2**	**96%**	2	94%
TMS International	**2**	**39%**	1	32%
The Warranty Group	**1**	**12%**	1	12%

Accounts receivable from the above significant customers at December 31, 2011 totalled $514 (2010 – $330).

31. COMMITMENTS, CONTINGENCIES AND RELATED PARTY TRANSACTIONS

a) Contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds are primarily provided by certain operating companies to various third parties and include certain bank guarantees. At December 31, 2011, the amounts potentially payable in respect of these guarantees totalled $254.

The Company, which includes the operating companies, has total commitments of approximately $6 with respect to corporate investments.

The Company, which includes the operating companies, has also provided certain indemnifications, including those related to businesses that have been sold. The maximum amounts from many of these indemnifications cannot be reasonably estimated at this time. However, in certain circumstances, the Company and its operating companies have recourse against other parties to mitigate the risk of loss from these indemnifications.

The Company, which includes the operating companies, has commitments with respect to real estate operating leases, which are disclosed in note 13.

The aggregate commitments for capital assets at December 31, 2011 amounted to $461 and are expected to be incurred between 2012 and 2016.

b) Onex and its operating companies are or may become parties to legal claims, product liability and warranty claims arising from the ordinary course of business. Certain operating companies, as conditions of acquisition agreements, have agreed to accept certain pre-acquisition liability claims against the acquired companies. The operating companies have recorded provisions based on their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements (refer to note 11). Onex Corporation, the ultimate parent company, has not currently recorded any further provision and does not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on Onex' consolidated financial position.

c) The operating companies are subject to laws and regulations concerning the environment and to the risk of environmental liability inherent in activities relating to their past and present operations. As conditions of acquisition agreements, certain operating companies have agreed to accept certain pre-acquisition liability claims on the acquired companies after obtaining indemnification from prior owners.

The Company and its operating companies also have insurance to cover costs incurred for certain environmental matters. Although the effect on operating results and liquidity, if any, cannot be reasonably estimated, management of Onex and the operating companies believe, based on current information, that these environmental matters should not have a material adverse effect on the Company's consolidated financial condition.

d) In February 2004, Onex completed the closing of Onex Partners I with funding commitments totalling $1,655. Onex Partners I provided committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP. As at December 31, 2011, $1,475 (2010 – $1,475) has been invested of the $1,655 of total capital committed. Onex has invested $346 (2010 – $346) of its $400 commitment. Onex controls the General Partner and Manager of Onex Partners I. The total amount invested in Onex Partners I's remaining investments by Onex management and directors at December 31, 2011 was $23 (2010 – $33).

Prior to November 2006, Onex received annual management fees based on 2% of the capital committed to Onex Partners I by investors other than Onex and Onex management. The annual management fee was reduced to 1% of the net funded commitments at the end of the initial fee period in November 2006, when Onex established a successor fund, Onex Partners II. Carried interest is received on the overall gains achieved by Onex Partners I investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in Onex Partners I over the life of Onex Partners I. The investment by Onex Partners I investors for this purpose takes into consideration management fees and other amounts paid in by Onex Partners I investors.

The returns to Onex Partners I investors, other than Onex and Onex management, are based upon all investments made through Onex Partners I, with the result that the initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners I investments do not exceed the overall target return level of 8%. Consistent with market practice, Onex, as sponsor of Onex Partners I, is allocated 40% of the carried interest with 60% allocated to Onex management. For the year ended December 31, 2011, $55 (2010 – nil) has been received by Onex as carried interest while Onex management received $82 (2010 – nil) with respect to the carried interest.

e) In August 2006, Onex completed the closing of Onex Partners II with funding commitments totalling $3,450. Onex Partners II provided committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP or Onex Partners I. As at December 31, 2011, $2,944 (2010 – $2,944) has been invested of the $3,450 of total capital committed. Onex has funded $1,164 (2010 – $1,164) of its $1,407 commitment. Onex controls the General Partner and Manager of Onex Partners II. Onex management has committed, as a group, to invest a minimum of 1% of Onex Partners II, which may be adjusted annually up to a maximum of 4%. As at December 31, 2011, Onex management and directors had committed approximately 4% (2010 – 3%). The total amount invested in Onex Partners II's remaining investments by Onex management and directors at December 31, 2011 was $98, of which nil (2010 – $2) was invested in the year ended December 31, 2011.

Prior to November 2008 Onex received annual management fees based on 2% of the capital committed to Onex Partners II by investors other than Onex and Onex management. The annual management fee was reduced to 1% of the net funded commitments at the end of the initial fee period in November 2008, when Onex established a successor fund, Onex Partners III. Carried interest is received on the overall gains achieved by Onex Partners II investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in Onex Partners II over the life of Onex Partners II. The investment by Onex Partners II investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners II investors.

The returns to Onex Partners II investors, other than Onex and Onex management, are based upon all investments made through Onex Partners II, with the result that the initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners II investments do not exceed the overall target return level of 8%. Consistent with market practice and Onex Partners I, Onex, as sponsor of Onex Partners II, is allocated 40% of the carried interest with 60% allocated to Onex management. For the year ended December 31, 2011, $10 (2010 – nil) has been received by Onex as carried interest while Onex management received $14 (2010 – nil) with respect to the carried interest.

f) In December 2009, Onex completed the closing of Onex Partners III with funding commitments totalling approximately $4,300. Onex Partners III provides committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP, Onex Partners I or Onex Partners II. As at December 31, 2011, approximately $1,794 (2010 – $1,074) has been invested, of which Onex' share was $336 (2010 – $205). Onex had a $1,000 commitment for the period from January 1, 2009 to June 30, 2009. On December 31, 2008, Onex gave notice to the investors of Onex Partners III that Onex' commitment would be decreasing to $500 effective July 1, 2009. In December 2009, Onex notified the investors of Onex Partners III that it would be increasing its commitment to $800 effective June 16, 2010. In November 2011, Onex notified the investors of Onex Partners III that it would be increasing its commitment to $1,200 effective May 15, 2012. This commitment may be increased to approximately $1,500 at the option of Onex, but may not be decreased. Onex controls the General Partner and Manager of Onex Partners III. Onex management has committed, as a group, to invest a minimum of 1% of Onex Partners III, which may be adjusted annually up to a maximum of 6%. At December 31, 2011, Onex management and directors had committed 5% (2010 – 4%). The total amount invested in Onex Partners III's investments by Onex management and directors at December 31, 2011 was $59, of which $26 (2010 – $28) was invested in the year ended December 31, 2011.

Onex receives annual management fees based on 1.75% of the capital committed to Onex Partners III by investors other than Onex and Onex management. The annual management fee is reduced to 1% of the net funded commitments at the earlier of the end of the commitment period or if Onex establishes a successor fund. Carried interest is received on the overall gains achieved by Onex Partners III investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in Onex Partners III over the life of Onex Partners III. The investment by Onex Partners III investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners III investors.

The returns to Onex Partners III investors, other than Onex and Onex management, are based upon all investments made through Onex Partners III, with the result that the initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners III investments do not exceed the overall target return level of 8%. Consistent with market practice and Onex Partners I and Onex Partners II, Onex, as sponsor of Onex Partners III, will be allocated 40% of the carried interest with 60% allocated to Onex management. As at December 31, 2011, no amount has been received as carried interest related to Onex Partners III.

g) In May 2006, ONCAP completed the closing of ONCAP II with funding commitments totalling C$574. ONCAP II provided committed capital for ONCAP-sponsored acquisitions of small and medium-sized businesses requiring between C$20 and C$75 of initial equity capital. As at December 31, 2011, C$470 (2010 – C$323) has been invested of the approximately C$574 of total capital committed. Onex has invested C$215 (2010 – C$145) of its C$252 commitment. Onex controls the General Partner and Manager of ONCAP II. The total amount invested in ONCAP II's

remaining investments by management of Onex and ONCAP and directors at December 31, 2011 was C$39, of which C$17 (2010 – C$6) was invested in the year ended December 31, 2011.

Prior to July 2011, ONCAP received annual management fees based on 2% of the capital committed to ONCAP II by investors other than Onex and management of Onex and ONCAP. The annual management fee was reduced to 2% of the net funded commitments at the end of the initial fee period in July 2011, when ONCAP established a successor fund, ONCAP III. Carried interest is received on the overall gains achieved by ONCAP II investors other than management of Onex and ONCAP, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in ONCAP II over the life of ONCAP II. The investment by ONCAP II investors for this purpose takes into consideration management fees and other amounts paid in by ONCAP II investors.

The returns to ONCAP II investors, other than management of Onex and ONCAP, are based upon all investments made through ONCAP II, with the result that the initial carried interests achieved by ONCAP on gains could be recovered if subsequent ONCAP II investments do not exceed the overall target return level of 8%. Consistent with market practice, Onex, as sponsor of ONCAP II, is allocated 40% of the carried interest with 60% allocated to ONCAP management. For the year ended December 31, 2011, ONCAP management received nil (2010 – C$13) with respect to the carried interest.

h) In September 2011, ONCAP completed the closing of ONCAP III with funding commitments totalling C$800, excluding commitments from management of Onex and ONCAP. ONCAP III provides committed capital for ONCAP-sponsored acquisitions of small and medium-sized businesses requiring between C$50 and C$100 of initial equity capital. As at December 31, 2011, C$174 has been invested of the approximately C$800 of total capital committed. Onex has invested C$51 of its C$252 commitment. Onex controls the General Partner and Manager of ONCAP III. The total amount invested in ONCAP III's remaining investments by management of Onex and ONCAP and directors at December 31, 2011 was C$17.

ONCAP receives annual management fees based on 2% of the capital committed to ONCAP III by investors other than Onex and management of Onex and ONCAP. The annual management fee is reduced to 1.5% of the net funded commitments at the earlier of the end of the commitment period or if ONCAP establishes a successor fund. A carried interest is received on the overall gains achieved by ONCAP III investors, other than Onex and management of Onex and ONCAP, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in ONCAP III over the life of ONCAP III. The investment by ONCAP III investors for this purpose takes into consideration management fees and other amounts paid in by ONCAP III investors.

The returns to ONCAP III investors, other than Onex and management of Onex and ONCAP, are based upon all investments made through ONCAP III, with the result that the initial carried interests achieved by ONCAP on gains could be recovered if subsequent ONCAP III investments do not exceed the overall target return level of 8%. Consistent with market practice, Onex, as sponsor of ONCAP III, is allocated 40% of the carried interest with 60% allocated to ONCAP management. As at December 31, 2011, no amount has been received as carried interest related to ONCAP III.

i) Under the terms of the MIP, management members of the Company invest in all of the operating entities acquired by the Company.

The aggregate investment by management members under the MIP is limited to 9% of Onex' interest in each acquisition. The form of the investment is a cash purchase for ⅙th (1.5%) of the MIP's share of the aggregate investment, and investment rights for the remaining ⅚ths (7.5%) of the MIP's share at the same price. Amounts invested under the minimum investment requirement in Onex Partners' transactions are allocated to meet the 1.5% Onex investment requirement under the MIP. For investments made prior to November 7, 2007, the investment rights to acquire the remaining ⅚ths vest equally over four years with the investment rights vesting in full if the Company disposes of 90% or more of an investment before the fifth year.

The MIP was amended in 2007. For investments made subsequent to November 7, 2007, the vesting period for the investment rights to acquire the remaining ⅚ths increased from four to six years, with the investment rights vesting in full if the Company disposes of all of an investment before the seventh year. Under the MIP and amended MIP, the investment rights related to a particular acquisition are exercisable only if the Company earns a minimum 15% per annum compound rate of return for that acquisition after giving effect to the investment rights.

Under the terms of the MIP, the total amount paid by management members in 2011, including amounts invested under minimum investment requirements of the Onex Partners and ONCAP Funds to meet the 1.5% MIP requirement, was $9 (2010 – $9). Investment rights exercisable at the same price for 7.5% (2010 – 7.5%) of the Company's interest in acquisitions were issued at the same time. Realizations under the MIP distributed in 2011 were $56 (2010 – $4).

j) Members of management and the Board of Directors of the Company invested $5 in 2011 (2010 – $9) in Onex' investments made outside of Onex Partners and ONCAP at the same cost as Onex and other outside investors. Those investments by management and the Board of Directors are subject to voting control by Onex.

k) Each member of Onex management is required to reinvest 25% of the proceeds received related to their share of the MIP investment rights and carried interest to acquire Onex shares in the market until the management member owns one million Onex Subordinate Voting Shares and/or management DSUs. During 2011, Onex management reinvested approximately C$18 (2010 – less than C$1) to acquire Onex shares.

l) Certain operating companies have made loans to certain directors or officers of the individual operating companies typically for the purpose of acquiring shares in those operating companies. The total value of the loans outstanding as at December 31, 2011 was $35 (2010 – $9).

m) In connection with the 2007 purchase of Carestream Health from Eastman Kodak Company ("Kodak"), if, upon the disposition of Carestream Health, Onex and Onex Partners realize an internal rate of return on their initial $471 investment in excess of 25%, Kodak is entitled to 25% of the excess return, up to $200. At December 31, 2011, Onex and Onex Partners had received distributions of $427 (2010 – $231) from Carestream Health and recognized a provision at fair value of $3 (2010 – $3).

n) Onex Corporation, the ultimate parent company, receives fees from certain operating companies for services provided. The fees from consolidated operating companies are eliminated in these consolidated financial statements. During 2011, fees of $4 (2010 – $28) were received from non-consolidated operating companies and included with revenues in these consolidated financial statements.

o) During 2011 and 2010, Onex entered into the sale of entities, whose sole assets were certain tax losses, to a public company controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex has significant Canadian non-capital and capital losses available; however, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit has been recognized in the consolidated financial statements. In connection with these transactions, Onex obtained tax rulings from the Canada Revenue Agency and Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided opinions that the values received by Onex for the tax losses were fair. Onex' Audit and Corporate Governance Committee, all the members of which are independent directors, unanimously approved the transactions. The following transactions were completed during 2011 and 2010:

- In 2011, Onex received $5 (C$5) in cash and will receive $5 (C$5) on or before March 31, 2012 for Canadian tax losses of C$100. The entire $10 (C$10) was recorded as a gain and included in other items in the consolidated statements of earnings.
- In April 2010, Onex received $7 (C$8) in cash for Canadian tax losses of C$70. The entire $7 (C$8) was recorded as a gain and was included in other items in the consolidated statements of earnings.

In January 2012, Onex received $2 (C$2) in cash for Canadian tax losses of C$20 sold to a company controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. The entire $2 (C$2) will be recorded as a gain in the first quarter of 2012 in the consolidated statements of earnings. In connection with this transaction, Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided an opinion that the value received by Onex for the tax losses was fair. Onex' Audit and Corporate Governance Committee, all the members of which are independent directors, unanimously approved the transaction.

p) The Company's key management consists of the senior executives of Onex and its significant operating companies. Also included are the directors of Onex Corporation. Aggregate payments to the Company's key management were as follows:

Year ended December 31	2011	2010
Short-term employee benefits and costs	$ 126	$ 98
Post-employment benefits	2	1
Termination benefits	3	–
Share-based payments[1]	174	38
	$ 305	$ 137

(1) Share-based payments includes carried interest paid to Onex management as described in note 31(d), (e) and (f) and payments under the MIP as described in note 31(i).

32. PENSION AND NON-PENSION POST-RETIREMENT BENEFITS

The operating companies have a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to certain of their employees. The non-pension post-retirement benefits include retirement and termination benefits, health, dental and group life. The plans at the operating companies are independent and surpluses within certain plans cannot be used to offset deficits. Onex Corporation, the ultimate parent company, does not provide pension, other retirement or post-retirement benefits to its employees or to those of any of the operating companies.

The total costs during 2011 for defined contribution pension plans and multi-employer plans were $113 (2010 – $110).

Accrued benefit obligations and the fair value of the plan assets for accounting purposes are measured at December 31 of each year. The most recent actuarial valuations of the largest pension plans for funding purposes was 2008 to 2011, and the next required valuations will be as of 2011 to 2013. The Company estimates that in 2012 the minimum funding requirement for the defined benefit pension plans will be $53.

In 2011, total cash payments for employee future benefits, consisting of cash contributed by the operating companies to their funded pension plans, cash payments directly to beneficiaries for their unfunded other benefit plans and cash contributed to their defined contribution plans, were $169 (2010 – $162). Included in the total was $30 (2010 – $31) contributed to multi-employer plans.

For the defined benefit pension plans and non-pension post-retirement plans, the estimated present value of accrued benefit obligations and the estimated market value of the net assets available to provide these benefits were as follows:

	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
As at December 31	**2011**	2010	**2011**	2010	**2011**	2010
Accrued benefit obligations:						
Opening benefit obligations	**$ 944**	$ 792	**$ 398**	$ 410	**$ 165**	$ 139
Current service cost	**7**	6	**10**	9	**6**	6
Interest cost	**64**	50	**12**	19	**8**	9
Contributions by plan participants	**–**	–	**1**	1	**–**	–
Benefits paid	**(24)**	(13)	**(11)**	(21)	**(6)**	(4)
Actuarial loss in year	**146**	75	**18**	29	**12**	13
Foreign currency exchange rate changes	**(4)**	5	**(3)**	(4)	**(2)**	4
Acquisitions	**–**	1	**403**	–	**2**	–
Dispositions	**–**	–	**–**	–	**(6)**	–
Plan amendments	**–**	–	**(2)**	(1)	**–**	–
Settlements/curtailments	**–**	–	**(4)**	(15)	**–**	(2)
Reclassification of plans	**218**	28	**(218)**	(28)	**–**	–
Other	**–**	–	**(2)**	(1)	**–**	–
Closing benefit obligations	**$ 1,351**	$ 944	**$ 602**	$ 398	**$ 179**	$ 165
Plan assets:						
Opening plan assets	**$ 1,130**	$ 978	**$ 298**	$ 314	**$ –**	$ –
Actual return on plan assets	**170**	121	**1**	25	**–**	–
Contributions by employer	**35**	12	**18**	26	**6**	4
Contributions by plan participants	**–**	–	**1**	1	**–**	–
Benefits paid	**(24)**	(13)	**(11)**	(21)	**(6)**	(4)
Foreign currency exchange rate changes	**(6)**	5	**–**	(5)	**–**	–
Acquisitions	**–**	–	**206**	–	**–**	–
Settlements/curtailments	**–**	–	**(3)**	(14)	**–**	–
Reclassification of plans	**206**	27	**(206)**	(27)	**–**	–
Other	**(1)**	–	**7**	(1)	**–**	–
Closing plan assets	**$ 1,510**	$ 1,130	**$ 311**	$ 298	**$ –**	$ –

	Percentage of Plan Assets	
Asset Category	**2011**	2010
Equity securities	**37%**	35%
Debt securities	**59%**	60%
Real estate	**1%**	2%
Other	**3%**	3%
	100%	100%

Equity securities do not include direct investments in the shares of the Company or its subsidiaries but may be invested indirectly as a result of the inclusion of the Company's and its subsidiaries' shares in certain market investment funds.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policies of each pension plan. Expected yields on debt securities are based on gross redemption yields as at the balance sheet date. Expected returns on equity and real estate investments reflect long-term real rates of return experienced in the respective markets.

The funded status of the plans of the operating subsidiary companies was as follows:

	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
As at December 31	**2011**	2010	**2011**	2010	**2011**	2010
Deferred benefit amount:						
Plan assets, at fair value	**$ 1,510**	$ 1,130	**$ 311**	$ 298	**$ –**	$ –
Accrued benefit obligation	**(1,351)**	(944)	**(602)**	(398)	**(179)**	(165)
Plan surplus (deficit):	**$ 159**	$ 186	**$ (291)**	$ (100)	**$ (179)**	$ (165)
Unrecognized transitional obligation and past service costs	**–**	–	**–**	–	**(7)**	(7)
Deferred benefit amount – asset (liability)	**$ 159**	$ 186	**$ (291)**	$ (100)	**$ (186)**	$ (172)

The deferred benefit asset is included in the Company's consolidated balance sheets under "Other non-current assets" (note 9). The deferred benefit liabilities are included in the Company's consolidated balance sheets under "Other non-current liabilities" (note 15).

The net expense (earnings) for the plans, excluding discontinued operations, is outlined below:

	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
Year ended December 31	**2011**	2010	**2011**	2010	**2011**	2010
Net periodic expense (earnings):						
Current service cost	**$ 7**	$ 6	**$ 10**	$ 9	**$ 6**	$ 6
Interest cost	**64**	50	**12**	19	**8**	8
Actual return on plan assets	**(170)**	(121)	**(1)**	(25)	**–**	–
Difference between expected return and actual return on plan assets for period	**83**	48	**(5)**	9	**–**	–
Plan amendments (curtailment/settlement gain)	**–**	–	**–**	(1)	**–**	(2)
Difference between amortization of past service costs for period and actual plan amendments for period	**–**	–	**–**	–	**(1)**	(1)
Net periodic expense (earnings)	**$ (16)**	$ (17)	**$ 16**	$ 11	**$ 13**	$ 11

The net periodic expense (earnings) for pension plans and non-pension post-retirement benefits are included in cost of sales and operating expenses in the income statement.

The following assumptions were used to account for the plans:

	Pension Benefits		Non-Pension Post-Retirement Benefits	
Year ended December 31	**2011**	2010	**2011**	2010
Accrued benefit obligation				
Weighted average discount rate	**3.0%–5.4%**	4.7%–5.7%	**3.0%–5.1%**	5.0%–5.7%
Weighted average rate of compensation increase	**0.0%–4.2%**	0.0%–4.3%	**0.0%–4.7%**	0.0%–4.7%
Benefit cost				
Weighted average discount rate	**3.0%–5.7%**	4.8%–6.3%	**3.0%–5.7%**	5.8%–6.5%
Weighted average expected long-term rate of return on plan assets	**4.5%–8.0%**	4.3%–8.0%	**n/a**	n/a
Weighted average rate of compensation increase	**0.0%–4.3%**	0.0%–4.3%	**0.0%–4.7%**	0.0%–4.7%

Assumed healthcare cost trend rates	**2011**	2010
Initial healthcare cost rate	**7.1%–9.5%**	7.2%–9.5%
Cost trend rate declines to	**4.5%–5.0%**	4.5%–5.0%
Year that the rate reaches the rate it is assumed to remain at	**Between 2014 and 2030**	Between 2014 and 2030

Assumed healthcare cost trend rates have a significant effect on the amounts reported for post-retirement medical benefit plans. A 1% change in the assumed healthcare cost trend rate would have the following effects:

	1% Increase		1% Decrease	
Year ended December 31	**2011**	2010	**2011**	2010
Effect on total of service and interest cost components	**$ 1**	$ 2	**$ (1)**	$ (2)
Effect on the post-retirement benefit obligation	**$ 19**	$ 18	**$ (16)**	$ (16)

33. SUBSEQUENT EVENTS

Onex and certain operating companies may enter into agreements to acquire or make investments in other businesses. These transactions are typically subject to a number of conditions, many of which are beyond the control of Onex or the operating companies. The effect of these planned transactions, if completed, may be significant to the consolidated financial position of Onex.

34. INFORMATION BY INDUSTRY AND GEOGRAPHIC SEGMENT

Onex' reportable segments operate through autonomous companies and strategic partnerships. Each reportable segment offers different products and services and is managed separately.

The Company had eight reportable segments in 2011 (2010 – seven): electronics manufacturing services; aerostructures; healthcare; financial services; customer care services; metal services; building products (2011 only); and other. The electronics manufacturing services segment consists of Celestica, which provides supply chain solutions, including manufacturing services to electronics original equipment manufacturers and service providers. The aerostructures segment consists of Spirit AeroSystems, which manufactures aerostructures. The healthcare segment consists of EMSC (sold in May 2011), a leading provider of ambulance transport services and outsourced hospital emergency department physician staffing and management services in the United States; Carestream Health, a leading global provider of medical imaging and healthcare information technology solutions; CDI, which owns and operates diagnostic imaging centres in the United States; Skilled Healthcare Group, which operates skilled nursing and assisted living facilities in the United States; and ResCare, a leading U.S. provider of residential training, education and support services for people with disabilities and special needs. The financial services segment consists of The Warranty Group, which underwrites and administers extended warranties on a variety of consumer goods and also provides consumer credit and other specialty insurance products primarily through automobile dealers. The customer care services segment consists of Sitel Worldwide, which provides services for telecommunications, consumer goods, retail, technology, transportation, finance and utility companies. The metal services segment consists of TMS International, a leading provider of outsourced services to steel mills. The building products segment consists of JELD-WEN, 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. Other includes Husky (sold in June 2011), one of the world's largest suppliers of injection molding equipment and services to the plastics industry; Tropicana Las Vegas, one of the most storied casinos in Las Vegas; Allison Transmission, a leading designer and manufacturer of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles worldwide; Hawker Beechcraft, a leading manufacturer of business jet, turboprop and piston aircraft; RSI, a leading manufacturer of cabinetry for the residential marketplace in North America; Tomkins, an industrial company that operates a number of businesses serving the general industrial, automotive and building products markets; as well as Onex Real Estate, the operating companies of ONCAP II and ONCAP III and the parent company. Allison Transmission, Hawker Beechcraft, ResCare (prior to November 2010), RSI and Tomkins are recorded at fair value through net earnings, as described in note 1.

2011 Industry Segments

	Electronics Manufacturing Services	Aerostruc-tures	Healthcare	Financial Services	Customer Care Services	Metal Services	Building Products	Other	Consoli-dated Total
Revenues	$ 7,213	$ 4,864	$ 5,030	$ 1,184	$ 1,416	$ 2,661	$ 774	$ 1,500	$ 24,642
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(6,645)	(4,124)	(3,446)	(579)	(921)	(2,467)	(660)	(883)	(19,725)
Operating expenses	(234)	(178)	(918)	(429)	(377)	(59)	(118)	(608)	(2,921)
Interest income	1	–	4	–	–	–	1	26	32
Amortization of property, plant and equipment	(64)	(107)	(126)	(5)	(34)	(47)	(25)	(54)	(462)
Amortization of intangible assets and deferred charges	(14)	(41)	(168)	(18)	(28)	(13)	(5)	(24)	(311)
Interest expense of operating companies	(6)	(77)	(221)	(4)	(85)	(34)	(17)	(44)	(488)
Unrealized increase in value of investments in associates at fair value, net	–	–	–	–	–	–	–	501	501
Foreign exchange gains (loss)	(1)	(2)	(10)	–	(2)	1	(2)	2	(14)
Stock-based compensation expense	(44)	(14)	(9)	–	–	(2)	–	(64)	(133)
Other items	(7)	3	(32)	9	(18)	–	(17)	(84)	(146)
Impairment of goodwill, intangible assets and long-lived assets, net	–	–	(129)	(40)	–	–	(22)	(6)	(197)
Limited Partners' Interests charge	–	–	–	–	–	–	–	(627)	(627)
Earnings (loss) before income taxes and discontinued operations	$ 199	$ 324	$ (25)	$ 118	$ (49)	$ 40	$ (91)	$ (365)	$ 151
Recovery of (provision for) income taxes	(4)	(100)	(87)	(56)	(9)	(16)	2	33	(237)
Earnings (loss) from continuing operations	195	224	(112)	62	(58)	24	(89)	(332)	(86)
Earnings from discontinued operations	–	–	606	–	–	–	–	1,109	1,715
Net earnings (loss) for the year	195	224	494	62	(58)	24	(89)	777	1,629
Total assets	$ 2,970	$ 4,978	$ 4,194	$ 4,877	$ 631	$ 1,045	$ 2,581	$ 8,170	$ 29,446
Long-term debt[(a)]	$ –	$ 1,157	$ 2,670	$ 203	$ 652	$ 377	$ 481	$ 1,421	$ 6,961
Property, plant and equipment additions	$ 60	$ 275	$ 96	$ 3	$ 32	$ 75	$ 13	$ 120	$ 674
Intangible assets with indefinite life	$ –	$ –	$ 258	$ 16	$ 36	$ –	$ 257	$ 376	$ 943
Goodwill additions from acquisitions	$ 34	$ –	$ 41	$ –	$ –	$ –	$ 119	$ 278	$ 472
Goodwill	$ 48	$ 3	$ 911	$ 304	$ 118	$ 239	$ 120	$ 691	$ 2,434
Net earnings (loss) attributable to:									
Equity holders of Onex Corporation	$ 17	$ 35	$ 512	$ 59	$ (39)	$ 17	$ (60)	$ 786	$ 1,327
Non-controlling interests	$ 178	$ 189	$ (18)	$ 3	$ (19)	$ 7	$ (29)	$ (9)	$ 302
Net earnings (loss) for the year	$ 195	$ 224	$ 494	$ 62	$ (58)	$ 24	$ (89)	$ 777	$ 1,629

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

2010 Industry Segments

	Electronics Manufacturing Services	Aerostructures	Healthcare	Financial Services	Customer Care Services	Metal Services	Other	Consolidated Total
Revenues	$ 6,526	$ 4,170	$ 3,498	$ 1,163	$ 1,340	$ 2,030	$ 1,007	$ 19,734
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(5,997)	(3,429)	(2,270)	(547)	(847)	(1,858)	(544)	(15,492)
Operating expenses	(216)	(181)	(629)	(435)	(363)	(53)	(429)	(2,306)
Interest income	–	–	3	–	1	–	30	34
Amortization of property, plant and equipment	(71)	(95)	(116)	(5)	(34)	(49)	(33)	(403)
Amortization of intangible assets and deferred charges	(16)	(25)	(167)	(24)	(25)	(12)	(15)	(284)
Interest expense of operating companies	(16)	(59)	(122)	(4)	(79)	(43)	(19)	(342)
Unrealized increase in value of investments in associates at fair value, net	–	–	21	–	–	–	427	448
Foreign exchange gains (loss)	(4)	(5)	(5)	–	(5)	–	11	(8)
Stock-based compensation expense	(42)	(31)	(5)	–	–	–	(108)	(186)
Other gains, net	–	–	–	–	–	–	99	99
Other items	(36)	2	(68)	21	(43)	–	(97)	(221)
Impairment of goodwill, intangible assets and long-lived assets	(9)	–	–	(2)	–	–	(3)	(14)
Limited Partners' Interests charge	–	–	–	–	–	–	(831)	(831)
Earnings (loss) before income taxes and discontinued operations	$ 119	$ 347	$ 140	$ 167	$ (55)	$ 15	$ (505)	$ 228
Recovery of (provision for) income taxes	(18)	(98)	(39)	(60)	5	(11)	(18)	(239)
Earnings (loss) from continuing operations	101	249	101	107	(50)	4	(523)	(11)
Earnings from discontinued operations	–	–	132	–	–	–	76	208
Net earnings (loss) for the year	101	249	233	107	(50)	4	(447)	197
Total assets	$ 3,014	$ 4,975	$ 6,162	$ 4,918	$ 675	$ 862	$ 7,501	$ 28,107
Long-term debt[a]	$ –	$ 1,145	$ 2,996	$ 205	$ 624	$ 404	$ 1,215	$ 6,589
Property, plant and equipment additions	$ 63	$ 284	$ 141	$ 3	$ 22	$ 41	$ 244	$ 798
Intangible assets with indefinite life	$ –	$ –	$ 266	$ 16	$ 36	$ –	$ 179	$ 497
Goodwill additions from acquisitions	$ 14	$ –	$ 428	$ –	$ –	$ –	$ 89	$ 531
Goodwill	$ 15	$ 3	$ 1,403	$ 344	$ 118	$ 240	$ 511	$ 2,634
Net earnings (loss) attributable to:								
Equity holders of Onex Corporation	$ 9	$ 57	$ 136	$ 101	$ (34)	$ 6	$ (442)	$ (167)
Non-controlling interests	$ 92	$ 192	$ 97	$ 6	$ (16)	$ (2)	$ (5)	$ 364
Net earnings (loss) for the year	$ 101	$ 249	$ 233	$ 107	$ (50)	$ 4	$ (447)	$ 197

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

Geographic Segments

	2011						2010					
	Canada	**U.S.**	**Europe**	**Asia and Oceania**	**Other**	**Total**	Canada	U.S.	Europe	Asia and Oceania	Other	Total
Revenue[1]	**$ 1,264**	**$ 15,323**	**$ 4,181**	**$ 2,968**	**$ 906**	**$ 24,642**	$ 1,598	$ 11,687	$ 3,153	$ 2,589	$ 707	$ 19,734
Property, plant and equipment	**$ 345**	**$ 3,539**	**$ 694**	**$ 408**	**$ 116**	**$ 5,102**	$ 241	$ 3,023	$ 379	$ 283	$ 130	$ 4,056
Intangible assets	**$ 238**	**$ 2,028**	**$ 223**	**$ 94**	**$ 16**	**$ 2,599**	$ 317	$ 1,871	$ 243	$ 58	$ 16	$ 2,505
Goodwill	**$ 184**	**$ 1,790**	**$ 279**	**$ 148**	**$ 33**	**$ 2,434**	$ 125	$ 2,105	$ 282	$ 93	$ 29	$ 2,634

(1) Revenues are attributed to geographic areas based on the destinations of the products and/or services.

Other consists primarily of operations in Central and South America, and Mexico.

35. TRANSITION TO IFRS

The Company's consolidated financial statements for the year ending December 31, 2011 are the first annual financial statements that comply with IFRS, including the application of IFRS 1, *First-time adoption of IFRS*. IFRS 1 requires that comparative financial information be provided for the first date at which the Company has applied IFRS, which was January 1, 2010 (the "Transition Date"). IFRS 1 also requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date. However, it also provides for certain optional exemptions and certain mandatory exceptions for the first-time adoption of IFRS.

In completing the transition to IFRS the Company conducted an evaluation of the primary and secondary factors used to assess its functional currency under IFRS. It was determined that the U.S. dollar is the Company's functional currency under IFRS. Accordingly, the financial statements under IFRS have been reported on a U.S. dollar basis.

Initial elections upon adoption

Set forth below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from Canadian GAAP (as reported at December 31, 2010 and prior consolidated financial statements) to IFRS.

IFRS Exemption Options

Business combinations – IFRS 1 allows for the guidance under IFRS 3 (revised), *Business Combinations,* to be applied either retrospectively or prospectively. Onex has elected to adopt IFRS 3 (revised) prospectively. Accordingly, all business combinations on or after January 1, 2010 will be accounted for in accordance with IFRS 3 (revised).

Employee benefits – IFRS 1 provides the option to retrospectively apply either the corridor approach under IAS 19, *Employee Benefits*, for the recognition of actuarial gains and losses, or recognize all cumulative gains and losses deferred under Canadian GAAP in opening retained earnings at the transition date. Onex will elect to recognize all cumulative actuarial gains and losses that existed at the transition date in opening retained earnings for all of its employee benefit plans at the operating companies.

Cumulative translation differences – IAS 21, *The Effects of Changes in Foreign Exchange Rates,* requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. Onex deemed all cumulative translation differences to be zero on transition to IFRS.

Borrowing costs – IAS 23, *Borrowing Costs*, requires an entity to capitalize the borrowing costs related to all qualifying assets. Onex has elected to adopt IAS 23 prospectively. Accordingly, borrowing costs related to qualifying assets on or after January 1, 2010 will be capitalized.

Leases – International Financial Reporting Interpretations Committee ("IFRIC") 4, *Determining whether an Arrangement contains a Lease*, requires a company to assess all arrangements to determine if they are, or contain, a lease. Onex will elect to use the IFRS 1 exemption such that IFRIC 4 need only be applied to those arrangements that had not previously been assessed under similar Canadian GAAP requirements.

IFRS Mandatory Exceptions

Hedge accounting – IFRS 1 requires hedge accounting to be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria at that date in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*. Only hedging relationships that satisfy the hedge accounting criteria as of the transition date will be reflected as hedges in Onex' results under IFRS. Any derivatives not meeting the IAS 39 criteria for hedge accounting will be recorded at fair value in the consolidated balance sheets as a non-hedging derivative financial instrument.

Estimates – Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP will not be revised for the application of IFRS except where necessary to reflect any differences in accounting policies between IFRS and Canadian GAAP.

RECONCILIATION OF FINANCIAL STATEMENTS TO IFRS

The following are reconciliations of the financial statements previously presented under Canadian GAAP to the financial statements prepared under IFRS. The reconciliations do not reflect adjustments for operating company investments subsequently disposed of or classified as discontinued operations.

Reconciliation of Consolidated Balance Sheet as at January 1, 2010

(in millions of dollars)	December 31, 2009 Canadian GAAP (C$)	Adjustments to U.S. Dollar Functional Currency	December 31, 2009 Canadian GAAP (US$)	IFRS Adjustments	IFRS Adjustment References	January 1, 2010 IFRS (US$)
Assets						
Current assets						
Cash and cash equivalents	$ 3,206	$ (156)	$ 3,050	$ (32)		$ 3,018
Short-term investments	636	(31)	605	–		605
Accounts receivable	3,062	(149)	2,913	15	(a)	2,928
Inventories	3,085	(150)	2,935	269	(b)	3,204
Other current assets	1,384	(67)	1,317	(216)	(b)	1,101
	11,373	(553)	10,820	36		10,856
Property, plant and equipment	3,623	(184)	3,439	(73)		3,366
Long-term investments	3,255	(158)	3,097	351	(c)	3,448
Other non-current assets	2,696	(132)	2,564	(649)	(a,b,d)	1,915
Intangible assets	2,086	(101)	1,985	256	(e)	2,241
Goodwill	2,312	(112)	2,200	(2)		2,198
	$ 25,345	$ (1,240)	$ 24,105	$ (81)		$ 24,024
Liabilities and Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ 3,819	$ (185)	$ 3,634	$ (366)	(f)	$ 3,268
Current portion of provisions	–	–	–	255	(f)	255
Other current liabilities	992	(48)	944	30	(f)	974
Current portion of long-term debt, without recourse to Onex Corporation	425	(21)	404	–		404
Current portion of obligations under finance leases, without recourse to Onex Corporation	21	(1)	20	–		20
Current portion of warranty reserves and unearned premiums	1,410	(68)	1,342	–		1,342
	6,667	(323)	6,344	(81)		6,263
Non-current portion of provisions	–	–	–	231	(f)	231
Long-term debt of operating companies, without recourse to Onex Corporation	5,505	(267)	5,238	46		5,284
Non-current portion of obligations under finance leases, without recourse to Onex Corporation	41	(2)	39	–		39
Non-current portion of warranty reserves and unearned premiums	2,034	(99)	1,935	–		1,935
Other non-current liabilities	1,832	(91)	1,741	(71)	(f,g)	1,670
Deferred income taxes	1,237	(180)	1,057	(247)		810
Non-controlling interests	6,370	(309)	6,061	(6,061)	(h)	–
Limited Partners' Interests	–	–	–	3,708	(h)	3,708
	23,686	(1,271)	22,415	(2,475)		19,940
Equity						
Share capital	508	(127)	381	–		381
Non-controlling interests	–	–	–	3,329	(h)	3,329
Retained earnings and accumulated other comprehensive earnings	1,151	158	1,309	(935)	(i)	374
	1,659	31	1,690	2,394		4,084
	$ 25,345	$ (1,240)	$ 24,105	$ (81)		$ 24,024

Reconciliation of Consolidated Balance Sheet as at December 31, 2010

(in millions of dollars)	December 31, 2010 Canadian GAAP (C$)	Adjustments to U.S. Dollar Functional Currency	December 31, 2010 Canadian GAAP (US$)	IFRS Adjustments	IFRS Adjustment References	December 31, 2010 IFRS (US$)
Assets						
Current assets						
Cash and cash equivalents	$ 2,518	$ 14	$ 2,532	$ –		$ 2,532
Short-term investments	711	4	715	–		715
Accounts receivable	3,397	19	3,416	14	(a)	3,430
Inventories	3,614	20	3,634	370	(b)	4,004
Other current assets	1,695	8	1,703	(208)	(b)	1,495
	11,935	65	12,000	176		12,176
Property, plant and equipment	4,101	11	4,112	(56)		4,056
Long-term investments	3,754	20	3,774	1,090	(c)	4,864
Other non-current assets	2,436	14	2,450	(578)	(a,b,d)	1,872
Intangible assets	2,233	12	2,245	260	(e)	2,505
Goodwill	2,619	14	2,633	1		2,634
	$ 27,078	$ 136	$ 27,214	$ 893		$ 28,107
Liabilities and Equity						
Current liabilities						
Accounts payable and accrued liabilities	$ 4,307	$ 24	$ 4,331	$ (367)	(f)	$ 3,964
Current portion of provisions	–	–	–	257	(f)	257
Other current liabilities	1,165	6	1,171	40	(f)	1,211
Current portion of long-term debt, without recourse to Onex Corporation	242	1	243	–		243
Current portion of obligations under finance leases, without recourse to Onex Corporation	13	–	13	1		14
Current portion of warranty reserves and unearned premiums	1,306	7	1,313	1		1,314
	7,033	38	7,071	(68)		7,003
Non-current portion of provisions	–	–	–	284	(f)	284
Long-term debt of operating companies, without recourse to Onex Corporation	6,309	34	6,343	3		6,346
Non-current portion of obligations under finance leases, without recourse to Onex Corporation	42	–	42	1		43
Non-current portion of warranty reserves and unearned premiums	1,770	9	1,779	1		1,780
Other non-current liabilities	1,871	6	1,877	44	(f,g)	1,921
Deferred income taxes	1,089	(144)	945	(7)		938
Non-controlling interests	7,483	41	7,524	(7,524)	(h)	–
Limited Partners' Interests	–	–	–	5,650	(h)	5,650
	25,597	(16)	25,581	(1,616)		23,965
Equity						
Share capital	500	(127)	373	–		373
Non-controlling interests	–	–	–	3,638	(h)	3,638
Retained earnings and accumulated other comprehensive earnings	981	279	1,260	(1,129)	(i)	131
	1,481	152	1,633	2,509		4,142
	$ 27,078	$ 136	$ 27,214	$ 893		$ 28,107

Reconciliation of Statement of Net Earnings (Loss) for the Year Ended December 31, 2010

(in millions of dollars except per share data)	IFRS Adjustment References		
Net Loss under Canadian GAAP		C$	(51)
Adjustments to U.S. dollar functional currency			63
Net Earnings under Canadian GAAP		US$	12
Revenue recognition	(b)		64
Unrealized increase in value of investments in associates at fair value, net	(c)		699
Stock-based compensation	(g)		(28)
Other items:			
Unrealized carried interest attributable to management	(g)		(114)
Restructuring provisions	(j)		13
Non-controlling interests	(h)		363
Limited Partners' Interests	(h)		(831)
Income taxes	(k)		9
Gain on sale of CSI	(l)		11
Other, net			(1)
Net Earnings under IFRS		US$	197

Net earnings (loss) attributable to:		
Equity holders of Onex Corporation	$	(167)
Non-controlling interests		364
	$	197

Net loss per Subordinate Voting Share of Onex Corporation		
Basic and Diluted:		
Net loss	$	(1.40)

Reconciliation of Consolidated Statement of Comprehensive Earnings for the Year Ended December 31, 2010

(in millions of dollars)	IFRS Adjustment References		
Comprehensive earnings under Canadian GAAP		C$	(113)
Adjustments to U.S. dollar functional currency			136
Comprehensive earnings under Canadian GAAP		US$	23
Adjustments to Net Earnings, net of tax			185
Non-controlling interests	(h)		5
Foreign currency translation adjustments	(m)		(8)
Actuarial loss and other	(n)		(64)
Comprehensive earnings under IFRS		US$	141

Total comprehensive earnings (loss) attributable to:		
Equity holders of Onex Corporation	$	(188)
Non-controlling interests		329
	$	141

The transition from Canadian GAAP to IFRS reporting resulted in certain balances being reclassified for presentation purposes in the consolidated balance sheets. Adjustments to the Company's consolidated balance sheets, excluding reclassifications, and consolidated statements of comprehensive earnings in the transition from Canadian GAAP to IFRS reporting consisted of the following:

a) Where products are provided free of charge to customers in connection with a commitment to provide an identifiable future benefit, IFRS requires that the product be recognized as a receivable at fair value, while Canadian GAAP required recognition as a long-term asset at cost. As such, on transition to IFRS the products were recognized at fair value and a component was classified as a current account receivable from other non-current assets under Canadian GAAP presentation.

b) Under IFRS, Spirit AeroSystems recognizes revenue relating to its long-term volume-based pricing contracts under IAS 11, *Construction Contracts*. In accordance with IAS 11, revenue and costs are recognized with consideration for the entire life of the contracts, while under Canadian GAAP certain components of contracts were considered separately for revenue and cost recognition. The difference in the method of recognizing revenue and costs associated with the long-term contracts resulted in a reduction of inventory and a corresponding decrease in retained earnings under IFRS. In addition, costs associated with the long-term supply contracts resulted in a reduction of cost of goods sold under IFRS. The deferred tax impact related to this adjustment was reflected in other non-current assets.

In accordance with IFRS, pre-production costs associated with long-term volume-based pricing contracts at Spirit AeroSystems have been classified as inventory from other non-current assets.

During the third quarter of 2010, Onex, the parent company, received fees from Tomkins for services rendered in conjunction with the acquisition of Tomkins. Under Canadian GAAP, these fees were eliminated as Tomkins was accounted for using the equity-accounted method.

c) For certain investments over which the Company has the ability to exert significant influence, but not control, IFRS allows the investments to be designated for recognition at fair value. The Company has designated to record at fair value its significant influence investments in Allison Transmission, Hawker Beechcraft, RSI, ResCare (prior to November 2010), Tomkins, Cypress and Onex Real Estate. The transition from the equity accounting method under Canadian GAAP to fair value under IFRS resulted in a net increase of the investments' carrying value and adjustments to fair value since the transition to IFRS.

d) A portion of the deferred development charges related to Spirit AeroSystems previously recorded within other non-current assets has been classified as an intangible asset for IFRS reporting.

Onex has elected to recognize all cumulative actuarial gains and losses for employee future benefit plans deferred under Canadian GAAP in opening retained earnings at the date of transition to IFRS. A reduction (increase) to deferred benefit assets (liabilities), net of the associated deferred tax impact, was recognized for this transitional adjustment. Subsequently, under IFRS, Onex has elected to recognize all actuarial gains and losses immediately in a separate statement of other comprehensive earnings and directly to retained earnings, without recognition to the income statement.

e) On transition to IFRS an impairment was recognized by Spirit AeroSystems for its deferred development costs. The impairment was due to the consideration of its deferred development charges as an intangible asset under IFRS and consequently the different impairment testing requirements.

f) In accordance with IFRS, provisions related to restructuring, warranty, asset retirement obligations, legal, self-insurance and other have been presented separately in the consolidated balance sheets. Under Canadian GAAP, provisions were recorded within accounts payable and accrued liabilities, other current liabilities and other non-current liabilities.

g) Adjustments to other non-current liabilities for employee future benefits related primarily to the recognition of cumulative actuarial gains and losses on transition to IFRS, as described above, and unamortized past service costs that were recognized on transition to IFRS.

In accordance with IFRS, the liability for cash-settled share-based payments is accrued at fair value by applying an option pricing model while Canadian GAAP permitted recognition at the intrinsic value of the payments. As such, the liability for cash-settled share-based payments was adjusted to reflect the fair value of these awards. In addition, the liability for share-based payments was adjusted to reflect the use of the graded vesting basis as required under IFRS, while Canadian GAAP permitted the pooling of share-based instruments and recognition on a straight-line basis.

Other non-current liabilities also includes an adjustment to recognize the unrealized carried interest in the Onex Partners and ONCAP Funds. The unrealized carried interest is calculated based on the fair values of the underlying investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The liability reflects the portion due to Onex management. The portion of unrealized carried interest due to Onex is recognized through a reduced charge for the Limited Partners' Interests. The unrealized carried interest liability reduces the amount due to the Limited Partners and will eventually be paid through the realization of the Limited Partners' share of the underlying Onex Partners and ONCAP Fund investments.

h) Under IFRS, the interests of the Limited Partners and other investors through the Onex Partners and ONCAP Funds are required to be recorded as a financial liability. The liability is recorded at fair value and reflects the discounted future estimated cash flows to settle the liability. As changes in the future estimated cash flows occur, the liability is adjusted through earnings to the fair value of the underlying investments in the Onex Partners and ONCAP Funds.

The remaining third-party interests in the Company's consolidated investments are considered to be non-controlling interests and are presented as a component of equity under IFRS. In addition to the equity classification, the non-controlling interests were adjusted for their share of the change in opening net assets, including accumulated other comprehensive income (loss) items.

i) The adjustment to retained earnings and accumulated other comprehensive earnings reflects Onex' share of the change in net assets for the respective periods. The significant adjustments to retained earnings include the impact of accounting for the Limited Partners' Interests, investments in associates, unrealized carried interest and stock-based compensation. A reconciliation of retained earnings and accumulated other comprehensive earnings at January 1, 2010 is as follows:

	January 1, 2010
Retained earnings and accumulated other comprehensive earnings under Canadian GAAP	$ 1,309
Significant adjustments:	
Limited Partners' Interests	(1,100)
Unrealized carried interest due to Onex and ONCAP management	(85)
Investments in associates recorded at fair value	330
Stock-based compensation	(55)
Other, net	(25)
Retained earnings and accumulated other comprehensive earnings under IFRS	$ 374

j) The recognition of restructuring accruals related to termination benefits under IFRS are recognized when an entity is committed, without realistic possibility of withdrawal, to the termination, while Canadian GAAP required recognition when the termination was probable. As a result of this recognition distinction, an adjustment was made to recognize fewer restructuring provisions under IFRS, which will be recognized at a later date under IFRS.

k) The adjustment for income taxes relates to the difference in the method of determining the deferred tax impact for foreign jurisdictions between Canadian GAAP and IFRS. Canadian GAAP required the deferred tax impact to be calculated based on the tax currency, while IFRS requires the calculation to be based on the foreign entity's functional currency. This difference was also impacted by a change in the functional currency of certain foreign entities at the operating companies under IFRS.

l) Under IFRS, the gain recognized for the sale of CSI by ONCAP II was increased for the recovery of the Limited Partners' share of negative accounting retained earnings associated with the investment in CSI. Additionally, the gain was not reduced for the amounts paid on account of the MIP as Onex accrues a liability for the MIP under IFRS.

The gain on the sale of CSI of $97 under IFRS is entirely attributable to the equity holders of Onex Corporation, as interests of the Limited Partners were recorded as a financial liability at fair value under IFRS. Under Canadian GAAP, the Limited Partners' share was recognized as non-controlling interests.

m) An assessment of the functional currency under IFRS completed by the operating companies resulted in certain foreign entities having a different functional currency from that determined under Canadian GAAP. The result is that the foreign entities were considered to be foreign operations under IFRS and resulted in recognition of a foreign currency translation adjustment in other comprehensive income under IFRS. In addition, the currency translation adjustments include the non-controlling interests' share and the allocation to the non-controlling interests is made in the consolidated statements of equity.

n) Actuarial gains (losses) for employee future benefit plans are recorded directly to other comprehensive earnings (loss) without recognition in the consolidated statement of earnings under IFRS. Onex' policy under Canadian GAAP was to recognize actuarial gains and losses in the statement of earnings that exceeded 10% of the greater of the benefit obligation or the fair market value of plan assets on a straight-line basis over the average remaining service period of active employees.

IFRS cash flow adjustments

The consolidated statements of cash flows under IFRS have been adjusted from Canadian GAAP to conform with the presentation requirements of IFRS and Onex' functional currency of the U.S. dollar under IFRS.

Certain items specific to IFRS within the consolidated statements of earnings have been adjusted as non-cash items in the consolidated statements of cash flows. These non-cash adjustments include the following: unrealized increase of investments in associates at fair value, Limited Partners' Interests and change in provisions. Additionally, the Canadian GAAP adjustment in the consolidated statements of cash flows for the non-controlling interests' share of net earnings is not required as the allocation of net earnings is made in the consolidated statements of equity under IFRS.

SHAREHOLDER INFORMATION

Year-end Closing Share Price

As at December 31 *(in Canadian dollars)*	**2011**	2010	2009	2008	2007
Toronto Stock Exchange	**$ 33.18**	$ 30.23	$ 23.60	$ 18.19	$ 34.99

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

Share Symbol
OCX

Dividends
Dividends on the Subordinate Voting Shares are payable quarterly on or about January 31, April 30, July 31 and October 31 of each year. At December 31, 2011 the indicated dividend rate for each Subordinate Voting Share was C$0.11 per annum.

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, CIBC Mellon Trust Company.[1] 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
CIBC Mellon Trust Company[1]
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.canstockta.com
or inquiries@canstockta.com (e-mail)

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

Electronic Communication with Shareholders
We encourage individuals to receive Onex' shareholder communications electronically. You can submit your request online by visiting CIBC Mellon Trust Company's[1] website at www.canstockta.com/electronicdelivery or contacting them at 1-800-387-0825.

(1) Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon Trust Company.

Investor Relations Contact
Requests for copies of this report, quarterly reports, other annual reports and other corporate communications should be directed to:
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Toronto, Ontario M5J 2S1
(416) 362-7711
investor@onex.com

Website:
www.onex.com

Auditors
PricewaterhouseCoopers LLP
Chartered 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.

Annual Meeting of Shareholders
Onex Corporation's Annual Meeting of Shareholders will be held on May 10, 2012 at 10:00 a.m. (Eastern Daylight Time) at Hazelton Hotel, 118 Yorkville Avenue, Toronto, Ontario.

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