ONEX

Management's Discussion and Analysis and Financial Statements

December 31, 2017

ONEX AND ITS OPERATING BUSINESSES

Onex is a public company whose shares trade on the Toronto Stock Exchange under the symbol ONEX. Onex' businesses have assets of $47 billion, generate annual revenues of $30 billion and employ approximately 162,000 people worldwide. Onex operates from offices located in Toronto, New York, New Jersey and London.

ONEX

ONEX PARTNERS

- ResCare
- BBAM Aircraft Leasing & Management
- Carestream
- Emerald Expositions
- Jeld-Wen Windows & Doors
- York Risk Services Group
- sgsco
- AIT
- SIG
- survitec
- Jack's
- Schumacher Clinical Partners
- WireCo WorldGroup
- Clarivate Analytics
- Save-A-Lot food stores
- Parkdean Resorts
- SMG

ONCAP

- Englobe
- Hopkins
- Pinnacle Renewable Energy Group
- Davis-Standard
- Pure Canadian Gaming
- Bradshaw
- Venanpri group
- Mavis Discount Tire
- Tecta America Roofing Redefined
- Chatters Hair | Beauty | Salon
- IntraPac
- Laces

ONEX CREDIT

- Collateralized Loan Obligations
- Lending Partners
- Debt Opportunity Strategy
- Senior Credit Strategy
- Senior Floating Income Strategy
- High Yield Strategy

ONEX REAL ESTATE

- Flushing Town Center

DIRECT

- Celestica

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

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

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

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CHAIRMAN'S LETTER

Dear Shareholders,

The global economy continued to improve throughout last year. We saw both public and private market valuations reach all-time highs. Record amounts flowed into the private equity industry as investors continued to look to alternative asset classes outside of hedge funds for value creation. High valuation expectations, access to affordable debt and a strong IPO market have made for a challenging investing environment. We have remained disciplined in all types of markets by staying with the same strategy that has served us well for 34 years.

2017 was a particularly good year for Onex. We capitalized on market conditions to return $3.5 billion to Onex and our partners, most notably through the successful sale of USI Insurance Services, the initial public offering of both JELD-WEN and Emerald Expositions, two secondary offerings for JELD-WEN and a partial sale of BBAM. We also invested $1.3 billion in four businesses that fit well with our investment strategies.

We raised a record amount of capital in 2017, in large part due to the meaningful support from our limited partners around the world, with the recent $7.15 billion fundraise for Onex Partners V. As well, our credit platform grew by nearly 30% to almost $10 billion through four collateralized loan obligation issuances and capital raised for Onex Credit Lending Partners, our private credit strategy. All of this activity will contribute to the profitability of our asset management business.

Several of our businesses also took advantage of the current environment and raised or refinanced approximately $7.0 billion of debt throughout the year. They also paid down approximately $1.7 billion of debt and distributed approximately $245 million.

Here are some of the highlights from 2017:

- Onex Partners invested approximately $1 billion in two businesses:
  - Parkdean Resorts, the largest operator of caravan holiday parks in the United Kingdom; and
  - SMG, the leading global manager of convention centres, stadiums, arenas, theatres and other venues (closed January 2018);
- We invested $156 million to acquire a secondary interest in Onex Partners IV;
- ONCAP invested $220 million in two businesses:
  - IntraPac, a designer and manufacturer of specialty rigid packaging solutions; and
  - Laces Group, a designer, manufacturer and marketer of bath accessories and home fashion products;
- The value of Onex' interest in our private equity investments, including realizations and distributions, grew by 18%.

We've always said a private equity investor should outperform public markets and generate strong returns throughout all economic cycles. As investors, we believe we are well-positioned for any investment climate that may come our way in 2018 and beyond. Our team has never been stronger and the financial resources available to us have never been greater. Collectively, our team has $2.0 billion invested in our shares, operating companies and credit platform. We look forward to working on behalf of our shareholders to create value over the long term.

From all of us at Onex, we thank you for your continued support.

[signed]

Gerald W. Schwartz
Chairman and Chief Executive Officer, Onex Corporation

ONEX CORPORATION

Who We Are and What We Do

Onex is an investor first and foremost, with $6.8 billion of shareholder capital primarily invested in or committed to private equity and non-investment grade credit. We also manage $24.2 billion of invested and committed capital on behalf of fund investors from around the world, including public and private pension plans, sovereign wealth funds, banks, insurance companies and family offices, that have chosen to invest alongside us.

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

Private Equity Investing

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

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

We have built more than 90 operating businesses, completing about 585 acquisitions with a total value of $70 billion. Onex' private equity investing has generated a gross multiple of capital invested of 2.8 times since inception, resulting in a 28% Gross IRR on realized, substantially realized and publicly traded investments.

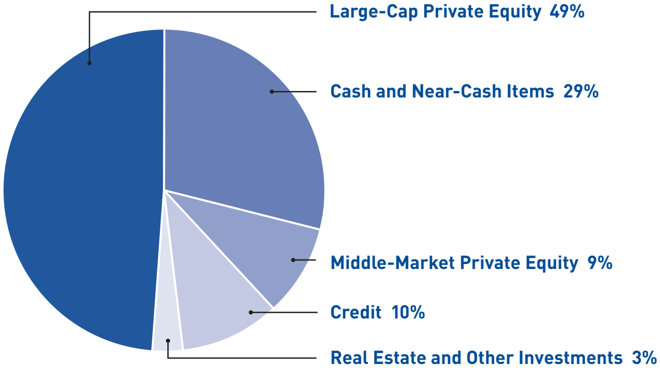
Credit Investing

Established in 2007, our credit platform invests primarily in non-investment grade debt through its collateralized loan obligations, private debt fund and other credit strategies. We practise value-oriented investing, employing a bottom-up, fundamental and structural analysis of the underlying borrowers. We seek to generate strong risk-adjusted and absolute returns across market cycles. With a disciplined approach to investing and a focus on capital preservation, Onex Credit now manages $9.6 billion.

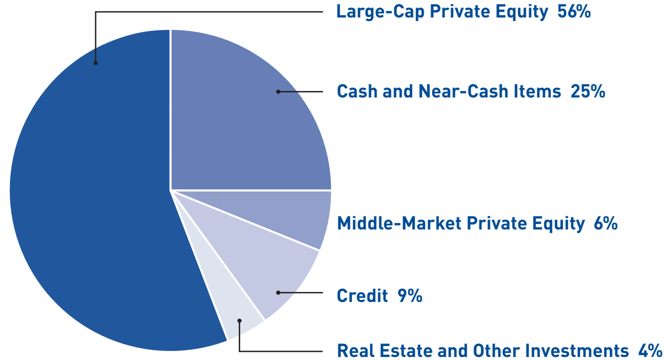
Onex Capital

At December 31, 2017, Onex' $6.8 billion of capital was primarily invested in or committed to its private equity and credit platforms.

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



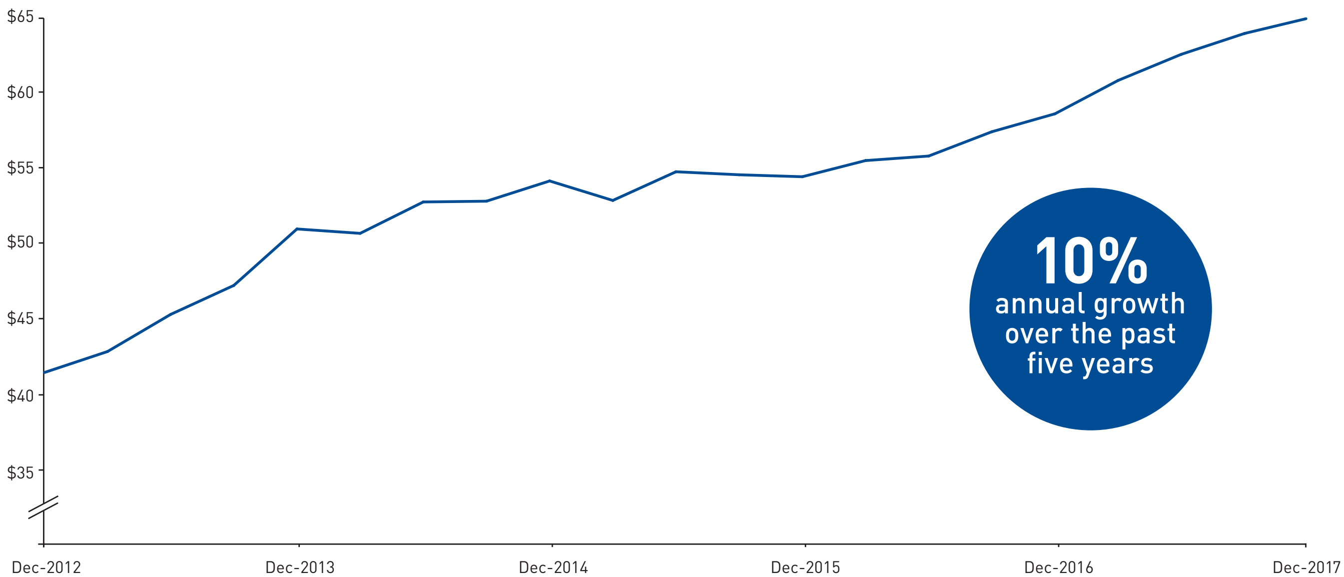
Onex' $6.3 billion of Capital at December 31, 2016



The How We Are Invested schedule details Onex' $6.8 billion of capital at December 31, 2017 (December 31, 2016 – $6.3 billion).

In the year ended December 31, 2017, Onex capital per share increased by 11% (4% in Canadian dollars) and our share price increased by 8% (1% in Canadian dollars). Over the past five years, Onex capital per share has increased by 10% per year (15% per year in Canadian dollars).

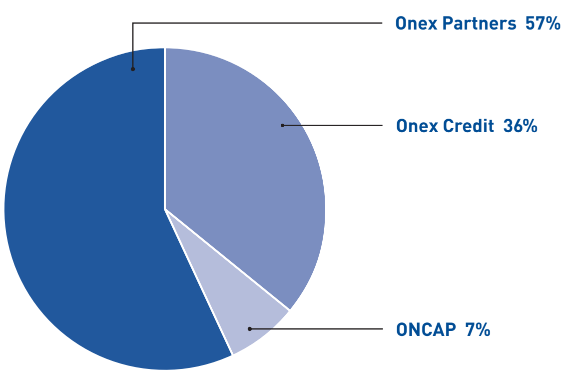
Onex Capital per Share (USD) (December 31, 2012 to December 31, 2017)



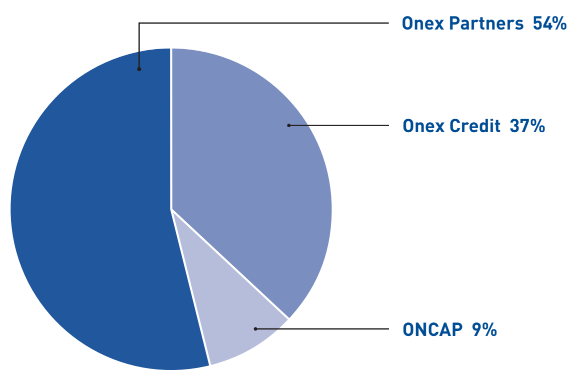
Fund Investor Capital

Onex manages $24.2 billion of invested and committed capital on behalf of investors from around the world. In November 2017, we successfully completed fundraising for Onex Partners V, reaching aggregate commitments of $7.15 billion, including Onex' commitment of $2.0 billion, and exceeding our target size of $6.5 billion.

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



Onex' $18.0 billion of Fund Investor Capital at December 31, 2016



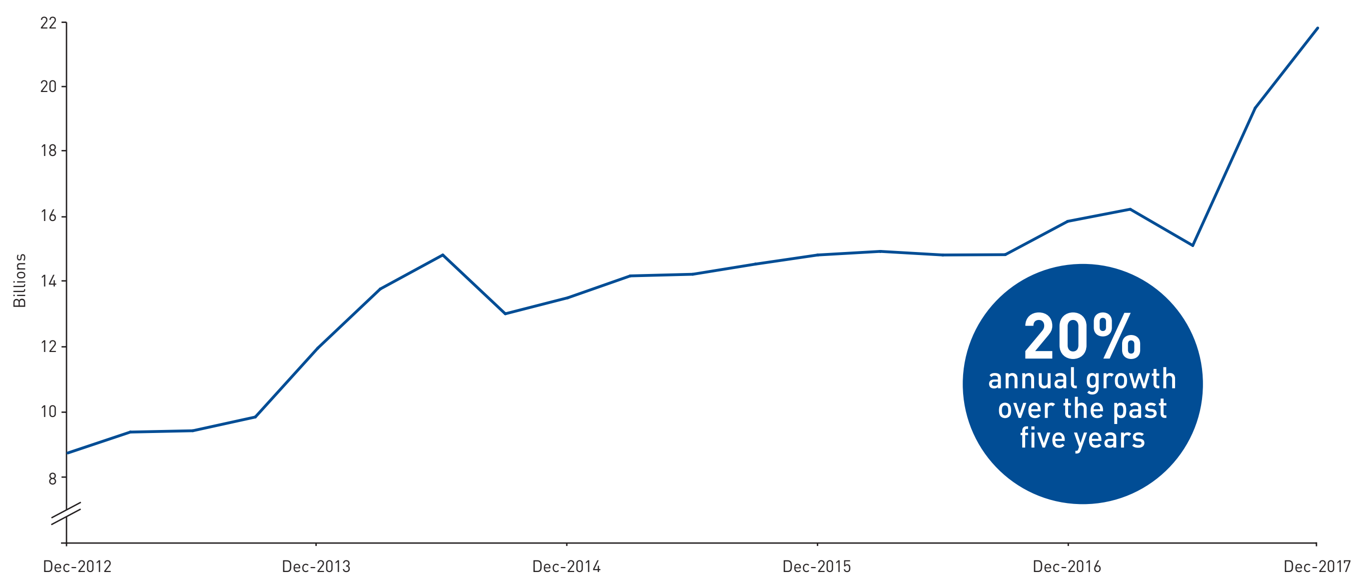
Fund investor capital includes capital managed on behalf of co-investors and the Onex management team.

Asset Management

Onex' management of fund investor capital provides two significant financial benefits: (i) a committed stream of annual management fees and (ii) the opportunity to share in fund investors' profits. Onex has run-rate management fees of $148 million, consisting of $98 million from private equity and $50 million from credit. During the 12 months ended December 31, 2017, combined management fees and carried interest received more than offset operating expenses. Onex expects its run-rate management fees to increase when fees begin to accrue from Onex Partners V.

For the 12 months ended December 31, 2017, fee-generating capital under management grew by 36% to $21.7 billion. The closing of Onex Partners V increased fee-generating capital under management for the 12 months ended December 31, 2017 by approximately $5.0 billion. Over the past five years, fee-generating capital under management has increased by 20% per year.

Fee-Generating Capital Under Management (December 31, 2012 to December 31, 2017)



HOW WE ARE INVESTED

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

This How We Are Invested schedule details Onex' $6.8 billion of capital and provides private company performance and public company ownership information. This schedule includes values for Onex' investments in controlled companies based on estimated fair values prepared by management. The estimated fair values for investments are presented net of management incentive programs. The presentation of controlled investments in this manner is a non-GAAP financial measure. This schedule may be used by investors as a means of comparison to the fair values they may prepare for Onex and Onex' investments. While the schedule provides a snapshot of Onex' assets, it does not fully reflect the value of Onex' asset management business as it includes only an estimate of the unrealized carried interest due to Onex based on the current estimated fair values of the investments and allocates no value to future management company income. The presentation of Onex capital and capital per share information in this manner does not have a standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and is therefore unlikely to be comparable to similar measures presented by other companies.

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

Onex' consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2017 are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval at www.sedar.com. Reconciliations for the preceding non-GAAP financial measures to information contained in the consolidated financial statements have not been presented as it is impractical.

Onex Capital

As at	December 31, 2017	September 30, 2017	December 31, 2016
Private Equity			
Onex Partners			
Private Companies[1][2][3]	**$ 2,492**	$ 2,496	$ 3,078
Public Companies[2][3][4]	**536**	666	15
ONCAP[5]	**563**	415	402
Unrealized Carried Interest[6]	**185**	202	197
Direct Investment – Public Company[4]	**188**	222	213
	3,964	4,001	3,905
Credit			
Collateralized Loan Obligations[7]	**485**	475	384
Onex Credit Funds[8]	**154**	152	145
Onex Credit Lending Partners	**17**	–	–
	656	627	529
Real Estate	**238**	238	198
Other Investments	**17**	12	32
Cash and Near-Cash[8][9][10]	**1,947**	1,855	1,586
Debt[11]	**–**	–	–
Onex Capital	**$ 6,822**	$ 6,733	$ 6,250
Onex Capital per Share (U.S. dollars)[12][13]	***$ 64.79***	$ 63.88	$ 58.56
Onex Capital per Share (Canadian dollars)[12][13]	***C$ 81.28***	C$ 79.72	C$ 78.63

(1) Based on the fair value of the investments in Onex Partners, net of the estimated Management Investment Plan ("MIP") liability on these investments of $40 million (September 30, 2017 – $39 million; December 31, 2016 – $77 million).

(2) In January 2017, JELD-WEN completed an initial public offering of 28.75 million shares of its common stock (NYSE: JELD), including an over-allotment option, priced at $23.00 per share. In May 2017, JELD-WEN also completed a secondary offering of 16.1 million shares of its common stock, including an over-allotment option, priced at $30.75 per share. In November 2017, JELD-WEN completed an additional secondary offering of 14.4 million shares of its common stock, including an over-allotment option, priced at $33.75 per share. At December 31, 2016, JELD-WEN was included in the private companies of Onex Partners.

(3) In April 2017, Emerald Expositions completed an initial public offering of approximately 17.8 million shares of its common stock (NYSE: EEX), including an over-allotment option, priced at $17.00 per share. At December 31, 2016, Emerald Expositions was included in the private companies of Onex Partners.

(4) Based on closing prices on December 31, 2017, September 30, 2017 and December 31, 2016 and net of the estimated MIP liability on these investments of $49 million (September 30, 2017 – $51 million; December 31, 2016 – nil).

(5) Based on the fair value of the investments in ONCAP, net of the estimated management incentive programs on these investments of $70 million (September 30, 2017 – $51 million; December 31, 2016 – $18 million). Since September 30, 2017, the estimated management incentive programs exclude Onex' entitlement to carried interest in the ONCAP Funds.

(6) Represents Onex' share of the unrealized carried interest for Onex Partners and ONCAP Funds. Since September 30, 2017, the unrealized carried interest includes Onex' entitlement to carried interest in the ONCAP Funds.

(7) Includes warehouse facilities.

(8) Onex Credit Funds excludes $181 million (September 30, 2017 – $180 million; December 31, 2016 – $376 million) invested in an Onex Credit segregated unlevered senior secured loan strategy fund, which has been included with Cash and Near-Cash items. During the first quarter of 2017, Onex redeemed $200 million from the Onex Credit segregated senior secured loan strategy fund for cash management purposes.

(9) Includes $1.0 billion (September 30, 2017 – $930 million; December 31, 2016 – $483 million) of investments managed by third-party investment managers.

(10) Includes $107 million (September 30, 2017 – $89 million; December 31, 2016 – $48 million) of management fees receivable from the limited partners of its private equity platforms.

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

(12) Calculated on a fully diluted basis. Fully diluted shares were 112.1 million at December 31, 2017 (September 30, 2017 – 112.3 million; December 31, 2016 – 114.0 million). Fully diluted shares include all outstanding SVS as well as outstanding stock options where Onex' share price exceeds the exercise price of the stock options and the stock options have a dilutive impact to Onex' Capital per Share.

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

Public and Private Company Information

Public Companies

As at December 31, 2017	Shares Subject to Carried Interest *(millions)*	Shares Held by Onex *(millions)*	Closing Price per Share[1]	Market Value of Onex' Investment
Onex Partners				
JELD-WEN[2]	20.3	8.1	$ 39.37	$ 320
Emerald Expositions[3]	37.9	13.0	$ 20.34	265
				585
Estimated Management Investment Plan Liability				(49)
				536
Direct Investments – Celestica[4]	–	18.0	$ 10.48	188
				$ 724

Significant Private Companies

As at December 31, 2017	Onex' and its Limited Partners' Economic Ownership	LTM Adjusted EBITDA[5]	Net Debt	Cumulative Distributions	Onex' Economic Ownership	Original Cost of Onex' Investment
Onex Partners						
AIT[6]	50%	n/a	n/a	$ 248[7]	13%	$ 53
BBAM[8]	35%	$ 110	$ (36)[9]	450	9%	36
Carestream Health	91%	239[10]	956[10]	1,311	33%[4]	186
Clarivate Analytics[6]	72%	310[11]	2,007	–	27%	445
Jack's[6]	95%	59	253	85	31%	76
Meridian Aviation	100%	n/a	n/a	124	25%	19
Parkdean Resorts[6][12]	93%	£ 100[13]	£ 682[13]	–	28%	164[14]
ResCare	98%	131	394	235	20%	41
Save-A-Lot[6]	99%	167	641	–	32%	210
Schumacher[6]	68%	94[11]	610	–	22%	105
sgsco	94%	110[11]	589	–	24%	66
SIG[6]	99%	€ 455	€ 2,525	–	35%	428[15]
Survitec[6]	79%	£ 68	£ 406	–	21%	98[14]
WireCo[6]	71%	91	604	–	23%	86
York	88%	106[11]	926	–	29%	173
						$ 2,186

(1) Closing prices on December 31, 2017.

(2) In January 2017, JELD-WEN completed an initial public offering. The Onex Partners III Group received approximately 69.3 million shares in exchange for its common and convertible preferred shares in JELD-WEN, and sold approximately 6.5 million shares in JELD-WEN in conjunction with the initial public offering, including the exercise of an over-allotment option. In May 2017, JELD-WEN completed a secondary offering. The Onex Partners III Group sold approximately 15.7 million shares in JELD-WEN in conjunction with the secondary offering, including the exercise of an over-allotment option. In November 2017, JELD-WEN completed an additional secondary offering, including the exercise of an over-allotment option. The Onex Partners III Group sold approximately 14.2 million shares in JELD-WEN in conjunction with the secondary offering, including the exercise of an over-allotment option. The Onex Partners III Group continues to hold 32.9 million shares of JELD-WEN for an economic and voting interest of 31%. Onex continues to hold approximately 8.1 million shares for an 8% economic interest in JELD-WEN.

(3) In April 2017, Emerald Expositions completed an initial public offering. The Onex Partners III Group sold approximately 7.5 million shares in Emerald Expositions in conjunction with the initial public offering, including the exercise of an over-allotment option. The Onex Partners III Group continues to hold approximately 53.8 million shares of Emerald Expositions for an economic and voting interest of 74%. Onex continues to hold approximately 13.0 million shares for an 18% economic interest in Emerald Expositions.

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

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

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

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

(8) Ownership percentages, LTM Adjusted EBITDA, net debt and cumulative distributions are presented for BBAM and do not reflect information for Onex' investments in FLY Leasing Limited (NYSE: FLY). The original cost of Onex' investment includes $7 million invested in FLY Leasing Limited. In October 2017, the Company sold a portion of its investment in BBAM. The Onex Partners III Group's economic interest in BBAM was reduced from 50% to 35% and Onex' economic interest was reduced from 13% to 9%. The original cost of Onex' investment reflects the partial disposition in October 2017.

(9) Net debt for BBAM represents unrestricted cash, reduced for accrued compensation liabilities.

(10) LTM EBITDA and Net Debt are presented on a pro-forma basis to reflect the sale of Carestream Health's Dental Digital business in September 2017.

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

(12) Figures are presented on a pro-forma basis to reflect the February 2018 partial repayment of a loan note held by the Onex Partners IV Group and the conversion of the remaining principal balance outstanding into additional equity of Parkdean Resorts.

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

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

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

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 Onex Corporation's ("Onex") consolidated financial results for the year ended December 31, 2017 and assesses factors that may affect future results. 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 consolidated financial statements and notes thereto included in this report. The financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about Onex on a consolidated basis and should not be considered as providing sufficient information to make an investment or lending decision in regard to any particular Onex operating business. Onex' consolidated financial statements are prepared in accordance with IFRS, the results of which may differ from the accounting principles applied by the operating businesses in their financial statements.

The following MD&A is the responsibility of management and is as of February 22, 2018. 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:

11 Our Business, Our Objective and Our Strategies

22 Industry Segments

27 Financial Review

86 Glossary

Onex Corporation's financial filings, including the 2017 MD&A and Consolidated Financial Statements and interim quarterly reporting, Annual Information Form and Management Information Circular, are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

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

Non-GAAP Financial Measures

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

References

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

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

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

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

A glossary of terms commonly used within the MD&A is included on page 86.

OUR BUSINESS, OUR OBJECTIVE AND OUR STRATEGIES

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

Investment approach

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

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

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

Experienced team with significant depth

Onex is led by an Executive Committee comprised of the firm's founder and CEO, Gerry Schwartz, and four Senior Managing Directors. Collectively, these executives have more than 145 years of investing experience and have worked at Onex for an average of 26 years. Onex' stability results from its ownership culture, rigorous recruiting standards and highly collegial environment.

Onex' 100 investment professionals are each dedicated to a separate investment platform: Onex Partners (56), ONCAP (21) and Onex Credit (23). These investment teams are supported by approximately 85 professionals dedicated to Onex' corporate functions and its investment platforms.

Substantial financial resources available for future growth

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

- approximately $1.8 billion of cash and near-cash items after completing the SMG investment, and no debt at the parent company;
- $921 million of limited partner uncalled capital available for future Onex Partners IV investments after completing the SMG investment;
- $5.3 billion of limited partner uncalled capital available for future Onex Partners V investments;
- $555 million of limited partner uncalled capital available for future ONCAP IV investments; and
- $175 million of limited partner uncalled capital for Onex Credit Lending Partners.

In November 2017, Onex successfully completed fundraising for Onex Partners V, reaching aggregate commitments of $7.15 billion and exceeding our target size of $6.5 billion. This includes Onex' commitment of $2.0 billion, Onex management's minimum 2% commitment and capital from fund investors around the world.

In addition, during 2017, Onex raised $314 million towards its $500 million fund size target for its first Onex Credit Lending Partners fund ("OCLP I"). This includes a $100 million commitment from Onex and a $41 million commitment from the Onex management team.

Strong alignment of interests

Critical to our success is the strong alignment of interests between Onex' shareholders, our limited partners and the Onex management team. In addition to Onex being the largest limited partner in each private equity fund and having meaningful investments in our credit platform, the Company's distinctive ownership culture requires the management team to have a significant ownership in Onex shares and to invest meaningfully in each operating business acquired. At December 31, 2017, the Onex management team:

- was the largest shareholder in Onex, with a combined holding of approximately 16.7 million shares, or 16% of outstanding shares, and 0.7 million DSUs;
- had a total cash investment in Onex' current operating businesses of approximately $410 million; and
- had a total investment at market in credit strategies of approximately $355 million.

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

OUR OBJECTIVE: Onex' business objective is to create long-term value for shareholders and to have that value reflected in our share price. Our strategies to deliver this value are concentrated on (i) acquiring and building industry-leading businesses and (ii) managing and growing fund investor capital in our private equity and credit platforms. We believe Onex has the investment philosophy, talent, financial resources and track record to continue to deliver on its objective. The discussion that follows outlines Onex' strategies and reviews how we performed relative to those strategies in 2017.

OUR STRATEGIES

Acquiring and building industry-leading businesses

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

One of Onex' long-term goals is to grow its capital per share by 15% per year. As of December 31, 2017, Onex' capital per share was $64.79 (C$81.28) (December 31, 2016 – $58.56 (C$78.63)). The following table outlines the increase in Onex' capital per share and the return from Onex' private equity investments as of December 31, 2017.

	Year ended December 31, 2017	Five years ended December 31, 2017[1]
Increase in value of Onex' private equity investments in U.S. dollars[2]	**18%**	**20%**
Increase in capital per share in U.S. dollars[3]	**11%**	**10%**
Increase in capital per share in Canadian dollars[3]	**4%**	**15%**

(1) Represents the annualized percentage increase.

(2) Adjusted for realizations and distributions.

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

The table below presents the significant private equity investments made since January 1, 2017 and Onex' share thereof:

Company	Fund	Transaction	Period	Total Amount *($ millions)*	Onex' Share *($ millions)*
Limited Partnership Interest	Onex Partners IV	Secondary purchase	Sep '17 and Oct '17	n/a	$ 156
Parkdean Resorts	Onex Partners IV	Original investment	Mar '17	$ 612[1]	166[1]
SMG	Onex Partners IV	Original investment	Jan '18	429	139
IntraPac	ONCAP IV	Original investment	Dec '17	118	46
Laces	ONCAP IV	Original investment	Dec '17	102	40
Total				$ 1,261	$ 547

(1) The Onex Partners IV Group's equity investment in Parkdean Resorts was comprised of $417 million through Onex Partners IV and $195 million as a co-investment from Onex and certain limited partners. Onex' original share of the investment was comprised of $123 million through Onex Partners IV and $43 million as a co-investment. Onex' share of the investment became $139 million through Onex Partners IV and $43 million as a co-investment following the increase in Onex' interest in Onex Partners IV, as described on page 34 of this MD&A.

Acquiring businesses

In September 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner for $354 million. In October 2017, Onex sold a portion of the acquired interest in Onex Partners IV to certain limited partners for $198 million, the same value at which Onex acquired the interest in September 2017. These transactions allowed Onex to immediately put $156 million to work in its existing operating companies and increased its participation in future Onex Partners IV investments from 29% to 33%.

In March 2017, the Onex Partners IV Group acquired Parkdean Resorts, a leading operator of caravan holiday parks in the United Kingdom, for £1.35 billion. The Onex Partners IV Group invested $612 million (£500 million), comprised of $417 million from Onex Partners IV and $195 million as a co-investment from Onex and certain limited partners, for an initial 91% economic interest. At the time of acquisition, Onex invested $166 million, comprised of $123 million through Onex Partners IV and $43 million as a co-investment, for an initial 25% economic interest. Subsequent to the increase in Onex' interest in Onex Partners IV, Onex' share of the investment increased to $182 million, comprised of $139 million through Onex Partners IV and $43 million as a co-investment.

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

In December 2017, the ONCAP IV Group completed the acquisition of IntraPac, a designer and manufacturer of specialty rigid packaging solutions. The ONCAP IV Group invested a total of $118 million for a 98% economic interest in IntraPac. Onex' share of the investment was $46 million for an economic interest of 38%.

In December 2017, the ONCAP IV Group completed the acquisition of Laces, a designer, manufacturer and marketer of bath accessories and home fashion products. The ONCAP IV Group invested $102 million for an 82% economic interest in Laces. Onex' share of the investment was $40 million for an economic interest of 32%.

Today, we have approximately $9.6 billion of uncalled capital available to deploy for new private equity investments, including $2.8 billion of Onex commitments. As we continue to evaluate investment opportunities, our focus remains on identifying investments that will deliver long-term growth for our shareholders and partners.

Building businesses

During 2017, nine of our operating businesses completed 19 follow-on acquisitions for total consideration of $370 million. Our existing operating businesses also collectively raised or refinanced a total of $7.0 billion of debt, in part due to strong credit markets during the year. In addition, our existing businesses paid down debt totalling approximately $1.7 billion, including $534 million with proceeds from the initial public offerings completed by Emerald Expositions and JELD-WEN, and $758 million paid down by Carestream Health from the net sale proceeds of its Dental Digital business and from an additional transaction.

Also, in June 2017, BBAM completed the final closing of Incline Aviation Fund, an aircraft investment fund focused on investments in leased commercial jet aircraft. The aggregate capital committed to the fund at closing was $881 million, which includes Onex' commitment of $50 million.

Realizing on value

The table below presents the significant proceeds received during 2017 and up to February 22, 2018 from realizations and cash distributions primarily from private equity activity.

Company	Fund	Transaction	Period	Total Amount ($ millions)	Onex' Share[1] ($ millions)
USI	Onex Partners III	Sale of business	May '17	$ 1,889	$ 563
JELD-WEN	Onex Partners III	Initial and secondary offerings	Jan '17, May '17 and Nov '17	1,069	309
BBAM	Onex Partners III	Distributions and partial sale of business	Various	180	53
Emerald Expositions	Onex Partners III	Initial public offering and dividends	Various	131	35
Jack's	Onex Partners IV	Distribution	Apr '17	81	23
Parkdean Resorts	Onex Partners IV	Repayment of loan note	Feb '18	74	22
Bradshaw	ONCAP III	Distribution	Sep '17	48	14
PURE Canadian Gaming	ONCAP II and III	Distributions	Jan '17 and Dec '17	46	19
Onex Real Estate	Direct investment	Distributions	Various	36	31
Pinnacle Renewable Energy	ONCAP II	Repayment of shareholder subordinated debt	Feb '18	16	7
Genesis Healthcare	Onex Partners I	Sale of shares	Various	16	4
Total				$ 3,586	$ 1,080

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

In May 2017, the Onex Partners III Group sold its entire investment in USI for an enterprise value of $4.3 billion. The Onex Partners III Group invested a total of $610 million to acquire USI in December 2012 and has received net proceeds of $2.1 billion, including a prior distribution. Onex' portion of the sale proceeds was $563 million, including carried interest of $65 million and after the reduction for amounts relating to the MIP. The investment in USI generated a Gross MOC of 3.4 times.

In January 2017, JELD-WEN completed an initial public offering of 28.75 million shares of its common stock (NYSE: JELD), including the exercise of an over-allotment option. The offering was priced at $23.00 per share for gross proceeds of $661 million. As part of the offering, JELD-WEN issued approximately 22.3 million treasury shares. The net proceeds from treasury shares were used to repay $375 million of JELD-WEN's combined term loan, with the balance for working capital and other general corporate purposes. The Onex Partners III Group sold approximately 6.5 million shares in the transaction for net proceeds of $140 million. Onex' portion of the net proceeds was $40 million, including carried interest.

In May 2017, JELD-WEN completed a secondary offering of 16.1 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $30.75 per share for gross proceeds of $495 million. The Onex Partners III Group sold approximately 15.7 million shares in the transaction for net proceeds of $466 million. Onex' portion of the net proceeds was $135 million, including carried interest.

In November 2017, JELD-WEN completed a secondary offering of approximately 14.4 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $33.75 per share for gross proceeds of $485 million. The Onex Partners III Group sold approximately 14.2 million shares in the transaction for net proceeds of $463 million. Onex' portion of the net proceeds was $134 million, including carried interest.

The Onex Partners III Group continues to hold approximately 32.9 million shares of JELD-WEN for a 31% economic and voting interest. Onex continues to hold approximately 8.1 million shares for an 8% economic interest in JELD-WEN.

Amounts received by Onex on account of the carried interest related to these transactions totalled $45 million and were included in the net proceeds to Onex.

In October 2017, the Onex Partners III Group sold a portion of its investment in BBAM to GIC, the Government of Singapore's sovereign wealth fund and among the world's largest asset managers. As part of the transaction, the Onex Partners III Group's economic interest in BBAM was reduced from 50% to 35% and Onex' economic interest in BBAM was reduced from 13% to 9%. GIC's involvement adds to BBAM's resources and capabilities, particularly in Asia, and is of strategic value to BBAM as it builds on a first-mover advantage as the world's largest dedicated manager of leased aircraft.

To date, BBAM-related investments have returned $463 million to the Onex Partners III Group, including the partial sale to GIC. Onex' portion of these proceeds was $126 million, including carried interest.

In April 2017, Emerald Expositions completed an initial public offering of approximately 17.8 million shares of its common stock (NYSE: EEX), including the exercise of an over-allotment option. The offering was priced at $17.00 per share for gross proceeds of $303 million. As part of the offering, Emerald Expositions issued approximately 10.3 million treasury shares. The net proceeds from the treasury shares were used to repay $159 million of Emerald Expositions' term loan. The Onex Partners III Group sold approximately 7.5 million shares in the transaction for net proceeds of $119 million. Onex' portion of the net proceeds was $32 million, including $3 million of carried interest. The Onex Partners III Group continues to hold approximately 53.8 million shares of Emerald Expositions for a 74% economic and voting interest. Onex continues to hold approximately 13.0 million shares for an 18% economic interest in Emerald Expositions.

In April 2017, Jack's amended its existing credit facility to increase the size of its term loan to $275 million. The proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of $85 million to shareholders. The Onex Partners IV Group received $81 million, of which Onex' share was $23 million.

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

In September 2017, Bradshaw distributed $53 million to shareholders. The ONCAP III Group's portion of the distribution to shareholders was $48 million, of which Onex' portion was $14 million. The distribution was primarily funded by net proceeds from refinancing the company's credit facility.

In January 2017, PURE Canadian Gaming distributed C$15 million to shareholders, which was primarily funded by the company's free cash flow generated during 2016. The ONCAP II and III Groups received C$15 million ($11 million), of which Onex' portion was C$6 million ($5 million).

In December 2017, PURE Canadian Gaming amended its existing credit facility and proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of C$45 million to shareholders. The ONCAP II and III Groups received C$45 million ($35 million), of which Onex' share was C$18 million ($14 million).

During 2017, Flushing Town Center distributed $36 million of proceeds primarily from the sale of residential condominium units. Onex' share of the distributions was $31 million.

In February 2018, Pinnacle Renewable Energy completed an initial public offering of 13.3 million shares of its common stock (TSX: PL). The offering was priced at C$11.25 per share for gross proceeds of C$150 million. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C$29 million of existing shareholder subordinated debt with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C$20 million ($16 million) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C$9 million ($7 million). The ONCAP II Group did not sell any common shares as part of this transaction.

During 2017, Onex sold its shares in Genesis Healthcare. The Onex Partners I Group received proceeds totalling $16 million, of which Onex' share was $4 million.

In September 2017, Carestream Health completed the sale of its Dental Digital business for an enterprise value of $810 million. Carestream Health received net proceeds of $859 million from the sale of Dental Digital along with net proceeds used from an additional transaction completed during the fourth quarter of 2017. Net proceeds from the transactions were used to repay $758 million of the company's term loans.

Managing and growing fund investor capital

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

In 2007, Onex acquired an interest in an investment adviser focused on credit investing which, at that time, managed $300 million. We have grown this business into our credit platform, which has raised $10.2 billion of fund investor capital and today manages $9.6 billion across various strategies, with a continued focus on growing its product lines and distribution channels.

Onex Credit has closed 16 CLOs, with offerings of securities and loans totalling approximately $9.1 billion, including approximately $740 million of Onex capital. At December 31, 2017, capital under management related to the remaining CLOs was $8.0 billion, including $485 million of Onex capital. Our credit business also manages non-investment grade debt through several investment strategies comprising event-driven, long/short, long-only, par, stressed and distressed opportunities, including two closed-end funds listed on the Toronto Stock Exchange (TSX: OCS-UN and OSL-UN).

During 2017, Onex raised $314 million towards its $500 million fund size target for Onex Credit Lending Partners, including $100 million from Onex and a $41 million commitment from the Onex management team. This private credit fund focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe. The strategy invests the majority of its capital in senior secured loans of companies primarily in less cyclical and less capital-intensive industries, with a focus on capital preservation. This platform employs a buy-and-hold approach to investing, with a goal of owning a diversified pool of investments. Onex Credit Lending Partners is a natural extension of Onex Credit's business and leverages the firm's infrastructure and knowledge of the loan market.

The management of fund investor capital provides two significant benefits to Onex: (i) the Company earns management fees on $21.7 billion of fee-generating capital under management and (ii) Onex has the opportunity to share in the profits of its investors through carried interest and incentive fee participation. This enhances Onex' return from its investment activities. Onex earned a total of $148 million in management fees during the year ended December 31, 2017 (2016 – $135 million), and today has run-rate management fees of $148 million. Onex expects future management fees and carried interest will offset operating expenses.

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

Onex Credit contributes $50 million to the run-rate management fees, which includes $3 million of management fees earned on Onex' capital invested in Onex Credit Lending Partners and Onex Credit Funds.

At December 31, 2017, Onex' share of the unrealized carried interest on Onex Partners and ONCAP's operating businesses based on their fair values was $185 million compared to $222 million at December 31, 2016. The unrealized carried interest decreased since December 31, 2016 due to $121 million of carried interest realized from the sale of USI and the partial sales of BBAM, Emerald Expositions and JELD-WEN, partially offset by an $84 million increase due to net fair value increases of certain businesses during 2017. The actual amount of carried interest realized by Onex will depend on the ultimate performance of each fund.

At December 31, 2017, Onex managed $24.2 billion of fund investor capital, in addition to Onex' capital.

Fund Investor Capital Under Management[(1)(2)]

($ millions)	Total			Fee-Generating		Uncalled Commitments	
	December 31, 2017[(3)]	December 31, 2016[(3)]	**Change in Total**	**December 31, 2017**	December 31, 2016	**December 31, 2017[(3)]**	December 31, 2016[(3)]
Funds							
Onex Partners	**$ 13,787**	$ 9,798	**41%**	**$ 11,666**	$ 7,943	**$ 6,787**	$ 2,011
ONCAP[(4)]	**1,788**	1,548	**16%**	**1,479**	1,304	**606**	740
Onex Credit	**8,644**	6,637	**30%**	**8,534**	6,637	**175**	n/a
Total	**$ 24,219**	$ 17,983	**35%**	**$ 21,679**	$ 15,884	**$ 7,568**	$ 2,751

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

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

(3) Uncalled commitments include capital available for future Onex-sponsored acquisitions, possible future funding of remaining businesses and future investments made by Onex Credit Lending Partners. Includes committed amounts from the Onex management team and directors based on the assumption that all of the remaining limited partners' commitments are invested. Uncalled commitments at December 31, 2017 are reduced for management fees receivable of $107 million (December 31, 2016 – $48 million), which are included in Onex capital.

(4) Capital under management for ONCAP II and III is in Canadian dollars and has been converted to U.S. dollars using the exchange rate on December 31, 2017 and December 31, 2016.

Growth in fund investor capital under management

The amount of fund investor capital under management will fluctuate as new capital is raised and existing investments are realized. One of Onex' long-term goals is to grow its fee-generating capital by 10% per year. During 2017, fee-generating capital under management increased by 36% primarily due to our successful fund-raising for Onex Partners V, CLOs and Onex Credit Lending Partners, partially offset by the sale of USI, the partial sales of BBAM, Emerald Expositions and JELD-WEN, and the redemption of CLO-3. Over the past five years, fee-generating capital under management has increased by 20% per year.

Performance

Private equity

The ability to raise new capital commitments is primarily dependent on the general fundraising environment and Onex' investment track record with prior funds. The following table summarizes the performance of the Onex Partners and ONCAP Funds from inception through December 31, 2017.

		Performance Returns[1][2]			
	Vintage	Gross IRR	Net IRR[3]	Gross MOC	Net MOC[3]
Funds					
Onex Partners I	2003	55%	38%	3.9x	3.0x
Onex Partners II	2006	17%	13%	2.3x	1.9x
Onex Partners III	2009	22%	15%	2.3x	2.0x
Onex Partners IV	2014	8%	2%	1.2x	1.0x
ONCAP I[4][5]	1999	43%	33%	4.1x	3.1x
ONCAP II[4]	2006	30%	21%	3.9x	2.7x
ONCAP III[4]	2011	26%	18%	2.5x	1.9x
ONCAP IV	2016	49%	10%	1.2x	1.0x

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

(2) Onex Partners V has been excluded from the table as no investments have been made through the fund as of December 31, 2017.

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

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

(5) ONCAP I has been fully realized.

Credit

As of December 31, 2017, Onex had a net investment of $456 million in CLOs after dispositions and distributions. Onex primarily invests in the equity tranches of CLOs. Market pricing for CLO equity is more volatile than the underlying leveraged loan market due to the leverage employed in a CLO and the relative illiquidity of CLO equity. CLO equity pricing may also be affected by changes in fixed income market sentiment and investors' general appetite for risk. Onex generated $46 million of income on a mark-to-market basis on its CLO investments during the year ended December 31, 2017 (2016 – $128 million). Investments in our two substantially realized CLOs generated a Net IRR of approximately 15%.

All of Onex' CLOs remain onside with their various coverage tests. Onex received $59 million of distributions from its CLO investments during 2017. Additionally, Onex received $10 million on the redemption of CLO-3 and $23 million on the sale of CLO investments. Onex remains a long-term investor in its CLOs.

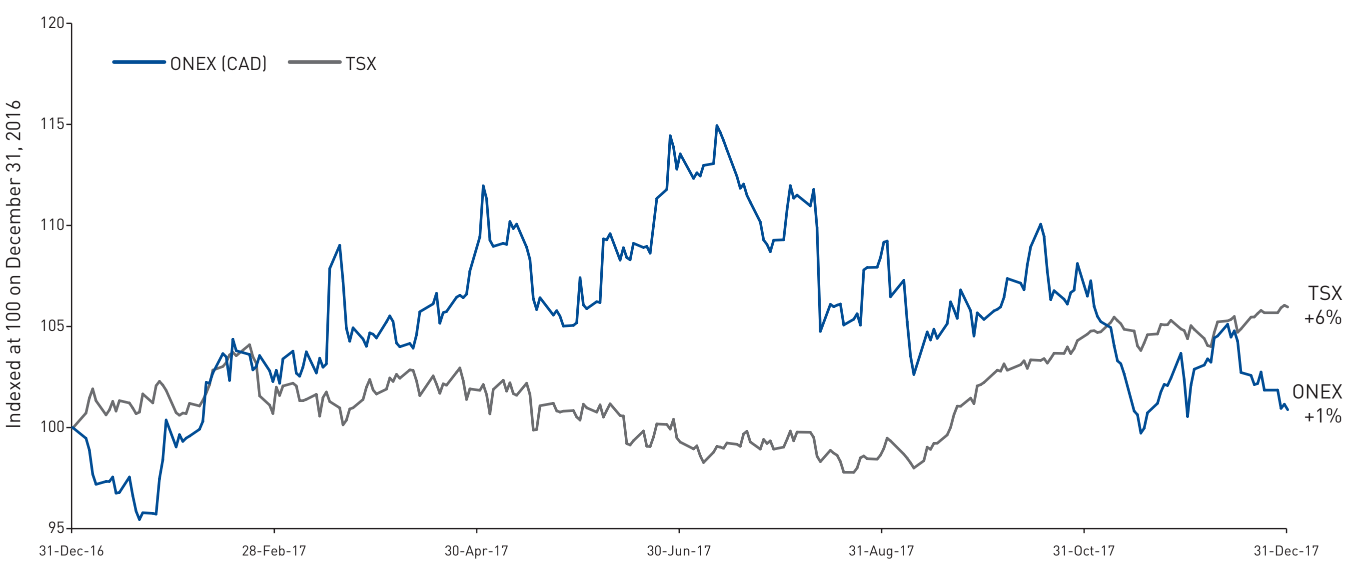
Share price

Our goal is to have the value of our investing and asset management activities reflected in our share price. These efforts are supported by a long-standing quarterly dividend and an active stock buyback program. In May 2017, Onex increased its quarterly dividend by 9% to C$0.075 per SVS beginning in July 2017. This increase follows similar increases in the previous four years and reflects Onex' success and ongoing commitment to its shareholders. During 2017, $22 million was returned to shareholders through dividends and Onex repurchased 1,273,209 SVS at a total cost of $93 million (C$121 million), or an average purchase price of $72.81 (C$95.00) per share.

At December 31, 2017, Onex' SVS closed at C$92.19, a 1% increase from December 31, 2016. This compares to a 6% increase in the S&P/TSX Composite Index ("TSX").

The chart below shows the performance of Onex' SVS relative to the TSX.

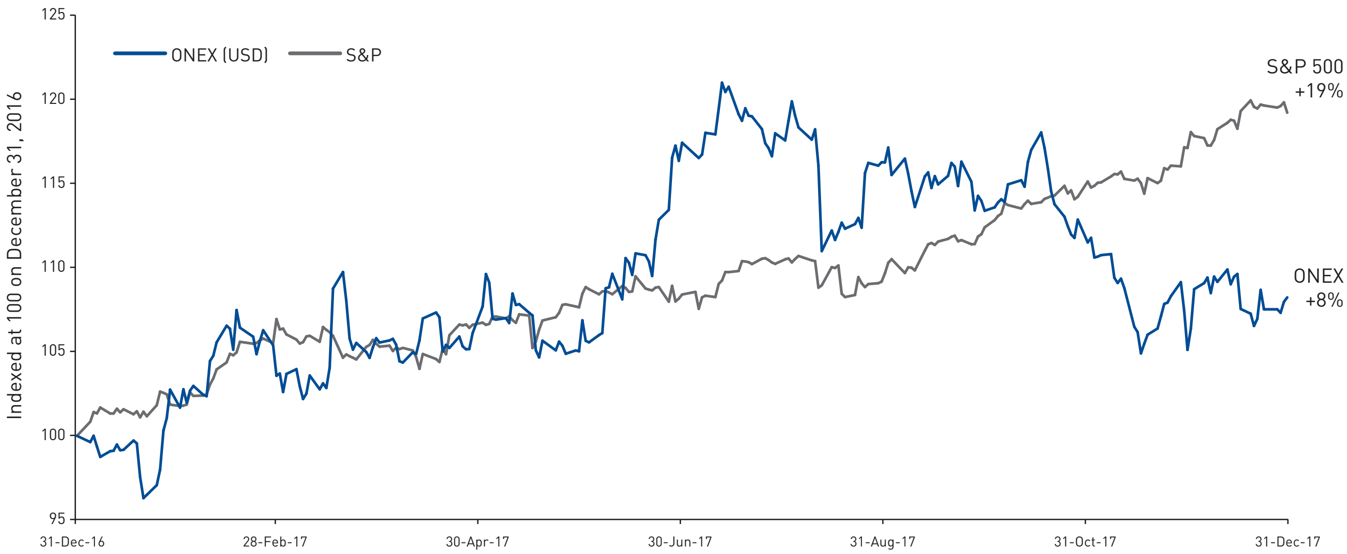
Onex Relative Performance (CAD) (December 31, 2016 to December 31, 2017)



As a substantial portion of Onex' investments are denominated in U.S. dollars, Onex' Canadian dollar share price will also be impacted by the change in the exchange rate between the U.S. dollar and Canadian dollar. During 2017, the value of Onex' SVS increased by 8% in U.S. dollars compared to a 19% increase in the Standard & Poor's 500 Index ("S&P 500").

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

Onex Relative Performance (USD) (December 31, 2016 to December 31, 2017)



INDUSTRY SEGMENTS

At December 31, 2017, Onex had nine reportable industry segments. In March 2017, the Onex Partners IV Group completed the acquisition of Parkdean Resorts, the results of which have been presented in the other businesses industry segment. In May 2017, Onex completed the sale of USI. The results of USI up to the date of sale in May 2017, which were previously included in the insurance services segment, are presented in the other businesses segment as a discontinued operation. In May 2017, the Onex Partners III Group sold shares of JELD-WEN resulting in a loss of control by the Company. The results of operations of JELD-WEN up to the date of sale in May 2017, which were previously included in the building products segment, are presented in the other segment as a discontinued operation. In December 2017, the ONCAP IV Group completed the acquisitions of IntraPac and Laces, the results of which have been presented in the packaging products and services industry segment and the other businesses segment, respectively. Comparative disclosures have been restated to reflect these changes. A description of our operating businesses by industry segment, and the economic and voting ownerships of Onex, the parent company, and its limited partners in those businesses, is presented below and in the pages that follow. The information by segment is presented in the chronological order in which the operating segments became reportable. We manage our businesses and measure performance based on each operating business' individual results.

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

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

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Packaging Products and Services	**IntraPac International Corporation,** a designer and manufacturer of specialty rigid packaging solutions (www.intrapacinternational.com). **Total ONCAP IV Group investment at original cost: $118 million** **Onex portion at cost: $46 million** **ONCAP IV portion subject to a carried interest: $58 million**	**98%**	**38%/98%**
	SGS International, LLC, a global leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them (www.sgsco.com). **Total Onex Partners III Group investment at original cost: $260 million** **Onex portion at cost: $66 million** **Onex Partners III portion subject to a carried interest: $183 million**	**94%**	**24%/94%**
	SIG Combibloc Group Holdings S.à r.l., a world-leading provider of aseptic carton packaging solutions for beverages and liquid food (www.sig.biz). **Total Onex Partners IV Group investment at original cost: $1,215 million** **Onex portion at cost: $428 million[b]** **Onex Partners IV portion subject to a carried interest: $383 million[a]**	**99%**	**35%[a]/94%**
Business and Information Services	**Clarivate Analytics,** owner and operator of a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management (www.clarivate.com). **Total Onex Partners IV Group investment at original cost: $1,177 million** **Onex portion at cost: $445 million[b]** **Onex Partners IV portion subject to a carried interest: $418 million[a]**	**72%**	**27%[a]/72%**
	Emerald Expositions Events, Inc. (NYSE: EEX), a leading operator of business-to-business trade shows in the United States (www.emeraldexpositions.com). **Total Onex Partners III Group shares held: 53.8 million** **Onex shares held: 13.0 million** **Onex Partners III shares subject to a carried interest: 37.9 million**	**74%[c]**	**18%[c]/74%[c]**
Food Retail and Restaurants	**Jack's Family Restaurants,** a regional premium quick-service restaurant operator based in the United States (www.eatatjacks.com). **Total Onex Partners IV Group investment at original cost: $234 million** **Onex portion at cost: $76 million[b]** **Onex Partners IV portion subject to a carried interest: $140 million[a]**	**95%**	**31%[a]/100%**
	Save-A-Lot, one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States (www.save-a-lot.com). **Total Onex Partners IV Group investment at original cost: $660 million** **Onex portion at cost: $210 million[b]** **Onex Partners IV portion subject to a carried interest: $394 million[a]**	**99%**	**32%[a]/99%**

(a) Reflects the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A.

(b) Includes the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A, and includes the additional cost of the companies at original cost.

(c) Emerald Expositions completed an initial public offering in April 2017, as described on page 33 of this MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Credit Strategies	**Credit Strategies,** a platform that is comprised of:		
	Onex Credit Manager specializes in managing credit-related investments, including event-driven, long/short, long-only, par, stressed, distressed and market dislocation strategies.	**100%**	**100%/(a)**
	Onex Credit Collateralized Loan Obligations, leveraged structured vehicles that hold a widely diversified collateral asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity.		
	Total Onex investment in collateralized loan obligations at market value: $485 million		
	Onex Credit Funds, investment funds, other than the CLOs, providing exposure to the performance of actively managed, diversified portfolios.		
	Onex investment in Onex Credit Funds at market value: $335 million, of which $181 million is invested in a segregated unlevered senior secured loan portfolio that purchases assets with greater liquidity and $154 million is invested in other Onex Credit Funds.		
	Onex Credit Lending Partners, a private debt fund which focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.		
	Onex investment in Onex Credit Lending Partners at market value: $17 million		
Other Businesses			
• *Aerospace Automation, Tooling and Components*	**Advanced Integration Technology LP,** a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries (www.aint.com).	**50%**	**13%[b]/50%[c]**
	Total Onex Partners IV Group investment at original cost: $204 million **Onex portion at cost: $53 million[d]** **Onex Partners IV portion subject to a carried interest: $134 million[b]**		
• *Aircraft Leasing & Management*	**BBAM Limited Partnership,** the world's largest dedicated manager of leased aircraft (www.bbam.com).	**35%[e]**	**9%[e]/(c)**
	Total Onex Partners III Group remaining investment at original cost: $143 million **Onex portion at cost: $36 million** **Onex Partners III portion subject to a carried interest: $101 million**		
	Included with the investment in BBAM Limited Partnership is an investment of $28 million made concurrently in FLY Leasing Limited (NYSE: FLY) by the Onex Partners III Group, of which Onex' share was $7 million.		

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

(b) Reflects the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A.

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

(d) Includes the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A, and includes the additional cost of the company at original cost.

(e) In October 2017, the Onex Partners III Group sold a portion of its investment in BBAM, as described on page 34 of this MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• *Aircraft Leasing & Management (cont'd)*	**Meridian Aviation Partners Limited and affiliates,** an aircraft investment company managed by BBAM and established by the Onex Partners III Group. **Total Onex Partners III Group investment at original cost: $77 million** **Onex portion at cost: $19 million** **Onex Partners III portion subject to a carried interest: $54 million**	**100%**	**25%/100%**
• *Building Products*	**JELD-WEN Holding, Inc.**[(a)] (NYSE: JELD), one of the world's largest manufacturers of interior and exterior doors, windows and related products for use primarily in the residential and light commercial new construction and remodelling markets (www.jeld-wen.com). **Total Onex Partners III Group shares held: 32.9 million** **Onex shares held: 8.1 million** **Onex Partners III shares subject to a carried interest: 20.3 million**	**31%**	**8%/31%**[(b)]
• *Holiday Parks*	**Parkdean Resorts,** a leading operator of caravan holiday parks in the United Kingdom (www.parkdeanresorts.co.uk). **Total Onex Partners IV Group investment at original cost: $551 million**[(e)(f)] **Onex portion at cost: $164 million**[(d)(e)(f)] **Onex Partners IV portion subject to a carried interest: $233 million**[(c)(e)(f)]	**93%**[(f)]	**28%**[(c)(f)]**/80%**
• *Hospital Management Services*	**Schumacher Clinical Partners,** a leading provider of emergency and hospital medicine physician practice management services in the United States (www.schumacherclinical.com). **Total Onex Partners IV Group investment at original cost: $323 million** **Onex portion at cost: $105 million**[(d)] **Onex Partners IV portion subject to a carried interest: $193 million**[(c)]	**68%**	**22%**[(c)]**/68%**
• *Survival Equipment*	**Survitec Group Limited,** a market-leading provider of mission-critical marine, defence and aerospace survival equipment (www.survitecgroup.com). **Total Onex Partners IV Group investment at original cost: $371 million**[(e)] **Onex portion at cost: $98 million**[(d)(e)] **Onex Partners IV portion subject to a carried interest: $244 million**[(c)(e)]	**79%**	**21%**[(c)]**/68%**

(a) JELD-WEN completed an initial public offering in January 2017 and secondary offerings in May 2017 and November 2017, as described on page 31 of this MD&A. The investment in JELD-WEN is accounted for at fair value in the consolidated financial statements following the sale of shares in May 2017, as described on page 31 of this MD&A.

(b) Onex has significant influence over JELD-WEN following the loss of control over the company in the second quarter of 2017, as described on page 31 of this MD&A.

(c) Reflects the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A.

(d) Includes the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A, and includes the additional cost of the companies at original cost.

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

(f) Adjusted to reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity of Parkdean Resorts in February 2018, as described on page 32 of this MD&A.

Industry Segments	Companies	Onex' & Limited Partners' Economic Ownership	Onex' Economic/ Voting Ownership
Other Businesses (cont'd)			
• *Industrial Products*	**WireCo WorldGroup,** a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products (www.wirecoworldgroup.com). **Total Onex Partners IV Group investment at original cost: $270 million** **Onex portion at cost: $86 million[b]** **Onex Partners IV portion subject to a carried interest: $161 million[a]**	**71%**	**23%[a]/71%**
• *Middle-Market Opportunities*	**ONCAP,** private equity funds focused on acquiring and building the value of mid-market companies based in North America (www.oncap.com).		
	ONCAP II ONCAP II actively manages investments in EnGlobe (www.englobecorp.com), Pinnacle Renewable Energy (www.pinnaclepellet.com) and PURE Canadian Gaming (www.purecanadiangaming.com). **Total ONCAP II Group unrealized investments at original cost: $212 million (C$218 million)** **Onex portion at cost: $100 million (C$102 million)** **ONCAP II limited partners portion at cost: $92 million (C$94 million)**	**100%**	**47%[c]/100%**
	ONCAP III ONCAP III actively manages investments in Hopkins (www.hopkinsmfg.com), PURE Canadian Gaming (www.purecanadiangaming.com), Davis-Standard (www.davis-standard.com), Bradshaw (www.goodcook.com), Mavis Discount Tire (www.mavistire.com), Venanpri Group (www.agrisolutionscorp.com), Chatters (www.chatters.ca) and Tecta (www.tectaamerica.com). **Total ONCAP III Group unrealized investments at original cost: $585 million (C$659 million)** **Onex portion at cost: $183 million (C$208 million)** **ONCAP III limited partners portion at cost: $347 million (C$390 million)**	**100%**	**29%/100%**
	ONCAP IV ONCAP IV actively manages investments in Tecta (www.tectaamerica.com) and Laces. ONCAP IV also actively manages an investment in IntraPac, which is included in the Packaging Products and Services industry segment. **Total ONCAP IV Group unrealized investments at original cost: $164 million[d]** **Onex portion at cost: $65 million[d]** **ONCAP IV limited partners portion at cost: $83 million[d]**	**100%**	**39%/100%**
• *Real Estate*	**Flushing Town Center,** a three million-square-foot development located on approximately 14 acres in Flushing, New York. The project is being developed in two phases and will ultimately consist of approximately 1,200 condominium units constructed above retail space and parking structures. The first phase of the project has been substantially realized. **Onex' remaining investment in Flushing Town Center at fair value: $238 million**	**88%**	**88%/100%**

(a) Reflects the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A.

(b) Includes the increase in Onex' interest in Onex Partners IV as a result of the transactions completed in 2017, as described on page 34 of this MD&A, and includes the additional cost of the company at original cost.

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

(d) Excludes ONCAP IV's investment in IntraPac.

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, 2017 compared to those for the year ended December 31, 2016 and, in selected areas, to those for the year ended December 31, 2015.

CONSOLIDATED OPERATING RESULTS

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

Critical accounting policies and estimates

Significant accounting estimates and judgements

Onex prepares its consolidated financial statements in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, assumptions and estimates that affect the reported amounts of assets, liabilities and equity, disclosures of contingent assets and liabilities and the reported amounts of revenue 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, provisions for uncompensated care, inventory valuation, deferred tax assets and liabilities, allocation of purchase price consideration to intangible assets and goodwill, useful lives of property, plant and equipment and intangible assets, revenue recognition under contract accounting, income taxes, the fair value of investments in joint ventures and associates, the fair value of Limited Partners' Interests, stock-based compensation, pension and post-employment benefits, warranty provisions, restructuring provisions, legal contingencies and other matters. Actual results could differ materially from those assumptions and estimates.

Significant judgements are used in the determination of fair value for business combinations, Limited Partners' Interests, carried interest and investments in joint ventures and associates. Onex has used significant judgement when determining control of operating companies and structured entities. The assessment of goodwill, intangible assets and long-lived assets for impairment, income taxes, legal contingencies and actuarial valuations of pension and other post-retirement benefits also requires the use of significant judgement by Onex and its operating companies.

Business combinations

In a business combination, substantially 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 determine the fair value. 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. Note 4 to the consolidated financial statements provides additional disclosure on business combinations.

Fair value of investments and debt of credit strategies not quoted in an active market

The fair value of investments and debt of the credit strategies not quoted in an active market may be determined by Onex Credit using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Company has exercised judgement and estimates on the quantity and quality of the pricing sources used. Where no market data is available, Onex Credit may value positions using models, which include the use of third-party pricing information and are usually based on valuation methods and techniques generally recognized as standard within the industry.

Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require the Company to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Limited Partners' Interests, carried interest and investments in joint ventures and associates

The measurement of the Limited Partners' Interests for the Onex Partners and ONCAP Funds, carried interest and investments in joint ventures and associates is significantly impacted by the fair values of the investments held by the Onex Partners and ONCAP Funds. Joint ventures and associates are defined under IFRS as those investments in operating businesses over which Onex has joint control or significant influence, but not control. In accordance with IFRS, certain of these investments are designated, upon initial recognition, at fair value in the consolidated balance sheets. The fair value of investments in joint ventures and associates is assessed at each reporting date with changes in fair value recognized in the consolidated statements of earnings. Similarly, the Limited Partners' Interests for the Onex Partners and ONCAP Funds represent the interests of limited partner investors, and carried interest, representing the General Partner's share of the net gains of the Onex Partners and ONCAP Funds, is recorded at fair value. The fair value 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. Such considerations are necessary because, in the absence of a committed buyer and completion of due diligence procedures, there may be company-specific items that are not fully known 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 joint ventures and associates are reviewed on page 42 of this MD&A.

Included in the measurement of the Limited Partners' Interests is an adjustment for the change in carried interest as well as any contributions by and distributions to limited partners in the Onex Partners and ONCAP Funds. The changes to the fair value of the Limited Partners' Interests for the Onex Partners and ONCAP Funds are reviewed on page 46 of this MD&A.

Consolidation of structured entities

Onex indirectly controls and consolidates the operations of the CLOs of Onex Credit. The CLOs are structured entities for which voting and similar rights are not the dominant factor in determining control of the CLOs. Onex has used judgement when assessing the many factors that determine control, including its exposure through investments in the most subordinate capital of the CLOs, its role in the formation of the CLOs, the rights of other investors in the CLOs and its control of the asset manager of the CLOs. Onex has determined that it is a principal of the CLOs with the power to affect the returns of its investment and, as a result, indirectly controls the CLOs.

CLOs are further discussed in note 1 to the consolidated financial statements.

Impairment testing 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 acquired. Substantially all of the goodwill amount that appears in Onex' consolidated balance sheets was recorded by the operating companies. Goodwill is not amortized, but is assessed for impairment at the level of either an individual cash generating unit ("CGU") or a 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 whether the fair value of each CGU within an operating company is less than its carrying value and then determine if the goodwill associated with that CGU is impaired. 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, goodwill is then considered to be impaired and an impairment charge must be recognized. Internal valuation models are used 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. In the year of acquisition, the fair value in excess of the carrying value at an operating company will typically be minimal as a result of the recent business combination accounting. The impairment test for intangible assets and long-lived assets with limited lives is similar to that for goodwill. 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 businesses under IFRS may not impact the fair values of the operating businesses used in determining the increase or decrease in investments in joint ventures and associates, the change in carried interest and for calculating the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds. Fair values of the operating businesses are assessed at the enterprise level, while impairment charges are assessed at the level of an asset, a CGU or a group of CGUs.

During 2017, certain operating companies recorded charges for impairments of goodwill, intangible assets and long-lived assets. These charges are reviewed on page 46 of this MD&A and in note 27 to the consolidated financial statements.

Revenue recognition

Revenues for ResCare in the health and human services segment are substantially derived from U.S. federal, state and local government agency programs, including Medicaid and Medicare. Laws and regulations under these programs are complex and subject to interpretation. Management may be required to exercise judgement for the recognition of revenue under these programs. Management of ResCare believes that it is 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 the possibility of 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.

Revenues for Schumacher in the other segment are recognized net of an allowance for uncompensated care related to uninsured patients in the period during which services are provided. The allowance for uncompensated care is estimated on the basis of historical experience of collections associated with self-pay patients treated during the period.

Income taxes

Onex, including its operating companies, is subject to changing tax laws and the interpretation of existing tax laws in multiple jurisdictions. Significant judgement is necessary in determining worldwide income tax liabilities. Although management of Onex and the operating companies believe that 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 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.

In December 2017, the United States of America's Tax Cuts and Jobs Act ("U.S. Tax Reform") was enacted with most provisions coming into effect as of January 1, 2018. The legislative changes in the U.S. Tax Reform are extensive and the interpretation of several aspects of the U.S. Tax Reform is still unclear; however, Onex and the operating companies have estimated and recorded income tax expenses and recoveries for all significant known impacts during the fourth quarter of 2017. Onex and the operating companies will continue to assess the impact, if any, of the U.S. Tax Reform throughout 2018 as they become known due to changes in management's interpretations and assumptions, as well as from additional regulatory guidance that may be issued.

Legal contingencies

Onex, including its operating companies, can become involved in various legal proceedings in the normal course of operations. While we cannot predict the final outcomes of such legal proceedings, they 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 provide a pension plan to the employees of the operating companies; however, certain of its operating companies do. Management of the 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, 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 consolidated financial statements. Note 33 to the consolidated financial statements provides details on the estimates used in accounting for pensions and post-retirement benefits.

Recent accounting pronouncements

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which provides a comprehensive five-step revenue recognition model for all contracts with customers. IFRS 15 requires management to exercise significant judgement and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is completing the execution of its implementation plan and adopted IFRS 15 on January 1, 2018 on a retrospective basis subject to permitted and elected practical expedients. Currently, the consolidated financial results of the Company are not expected to be materially impacted as a result of adopting this standard.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued a final version of IFRS 9, *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes all previous versions of the standard. The standard introduces a new model for the classification and measurement of financial assets and liabilities, a single expected credit loss model for the measurement of the impairment of financial assets and a new model for hedge accounting that is aligned with a company's risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is completing the execution of its implementation plan and adopted IFRS 9 on January 1, 2018 on a retrospective basis, and does not intend to restate prior period comparative information, with any changes to the carrying amounts of assets and liabilities upon adoption being recognized in retained earnings at January 1, 2018. The Company does not expect a material impact to the classification and measurement of financial assets as a result of adopting this standard. The Company is continuing to evaluate the impact of the accounting treatment for amendments of financial liabilities. Other than the accounting treatment for amendments of financial liabilities, the Company does not expect a material impact to the classification and measurement of financial liabilities as a result of adopting this standard.

IFRS 16 – Leases

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

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

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

Significant transactions

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

Initial and secondary offerings by JELD-WEN

In January 2017, JELD-WEN completed an initial public offering of 28.75 million shares of its common stock (NYSE: JELD), including the exercise of an over-allotment option. The offering was priced at $23.00 per share for gross proceeds of $661 million. As part of the offering, JELD-WEN issued approximately 22.3 million treasury shares. The net proceeds from treasury shares were used to repay $375 million of JELD-WEN's combined term loan, with the balance for working capital and other general corporate purposes. The Onex Partners III Group sold approximately 6.5 million shares in the transaction for net proceeds of $140 million. Onex' portion of the net proceeds was $40 million, including carried interest.

As a result of this transaction, the Onex Partners III Group's economic ownership was reduced to 60% and Onex' economic ownership was reduced to 15%. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over JELD-WEN, the transaction was recorded as a transfer from equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $133 million being recorded directly to retained earnings.

The new shares issued by JELD-WEN in the initial public offering resulted in the dilution of the Company's ownership interest. As a result, the Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflects Onex' share of the increase in the book value of the net assets of JELD-WEN due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of JELD-WEN.

In May 2017, JELD-WEN completed a secondary offering of 16.1 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $30.75 per share for gross proceeds of $495 million. No treasury shares were issued as part of the offering. The Onex Partners III Group sold approximately 15.7 million shares in the transaction for net proceeds of $466 million. Onex' portion of the net proceeds was $135 million, including carried interest.

A gain of $1.5 billion was recorded within discontinued operations during the second quarter based on the excess of the net proceeds and the interest retained at fair value over the historical accounting carrying value of the investment. The gain on the sale was 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. The portion of the gain associated with recognizing the interest retained in JELD-WEN at fair value was $1.1 billion. The portion of the gain associated with the shares sold in the secondary offering was $378 million.

As a result of this transaction, the Onex Partners III Group's economic ownership was reduced to 45% and Onex' economic ownership was reduced to 11%, resulting in a loss of control over JELD-WEN by the Company. The remaining interest held by the Company has been recorded as a long-term investment at fair value with changes in fair value recognized in the consolidated statements of earnings. Non-controlling interests of the Company decreased by $212 million as a result of no longer consolidating JELD-WEN.

In November 2017, JELD-WEN completed a secondary offering of 14.4 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $33.75 per share for gross proceeds of $485 million. The Onex Partners III Group sold approximately 14.2 million shares in the transaction for net proceeds of $463 million. Onex' portion of the net proceeds was $134 million, including carried interest. No gain was realized as a result of this transaction as the Company's interest in JELD-WEN is recorded at fair value.

The Onex Partners III Group continues to hold approximately 32.9 million shares of JELD-WEN's common stock for a 31% economic and voting interest. Onex continues to hold approximately 8.1 million shares for an 8% economic interest.

Amounts received on account of the carried interest related to these transactions totalled $113 million. Onex' share of the carried interest received was $45 million and was included in the net proceeds to Onex. Management's share of the carried interest was $68 million. No amounts were paid on account of the MIP for these transactions as the required realized investment return hurdle for Onex was not met on realizations to date.

The operations of JELD-WEN up to May 2017 have been presented as discontinued in the December 31, 2017 consolidated statements of earnings and cash flows, and prior periods have been restated to report the results of JELD-WEN as discontinued on a comparative basis. JELD-WEN has been reclassified from the building products segment to the other segment.

Acquisition of Parkdean Resorts

In March 2017, the Onex Partners IV Group acquired Parkdean Resorts, an operator of caravan holiday parks in the United Kingdom, for £1.35 billion. Excluding the impact of foreign exchange hedges, the Onex Partners IV Group's investment was $612 million (£500 million), comprised of $417 million from Onex Partners IV and $195 million as a co-investment from Onex and certain limited partners, for an initial economic interest of 91%. The investment in Parkdean Resorts consisted of equity of $520 million (£425 million) and a loan note of $92 million (£75 million). At the time of acquisition, Onex invested $166 million, comprised of $123 million through Onex Partners IV and $43 million as a co-investment, for an initial economic interest of 25%. Subsequent to the increase in Onex' interest in Onex Partners IV, as described on page 34 of this MD&A, Onex' share of the investment increased to $182 million, comprised of $139 million through Onex Partners IV and $43 million as a co-investment. The remainder of the purchase price was financed through a rollover of equity by management shareholders and debt financing, without recourse to Onex Corporation. Parkdean Resorts is included within the other segment.

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

Distribution from Jack's

In April 2017, Jack's amended its existing credit facility to increase the size of its term loan to $275 million. The proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of $85 million to shareholders. The share of the distribution for the Onex Partners IV Group was $81 million, of which Onex' share was $23 million.

Initial public offering by Emerald Expositions

In April 2017, Emerald Expositions completed an initial public offering of approximately 17.8 million shares of its common stock (NYSE: EEX), including the exercise of an over-allotment option. The offering was priced at $17.00 per share for gross proceeds of $303 million. As part of the offering, Emerald Expositions issued approximately 10.3 million treasury shares. The net proceeds from the treasury shares were used to repay $159 million of Emerald Expositions' term loan. The Onex Partners III Group sold approximately 7.5 million shares in the transaction for net proceeds of $119 million. Onex' portion of the net proceeds was $32 million, including $3 million of carried interest.

Amounts received on account of the carried interest related to this transaction totalled $7 million. Onex' share of the carried interest received was $3 million and was included in the net proceeds to Onex. Management's share of the carried interest was $4 million. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle for Onex was not met on this realization.

The Onex Partners III Group continues to hold approximately 53.8 million shares of Emerald Expositions' common stock for a 74% economic and voting interest. Onex continues to hold approximately 13.0 million shares for an 18% economic interest. Since the sale of shares by the Onex Partners III Group did not result in a loss of control of Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $52 million being recorded directly to retained earnings.

The issuance of new shares by Emerald Expositions as part of the initial public offering resulted in the dilution of the Company's ownership interest in Emerald Expositions. The Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflected Onex' share of the increase in the book value of the net assets of Emerald Expositions due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of Emerald Expositions.

Sale of USI

In May 2017, the Onex Partners III Group sold its entire investment in USI for an enterprise value of $4.3 billion. The Onex Partners III Group received net proceeds of approximately $1.9 billion. Onex' portion of the net proceeds was $563 million, including carried interest of $65 million and after the reduction for the amounts on account of the MIP.

The Onex Partners III Group invested a total of $610 million to acquire USI in December 2012. The investment in USI generated a Gross MOC of 3.4 times, including a prior distribution.

The sale resulted in a gain of $1.8 billion based on the excess of the net proceeds over the historical accounting carrying value of the investment. The gain was 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 $163 million. Onex' share of the carried interest received was $65 million and was included in the net proceeds to Onex. Management's share of the carried interest was $98 million. Amounts paid on account of the MIP totalled $30 million for this transaction and have been deducted from the net proceeds to Onex.

The operations of USI up to the date of sale in May 2017 have been presented as discontinued in the consolidated statements of earnings and cash flows, and prior periods have been restated to report the results of USI as discontinued on a comparative basis. The operations of USI have been reclassified from the insurance services segment to the other segment. Non-controlling interests of the Company decreased by $1 million as a result of no longer consolidating USI.

Sale of Dental Digital business by Carestream Health

In September 2017, Carestream Health completed the sale of its Dental Digital business for an enterprise value of $810 million. Carestream Health received net proceeds of $859 million from the sale of its Dental Digital business along with net proceeds used from an additional transaction completed during the fourth quarter of 2017. Net proceeds from these transactions were used to repay $758 million of the company's term loans. The sale of the Dental Digital business, together with the additional transaction, resulted in the recognition of a pre-tax gain of $731 million, which has been recorded in other gains.

Carestream Health's Dental Digital business did not represent a separate major line of business of the Company, and as a result, the operating results up to the date of disposition have not been presented as a discontinued operation.

Onex Partners IV interest acquired by Onex

In September 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner for $354 million. No gain or loss was recorded on this transaction as the limited partners' interests are recorded at fair value.

In October 2017, Onex sold a portion of the acquired interest in Onex Partners IV to certain limited partners for $198 million, the same value at which Onex acquired the interest in September 2017. Onex will continue to earn management fees and carried interest on the interest sold to certain limited partners. The carried interest entitlement to Onex management was not impacted by this transaction, including carried interest on the portion retained by Onex.

The net increase in Onex' interest in Onex Partners IV resulted in an increase in Onex' ownership percentage in investments completed by the fund. In addition, Onex' uncalled committed capital to Onex Partners IV increased by $69 million for its share of the interest acquired in the fund.

Partial sale of BBAM

In October 2017, the Onex Partners III Group sold a portion of its investment in BBAM. The Onex Partners III Group's economic interest in BBAM was reduced from 50% to 35% and Onex' economic interest was reduced from 13% to 9%. Together with distributions completed by BBAM in 2017, the Onex Partners III Group received $180 million, of which Onex' share was $53 million, including carried interest of $7 million.

Amounts received on account of the carried interest related to the partial sale totalled $18 million. Onex' share of the carried interest received was $7 million and was included in the net proceeds to Onex. Management's share of the carried interest was $11 million. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle for Onex was not met on this realization.

To date, BBAM-related investments have returned $463 million to the Onex Partners III Group, including the sale of a portion of the investment. Onex' portion of these proceeds was $126 million, including carried interest.

Onex Partners V

In November 2017, Onex completed fundraising for Onex Partners V, reaching aggregate commitments of $7.15 billion, including Onex' commitment of $2.0 billion and Onex management's minimum 2% commitment.

Acquisition of IntraPac

In December 2017, the ONCAP IV Group acquired IntraPac, a designer and manufacturer of specialty rigid packaging solutions. The ONCAP IV Group invested a total of $118 million for a 98% economic interest in IntraPac. The ONCAP IV Group's total investment included $10 million to fund a portion of the transaction costs and for working capital purposes. Onex' share of the investment was $46 million for an economic interest of 38%. The remainder of the purchase price was primarily financed through a rollover of equity by management of IntraPac and debt financing, without recourse to Onex Corporation. IntraPac is included within the packaging products and services segment.

Acquisition of Laces

In December 2017, the ONCAP IV Group acquired Laces, a designer, manufacturer and marketer of bath accessories and home fashion products. The ONCAP IV Group invested a total of $102 million for an 82% economic interest in Laces. The ONCAP IV Group's total investment included $1 million to fund a portion of the transaction costs and for working capital purposes. Onex' share of the investment was $40 million for an economic interest of 32%. The remainder of the Laces purchase price was primarily financed through a rollover of equity by management of Laces and debt financing, without recourse to Onex Corporation. Laces is included within the other segment.

Acquisition of SMG

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

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

Initial public offering by Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering of approximately 13.3 million common shares (TSX: PL). The offering was priced at C$11.25 per share for gross proceeds of C$150 million. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C$29 million of existing shareholder subordinated debt with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C$20 million ($16 million) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C$9 million ($7 million). The ONCAP II Group did not sell any common shares as part of this transaction.

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

As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. The remaining interest held by the Company will be recorded as a long-term investment at fair value in the first quarter of 2018, with changes in fair value recognized in the consolidated statements of earnings. In addition, a gain will be recognized based on the excess of the net proceeds and the interest retained at fair value over the historical accounting carrying value of the investment during the first quarter of 2018. Pinnacle Renewable Energy does not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control will not be presented as a discontinued operation in the first quarter of 2018.

Distributions from operating businesses

During 2017, the Company received distributions of $281 million from certain operating businesses, of which $107 million was Onex' portion. These include distributions from BBAM and Jack's, as previously described in this MD&A. Other significant distributions received by Onex and its partners are described below.

In January 2017, PURE Canadian Gaming distributed C$15 million to shareholders. The ONCAP II and III Groups' portion of the distribution to shareholders was C$15 million ($11 million), of which Onex' portion was C$6 million ($5 million). In addition, in December 2017, PURE Canadian Gaming amended its existing credit facility, and proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of C$45 million to shareholders. The ONCAP II and III Groups' portion of the distribution was C$45 million ($35 million), of which Onex' share was C$18 million ($14 million).

In September 2017, Bradshaw amended its existing credit facility. A portion of the proceeds from the incremental borrowing were used to fund a distribution of $53 million to shareholders. The ONCAP III Group's portion of the distribution to shareholders was $48 million, of which Onex' share was $14 million.

Credit Strategies

Extension of CLO-4

In April 2017, Onex amended CLO-4, which extended the reinvestment period of the CLO by four years to April 2021 and increased the size by $105 million to $600 million. Onex invested an additional $13 million in the most subordinated capital of CLO-4 in connection with the CLO-4 amendment.

Closing of EURO CLO-1

In May 2017, Onex closed EURO CLO-1, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes in a private placement transaction for an aggregate principal amount of €361 million ($393 million).

On closing, Onex received €55 million ($60 million) plus interest for the investment that supported the warehouse facility and invested €38 million ($42 million) for 100% of the most subordinated capital of EURO CLO-1. Reinvestment can be made in collateral by the CLO up to June 2021, or earlier, subject to certain provisions.

Redemption of CLO-3

In June 2017, the Company redeemed its third CLO denominated in U.S. dollars. CLO-3 was established in March 2013 and its reinvestment period ended in January 2017. Upon the redemption of CLO-3, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO. In aggregate, Onex received $31 million of proceeds and distributions related to CLO-3 compared to its original investment of $24 million.

At redemption, CLO-3 transferred $13 million, $109 million and $48 million in assets for fair value consideration to CLO-4, CLO-13 and CLO-14, respectively. The fair values used for the transfer were reviewed by a third party.

Closing of CLO-13

In July 2017, Onex closed CLO-13, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares in a private placement transaction for an aggregate principal amount of $610 million.

On closing, Onex received $70 million plus interest for the investment that supported the warehouse facility and invested $40 million for approximately 70% of the most subordinated capital of CLO-13. Reinvestment can be made in collateral by the CLO up to July 2022, or earlier, subject to certain provisions.

Closing of EURO CLO-2

In December 2017, Onex closed EURO CLO-2, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes in a private placement transaction for an aggregate principal amount of €437 million ($514 million).

On closing, Onex received €40 million ($47 million) plus interest for the investment that supported the warehouse facility and invested €39 million ($45 million) for 88% of the most subordinated capital of EURO CLO-2. Reinvestment can be made in collateral by the CLO up to January 2022, or earlier, subject to certain provisions.

Closing of CLO-14

In December 2017, Onex closed CLO-14, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares in a private placement transaction for an aggregate principal amount of $611 million.

On closing, Onex received $60 million plus interest for the investment that supported the warehouse facility and invested $36 million for approximately 65% of the most subordinated capital of CLO-14. Reinvestment can be made in collateral by the CLO up to November 2022, or earlier, subject to certain provisions.

Onex Credit Lending Partners

During 2017, Onex raised $314 million towards its $500 million fund size target for OCLP I, including $100 million from Onex. The duration of the commitment period for OCLP I will be for up to three years from the date of final closing, subject to extensions for up to an additional two years.

During 2017, OCLP I made investments in the debt of middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers which were funded by borrowings from OCLP I's credit facilities, as described on page 59 of this MD&A, and a capital call of $55 million from investors in December 2017, of which Onex' share was $18 million.

Onex consolidates the operations of OCLP I and records changes in the fair value of the asset portfolio through earnings.

Distributions

During 2017, Onex received $59 million of distributions from CLO investments. Additionally, Onex received $10 million on the redemption of CLO-3 and $23 million on the sale of CLO investments.

REVIEW OF DECEMBER 31, 2017 CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow identify those material factors that affected Onex' operating segments and Onex' consolidated results for the year ended December 31, 2017.

Discontinued operations for the year ended December 31, 2017 represent the results of operations of JELD-WEN (up to May 2017) and USI (up to May 2017). Discontinued operations for the year ended December 31, 2016 represent the results of operations of JELD-WEN, KraussMaffei (up to April 2016) and USI, and include a portion of the gain from the sale of Sitel Worldwide.

Consolidated revenues and cost of sales

Table 1 provides revenues and cost of sales by industry segment.

Revenues and Cost of Sales by Industry Segment

TABLE 1 *($ millions)*	Revenues			Cost of Sales		
Year ended December 31	**2017**	2016	**Change**	**2017**	2016	**Change**
Electronics Manufacturing Services	**$ 6,111**	$ 6,016	**2 %**	**$ 5,614**	$ 5,510	**2 %**
Healthcare Imaging	**1,862**	1,990	**(6)%**	**1,068**	1,127	**(5)%**
Health and Human Services	**1,767**	1,785	**(1)%**	**1,340**	1,358	**(1)%**
Insurance Services[a]	**775**	745	**4 %**	**–**	–	**n/a**
Packaging Products and Services[b]	**2,391**	2,414	**(1)%**	**1,525**	1,541	**(1)%**
Business and Information Services[c]	**1,262**	525	**140 %**	**517**	180	**187 %**
Food Retail and Restaurants[d]	**4,724**	689	**586 %**	**3,984**	578	**589 %**
Credit Strategies[e]	**4**	4	**–**	**–**	–	**n/a**
Other[f]	**5,601**	3,637	**54 %**	**3,873**	2,614	**48 %**
Total	**$ 24,497**	$ 17,805	**38 %**	**$ 17,921**	$ 12,908	**39 %**

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

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

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

(c) The business and information services segment consists of Clarivate Analytics and Emerald Expositions. Clarivate Analytics began to be consolidated in October 2016, after the business was acquired by the Onex Partners IV Group. The results of Emerald Expositions were previously included within the other segment.

(d) The food retail and restaurants segment consists of Jack's and Save-A-Lot. Save-A-Lot began to be consolidated in December 2016, after the business was acquired by the Onex Partners IV Group. The results of Jack's were previously included within the other segment.

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

(f) 2017 other includes Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), Schumacher, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company. 2016 other includes Flushing Town Center, Meridian Aviation, Schumacher, Survitec, WireCo (since September 2016), the operating companies of ONCAP II, III and IV and the parent company.

Revenues and Cost of Sales by Industry Segment

TABLE 1 ($ millions)	Revenues			Cost of Sales		
Year ended December 31	2016	2015	Change	2016	2015	Change
Electronics Manufacturing Services	$ 6,016	$ 5,639	7 %	$ 5,510	$ 5,175	6 %
Healthcare Imaging	1,990	2,141	(7)%	1,127	1,223	(8)%
Health and Human Services	1,785	1,821	(2)%	1,358	1,382	(2)%
Insurance Services[a]	745	715	4 %	–	–	n/a
Packaging Products and Services[b]	2,414	2,070	17 %	1,541	1,362	13 %
Business and Information Services[c]	525	307	71 %	180	83	117 %
Food Retail and Restaurants[d]	689	168	310 %	578	134	331 %
Credit Strategies[e]	4	5	(20)%	–	–	n/a
Other[f]	3,637	2,400	52 %	2,614	1,587	65 %
Total	$ 17,805	$ 15,266	17 %	$ 12,908	$ 10,946	18 %

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

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

(b) The packaging products and services segment consists of sgsco and SIG. SIG began to be consolidated in March 2015, after the business was acquired by the Onex Partners IV Group.

(c) The business and information services segment consists of Clarivate Analytics and Emerald Expositions. Clarivate Analytics began to be consolidated in October 2016, after the business was acquired by the Onex Partners IV Group. The results of Emerald Expositions were previously included within the other segment.

(d) The food retail and restaurants segment consists of Jack's and Save-A-Lot. Jack's began to be consolidated in July 2015 and Save-A-Lot in December 2016, after the businesses were acquired by the Onex Partners IV Group. The results of Jack's were previously included within the other segment.

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

(f) 2016 other includes Flushing Town Center, Meridian Aviation, Schumacher, Survitec, WireCo (since September 2016), the operating companies of ONCAP II, III and IV and the parent company. 2015 other includes Flushing Town Center, Meridian Aviation, Schumacher (since late July 2015), Survitec (since March 2015), Tropicana Las Vegas (up to August 2015), the operating companies of ONCAP II and III and the parent company.

Electronics Manufacturing Services

Celestica delivers end-to-end product lifecycle solutions globally to customers in Advanced Technology Solutions (previously the diversified and consumers end markets; comprised of aerospace and defence, industrial, smart energy, healthcare, semiconductor equipment and consumer businesses) and Connectivity and Cloud Solutions (consisting of communications (comprised of enterprise communications and telecommunications) and enterprise (comprised of servers and storage) end markets. These solutions include design and development, engineering services, supply chain management, new product introductions, component sourcing, electronics manufacturing, assembly and test, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics and aftermarket repair and return services.

Celestica's revenues during 2017 were up 2%, or $95 million, and cost of sales increased by 2%, or $104 million, compared to 2016. Gross profit decreased by 2% to $497 million compared to 2016. Revenue and cost of sales increased primarily due to demand strength in certain customer programs and new program growth in the communications end market, particularly in the first half of 2017, and from its semiconductor business, which more than offset decreases in revenue driven by its exit from the solar panel manufacturing business during 2017 and the completion of consumer programs in the second half of 2016. Gross profit was negatively impacted by unfavourable changes in mix, increased pricing pressures, most significantly in the connectivity and cloud solutions markets, and higher costs of ramping up new programs. These decreases were partially offset by lower provisions, as the prior year was impacted by higher provisions related to its former solar panel business.

Celestica reported revenues of $6.0 billion for 2016, up 7%, or $377 million, compared to 2015. Revenue increased primarily due to strong demand from certain customer programs and new program wins in the communications end market, as well as new programs in its Advanced Technology Solutions end market, which more than offset decreases in revenue primarily due to the completion of programs with its largest consumer customer.

Cost of sales for 2016 increased 6%, or $335 million, to $5.5 billion. Gross profit increased by 9% to $506 million compared to 2015. Gross profit was positively impacted by higher revenues and margin improvements in the Advanced Technology Solutions end market, including the semiconductor and solar panel businesses, partially offset by changes in program mix.

Healthcare Imaging

Carestream Health provides products and services for the capture, processing, viewing, sharing, printing and storing of images and information for medical 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, and information management solutions, as well as traditional medical products, including x-ray film, printers and media, equipment, chemistry and services. Carestream Health has two segments: Film and Medical Digital.

Carestream Health's revenues for 2017 decreased by 6%, or $128 million, compared to 2016. Cost of sales for 2017 decreased by 5%, or $59 million, compared to 2016. The decrease in revenues was primarily driven by the sale of the Dental Digital business, partially offset by higher volumes in Film. Gross profit for 2017 decreased by $69 million compared to 2016. This was primarily due to the sale of the Dental Digital business and unfavourable commodity costs, partially offset by cost productivity.

Carestream Health reported revenues of $2.0 billion during 2016, down 7%, or $151 million, from 2015. Excluding the $54 million impact of unfavourable foreign exchange translation on Carestream Health's non-U.S. revenues, Carestream Health reported a decrease in revenues of $97 million. The decrease in revenues was primarily driven by lower volumes in film and x-ray systems, partially offset by higher volumes in dental digital equipment.

Cost of sales was $1.1 billion during 2016, down 8%, or $96 million, compared to 2015. The decrease was primarily due to lower volumes in film and x-ray systems, cost productivity in digital radiography and dental digital equipment, and favourable foreign exchange translation of $13 million. Gross profit for 2016 decreased to $863 million from $918 million for 2015. Excluding the $41 million impact of unfavourable foreign exchange translation, gross profit decreased by $14 million primarily due to the volume decline, which was partially offset by cost productivity.

Health and Human Services

ResCare has four segments: Residential Services, ResCare HomeCare, Workforce Services and SpringHealth Integrated Care. Residential Services includes the provision of services to individuals with developmental or other disabilities in community home settings. ResCare HomeCare provides periodic in-home care services to the elderly, as well as persons with disabilities. Workforce Services is primarily comprised of domestic job training and placement programs that assist welfare recipients and disadvantaged job seekers in finding employment and improving their career prospects. Workforce Services also includes Job Corps centres, alternative education and charter schools. SpringHealth Integrated Care is comprised of Pharmacy Alternatives; SpringHealth Behavior Health & Integrated Care; and Rest Assured.

During 2017, revenues and cost of sales both decreased by 1%, or $18 million, compared to 2016. Acquisitions within the HomeCare and Residential Services segments were more than offset by the lower revenues and cost of sales from exiting the skilled line of business in the HomeCare segment.

During 2016, ResCare reported revenues of $1.8 billion, a decrease of $36 million, or 2%, compared to 2015. The decrease in revenues was due to exiting the skilled line of business in the HomeCare segment, substantially offset by acquisitions within the HomeCare and Residential Services segments.

Cost of sales decreased 2%, or $24 million, during 2016. The decrease in cost of sales was primarily due to exiting the skilled line of business in the HomeCare segment.

Insurance Services

York is an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States. York offers employers and insurance carriers a range of services designed to help manage claims and limit losses incurred under various property and casualty insurance programs. Clients are typically billed for claims management services based on a fee per each claim handled, a flat annual fee or a cost-plus model. In addition to claims management, York offers a suite of integrated managed care services for injured workers.

York's revenues for 2017 increased by 4%, or $30 million, to $775 million compared to 2016. The increase in revenues during 2017 was driven by acquisitions and organic growth. York records its cost of services in operating costs.

York reported revenues of $745 million during 2016, an increase of 4%, or $30 million, compared to 2015. The increase in revenues during 2016 was primarily due to organic growth.

Packaging Products and Services

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

IntraPac is a designer and manufacturer of specialty rigid packaging solutions, including blow moulded packaging products, injection moulded products and tubes.

sgsco is a market leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them. The company's vertically integrated service platform includes creative development, brand execution, image production and image carrier services as well as an array of enterprise solutions, which facilitate digital file management and ensure streamlined communication across the entire value chain. sgsco does not focus on large-scale printing of product packaging.

SIG is a world-leading provider of aseptic carton packaging solutions for beverages and liquid food. SIG supplies complete aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and caps as well as related aftermarket services.

During the year ended December 31, 2017, the packaging products and services segment reported a decrease in revenues of 1%, or $23 million, and a decrease in cost of sales of 1%, or $16 million, compared to 2016. The decrease in revenue and cost of sales was primarily due to lower sales volumes at SIG.

During the year ended December 31, 2016, the increase in revenues and cost of sales in the packaging products and services segment was primarily driven by the inclusion of SIG, which was acquired in March 2015.

Business and Information Services

The business and information services segment consists of the operations of Clarivate Analytics and Emerald Expositions. Clarivate Analytics was acquired by the Onex Partners IV Group in October 2016. The results of Emerald Expositions were previously included within the other segment.

Clarivate Analytics operates across multiple product lines with both subscription-based and single deliverable offerings focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management.

Emerald Expositions is a leading operator of large business-to-business trade shows in the United States across multiple industry sectors. Emerald Expositions has two principal sources of revenue: trade show and conference revenue, and revenue from print and digital publications. Trade show revenue is largely generated from selling exhibit space to exhibitors on a per-square-foot basis and providing additional sponsorship opportunities to those exhibitors.

During the years ended December 31, 2017 and 2016, the increase in revenues and cost of sales in the business and information services segment was primarily driven by the inclusion of Clarivate Analytics, which was acquired in October 2016.

Food Retail and Restaurants

The food retail and restaurants segment consists of the operations of Jack's and Save-A-Lot. Save-A-Lot was acquired by the Onex Partners IV Group in December 2016. The results of Jack's were previously included within the other segment.

Jack's is a regional premium quick-service restaurant operator that offers Southern-inspired foods such as made-from-scratch biscuits, burgers, fried chicken, plated breakfasts, crinkle-cut fries and hand-dipped shakes. The company has over 145 free-standing corporate-operated restaurants across Alabama, Georgia, Mississippi and Tennessee. The company also owns the distribution facility that handles most of Jack's food and non-food supply chain and makes deliveries to the restaurants twice a week.

Save-A-Lot is a leading hard-discount grocery retailer for value-seeking shoppers in the United States. The company has a corporate and licenced store network of approximately 1,300 stores across 35 states. Save-A-Lot offers a selection of grocery products that enables customers to complete a "full shop" in stores, including quality fresh produce, fresh meat cut in-store every day, targeted national brand grocery items and a full selection of exclusive private label products.

During the years ended December 31, 2017 and 2016, the increase in revenues and cost of sales in the food retail and restaurants segment was driven by the inclusion of Save-A-Lot, which was acquired in December 2016.

Credit Strategies

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

Gross revenues earned by Onex Credit Manager during 2017 were $45 million compared to $43 million in 2016. For the year ended December 31, 2017, gross revenues included $3 million earned on investments in Onex Credit Funds held by Onex, the parent company, compared to $5 million in 2016. Credit strategies segment revenue for 2017, net of management and incentive fees from credit strategies which are eliminated upon consolidation, was $4 million, unchanged from 2016. Costs of the credit strategies segment are recorded in operating expenses.

Gross revenues earned by Onex Credit Manager during 2016 were $44 million, an increase of $9 million, or 26%, compared to 2015. For the year ended December 31, 2016, gross revenues included $5 million earned on investments in Onex Credit Funds held by Onex, the parent company. Credit strategies segment revenue for 2016, net of management and incentive fees from Onex Credit Funds and CLOs which are eliminated upon consolidation, was $4 million, a decrease of $1 million from 2015, primarily due to lower average assets under management in the Onex Credit Funds during 2016.

Other Businesses

The other businesses segment consists of the revenues and cost of sales of Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), Schumacher, Survitec, WireCo (since September 2016), the ONCAP companies (excluding IntraPac, which is included in the packaging products and services segment) and the parent company.

During 2017, revenues increased by 54%, or $2.0 billion, to $5.6 billion compared to 2016. Cost of sales during 2017 increased by 48%, or $1.3 billion, to $3.9 billion compared to 2016. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Parkdean Resorts, Tecta and WireCo, which were acquired in March 2017, August 2016 and September 2016, respectively, partially offset by the sale of Cicis in August 2016. In addition, 2017 also benefited from the acquisition of ECI Healthcare Partners ("ECI") by Schumacher in June 2016 and higher revenues at Flushing Town Center from condominium sales from Phase 2 of the development.

During 2016, revenues increased by 52%, or $1.2 billion, to $3.6 billion compared to 2015. Cost of sales during 2016 increased by 65%, or $1.0 billion, to $2.6 billion compared to 2015. The increase in revenues and cost of sales was primarily driven by the inclusion of the results of Chatters, Survitec, Schumacher, Tecta and WireCo, which were acquired in July 2015, March 2015, July 2015, August 2016 and September 2016, respectively, partially offset by the sale of Cicis and Tropicana Las Vegas in August 2016 and August 2015, respectively.

Interest expense of operating companies and credit strategies

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

Consolidated interest expense for the year ended December 31, 2017 was $1.2 billion, up $330 million, or 37%, from 2016. The increase was primarily due to the inclusion of interest expense for: (i) Clarivate Analytics, Save-A-Lot and WireCo, which were acquired in the second half of 2016; (ii) Parkdean Resorts, which was acquired in March 2017; and (iii) the additional debt from CLOs.

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

Investments in joint ventures and associates are defined under IFRS as those investments in operating businesses over which Onex has joint control or significant influence, but not control. Certain of 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. Investments deemed to be investments in joint ventures or associates and measured at fair value through earnings primarily comprise AIT, BBAM, JELD-WEN (since May 2017), Mavis Discount Tire and Venanpri Group.

During 2017, Onex recorded an increase in the fair value of investments in joint ventures and associates of $760 million compared to $180 million in 2016. The increase was primarily due to an increase in the public share price of JELD-WEN (since May 2017) and continued free cash generation at certain of the investments.

Of the total fair value increase recorded during 2017, $543 million (2016 – $135 million) is attributable to the limited partners in the Onex Partners and ONCAP Funds, which contributes to the Limited Partners' Interests charge discussed on page 46 of this MD&A. Onex' share of the total fair value increase was $217 million (2016 – $45 million).

Stock-based compensation expense

Onex recorded a consolidated stock-based compensation expense of $178 million during 2017 compared to $194 million in the same period in 2016. Stock option and MIP equity interests of Onex, the parent company, represented an expense of $102 million (2016 – $118 million).

In accordance with IFRS, the expense recorded for Onex' stock options and MIP equity interests 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 equity interests 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 equity interests affected primarily by the change in the fair value of Onex' investments. The expense recorded by Onex, the parent company, on its stock options during 2017 was primarily due to the vesting of stock options.

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

Stock-Based Compensation Expense

TABLE 2 Year ended December 31 *($ millions)*	**2017**	2016	**Change**
Onex, the parent company, stock options	**$ 50**	$ 97	**$ (47)**
Onex, the parent company, MIP equity interests	**52**	21	**31**
Onex operating companies[a]	**76**	76	**–**
Total stock-based compensation	**$ 178**	$ 194	**$ (16)**

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

Other gains

Table 3 provides a breakdown of other gains.

Other Gains

TABLE 3 Year ended December 31 *($ millions)*	**2017**	2016
Gain on sales by Carestream Health	**$ 731**	$ –
Gain on sale of Cicis	**–**	28
Other	**–**	8
Total other gains	**$ 731**	$ 36

Gain on sales by Carestream Health

During 2017, Carestream Health completed the sale of its Dental Digital business along with an additional transaction, as described on page 34 of this MD&A.

Gain on sale of Cicis

In August 2016, the ONCAP II Group sold its investment in Cicis, as described in note 3(g) to the consolidated financial statements.

Other expense (income)

Table 4 provides a breakdown of and the change in other expense (income).

Other Expense (Income)

TABLE 4 — Year ended December 31 ($ millions)	2017	2016	Change
Transition, integration and other	$ 186	$ 72	$ 114
Carried interest charge due to Onex and ONCAP management	147	59	88
Restructuring	130	84	46
Losses (gains) on investments and long-term debt in credit strategies, net	111	(222)	333
Foreign exchange losses, net	103	54	49
Transaction costs	62	86	(24)
Change in fair value of other Onex Partners investments, net	42	(11)	53
Derivatives losses (gains), net	(22)	28	(50)
Change in fair value of contingent consideration, net	(29)	(39)	10
Other	(23)	(90)	67
Total other expense	$ 707	$ 21	$ 686

Transition, integration and other

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

Transition, integration and other expenses for 2017 and 2016 were primarily due to Clarivate Analytics and Carestream Health.

Carried interest charge due to Onex and ONCAP management

The General Partners of the Onex Partners and ONCAP Funds are entitled to a carried interest on the realized gains of the limited partners in each fund, as determined in accordance with the limited partnership agreements, and as described on page 76 of this MD&A. Onex' share of the carried interest change is recorded as an offset in the Limited Partners' Interests amount in the consolidated statements of earnings.

The carried interest due to management of Onex and ONCAP represents the share of the overall net gains in each of the Onex Partners and ONCAP Funds attributable to the management of Onex and ONCAP. The carried interest is estimated based on the current fair values of the underlying investments in the funds and the overall net gains in each respective fund determined in accordance with the limited partnership agreements. During 2017, a charge of $147 million (2016 – $59 million) was recorded in the consolidated statements of earnings for management's share of carried interest primarily due to an increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds. The ultimate amount of carried interest realized by Onex will be based on the overall performance of each fund.

Restructuring

Restructuring expenses typically provide for the costs of facility consolidations and workforce reductions incurred at the operating companies. Table 5 provides a breakdown of and the change in restructuring charges by operating company.

TABLE 5 — Year ended December 31 ($ millions)	2017	2016
Save-A-Lot	$ 63	$ –
Celestica	29	32
SIG	22	20
ResCare	5	11
Carestream Health	1	20
Other	10	1
Total restructuring charges	$ 130	$ 84

Save-A-Lot

Save-A-Lot's restructuring charges during 2017 primarily related to costs associated with the closure of certain facilities.

Celestica

Celestica's restructuring charges for 2017 primarily related to the organizational changes as a result of corporate initiatives. The charges recorded by Celestica in 2016 primarily related to costs to exit its solar panel manufacturing operations.

SIG

SIG's restructuring charges during 2017 primarily related to the reorganization of certain corporate functions. SIG's restructuring charges for 2016 primarily related to costs to improve production processes and the establishment of a central support location.

ResCare

ResCare's restructuring charge for 2017 and 2016 primarily related to exiting the skilled line of business in the HomeCare segment and severance costs.

Carestream Health

The charges recorded by Carestream Health in 2016 primarily related to the reorganization of certain businesses and operations, including sales and services functions at the company.

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

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

During 2016, gains on investments in CLOs and Onex Credit Funds were primarily unrealized and driven by a recovery in the leveraged loan market during 2016. Partially offsetting these gains were losses on the long-term debt in the CLOs.

Foreign exchange losses, net

Net foreign exchange losses during 2017 were primarily due to losses recognized by SIG. Foreign exchange losses during 2016 were primarily due to Survitec and WireCo.

Transaction costs

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

Transaction costs for 2017 were primarily due to the acquisition of Parkdean Resorts, in addition to acquisitions completed by the operating companies. Transaction costs for 2016 were primarily due to the acquisitions of Clarivate Analytics, Save-A-Lot, Tecta and WireCo, in addition to acquisitions completed by the operating companies.

Derivatives losses (gains), net

Net derivatives losses (gains) for 2017 and 2016 were primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

Change in fair value of contingent consideration

During 2017, a net recovery of $29 million (2016 – $39 million) was recognized in relation to the change in estimated fair value of contingent consideration related to acquisitions completed by the Company. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and realized internal rates of return.

The total estimated fair value of contingent consideration liabilities at December 31, 2017 was $27 million (December 31, 2016 – $127 million).

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

Table 6 provides a breakdown of the net impairment of goodwill, intangible assets and long-lived assets by operating company for the years ended December 31, 2017 and 2016.

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

TABLE 6	Year ended December 31 *($ millions)*	**2017**	2016
Schumacher		**$ 106**	$ –
Parkdean Resorts		**56**	–
York		**–**	226
Other, net		**25**	6
Total		**$ 187**	$ 232

Schumacher

During 2017, Schumacher recorded a non-cash goodwill impairment charge of $106 million, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to changes in customer mix related to the implementation of the Affordable Care Act. The impairment charge was recorded in the other segment.

Parkdean Resorts

During the fourth quarter of 2017, Parkdean Resorts recorded a non-cash goodwill impairment charge of $56 million, measured in accordance with IAS 36, *Impairment of Assets*, due to weaker than expected performance since acquisition, driven primarily by lower caravan sales. The impairment charge was recorded in the other segment.

York

During 2016, York recorded a non-cash goodwill impairment charge of $226 million, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to a decrease in projected future earnings from its claims management business. The impairment charge was recorded in the insurance services segment.

Note 27 to the consolidated financial statements provides additional information on the impairment calculation.

Limited Partners' Interests charge

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

During 2017, Onex recorded a charge of $1.3 billion (2016 – $587 million) for Limited Partners' Interests for the Onex Partners and ONCAP Funds. The net increase in the fair value of certain of the investments held in the Onex Partners and ONCAP Funds contributed to the Limited Partners' Interests charge for the Onex Partners and ONCAP Funds recorded in 2017 and 2016.

The Limited Partners' Interests charge for the Onex Partners and ONCAP Funds is net of an increase of $215 million (2016 – $91 million) in carried interest for the year ended December 31, 2017. Onex' share of the change in carried interest for 2017 was $84 million (2016 – $33 million). The change in the amount of carried interest that has been netted against the Limited Partners' Interests for the Onex Partners and ONCAP Funds increased during 2017 due to a greater net increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds. The ultimate amount of carried interest realized will be dependent on the actual realizations for each fund in accordance with the limited partnership agreements.

During 2017, Onex recorded a charge of $20 million (2016 – $60 million) for Limited Partners' Interests for the credit strategies.

Recovery of (provision for) income taxes

For the year ended December 31, 2017, Onex reported an income tax recovery of $84 million (2016 – $107 million provision). The change in the income tax recovery was primarily driven by a change in the tax rate applied to deferred tax assets and liabilities at Emerald Expositions, sgsco and York.

Loss from continuing operations

Onex recorded a loss from continuing operations of $647 million during 2017 compared to $619 million in 2016. The loss from continuing operations attributable to equity holders of Onex Corporation was $715 million ($6.99 per share) compared to $660 million ($6.36 per share) in 2016. For the year ended December 31, 2015, Onex recorded a loss from continuing operations of $827 million. The loss from continuing operations attributable to equity holders of Onex Corporation was $896 million ($8.37 per share) in 2015. Note 35 to the consolidated financial statements shows the earnings (loss) from continuing operations by industry segment for the years ended December 31, 2017 and 2016.

Included in the loss from continuing operations for 2017 was a loss of $1.1 billion recorded in the other segment compared to $712 million recorded during 2016 and $888 million recorded during 2015. Table 7 shows the major components of the loss from continuing operations recorded in the other segment.

Loss from Continuing Operations Recorded in the Other Segment

TABLE 7 Year ended December 31 *($ millions)*	**2017**	2016	2015
Loss from continuing operations – other:			
Limited Partners' Interests charge	**$ 1,330**	$ 587	$ 882
Interest expense of operating companies	**270**	138	84
Stock-based compensation expense	**111**	145	138
Unrealized carried interest due to Onex and ONCAP management	**147**	59	130
Impairment of goodwill, intangible assets and long-lived assets, net	**165**	–	–
Other gains	**–**	(28)	(201)
Increase in value of investments in joint ventures and associates at fair value, net	**(760)**	(180)	(175)
Other	**(160)**	(9)	30
Loss from continuing operations – other segment	**$ 1,103**	$ 712	$ 888

Earnings from discontinued operations

Onex recorded after-tax earnings from discontinued operations of $3.0 billion during 2017 compared to $583 million during 2016. The after-tax earnings from discontinued operations attributable to equity holders of Onex Corporation were $3.1 billion ($30.46 per share) during 2017 compared to $530 million ($5.11 per share) in 2016. Earnings from discontinued operations for 2017 represent the results of operations of JELD-WEN and USI, including gains recognized as a result of the Onex Partners III Group no longer controlling JELD-WEN and the sale of USI. Carestream Health's sale of its Dental Digital business in 2017 did not represent a separate major line of business and as a result has not been presented as a discontinued operation. Earnings from discontinued operations for 2016 represent the results of operations of JELD-WEN, KraussMaffei and USI, including the gain from the sale of KraussMaffei and a portion of the gain from the sale of Sitel Worldwide. Note 8 to the consolidated financial statements provides earnings from discontinued operations and gain on sale, net of tax, for the years ended December 31, 2017 and 2016.

JELD-WEN

In May 2017, the Onex Partners III Group sold approximately 15.7 million shares of JELD-WEN common stock in a secondary offering, as described on page 31 of this MD&A. As a result of this sale, the Onex Partners III Group no longer controls JELD-WEN. The operations of JELD-WEN have been presented as discontinued in the consolidated statements of earnings and cash flows and prior periods have been restated to report the results of JELD-WEN as discontinued on a comparative basis.

USI

In May 2017, the Onex Partners III Group sold its entire investment in USI, as described on page 33 of this MD&A. The operations of USI have been presented as discontinued in the consolidated statements of earnings and cash flows and prior periods have been restated to report the results of USI as discontinued on a comparative basis.

KraussMaffei

In April 2016, the Onex Partners III Group sold its entire investment in KraussMaffei, as described in note 3(c) to the consolidated financial statements. The operations of KraussMaffei have been presented as discontinued in the consolidated statements of earnings and cash flows for the year ended December 31, 2016.

Consolidated net earnings (loss)

Table 8 presents the net earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests.

Net Earnings (Loss)

TABLE 8	Year ended December 31 *($ millions)* **2017**	2016	2015
Net earnings (loss) attributable to:			
Equity holders of			
Onex Corporation	**$ 2,394**	$ (130)	$ (573)
Non-controlling interests	**1**	94	68
Net earnings (loss) for the year	**$ 2,395**	$ (36)	$ (505)

Table 9 presents the net earnings (loss) per SVS of Onex Corporation.

Net Earnings (Loss) per SVS of Onex Corporation

TABLE 9	Year ended December 31 *($ per share)* **2017**	2016	2015
Basic and Diluted:			
Continuing operations	**$ (6.99)**	$ (6.36)	$ (8.37)
Discontinued operations	**30.46**	5.11	3.01
Net earnings (loss) per SVS for the year	**$ 23.47**	$ (1.25)	$ (5.36)

Note 35 to the consolidated financial statements shows the consolidated net earnings (loss) by industry segment and the amounts attributable to the equity holders of Onex Corporation and non-controlling interests for the years ended December 31, 2017 and 2016.

Other comprehensive earnings (loss)

Other comprehensive earnings (loss) represent the unrealized gains or losses, all net of income taxes, related to cash flow hedges, remeasurements for post-employment benefit plans and foreign exchange gains or losses on foreign self-sustaining operations. During the year ended December 31, 2017, Onex reported other comprehensive earnings of $602 million compared to a loss of $11 million in 2016. The earnings recorded during 2017 were largely due to favourable currency translation adjustments on foreign operations of $375 million (2016 – unfavourable adjustments of $37 million) and other comprehensive earnings from discontinued operations of $174 million (2016 – $8 million).

FOURTH QUARTER RESULTS

Fourth quarter statements of earnings (loss)

Table 10 presents the statements of earnings (loss) for the three months ended December 31, 2017 and 2016.

Fourth Quarter Statements of Earnings (Loss)

TABLE 10 *($ millions)*	2017	2016
Revenues	**$ 6,268**	$ 5,347
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	**(4,571)**	(3,888)
Operating expenses	**(1,090)**	(916)
Interest income	**104**	100
Amortization of property, plant and equipment	**(163)**	(131)
Amortization of intangible assets and deferred charges	**(177)**	(190)
Interest expense of operating companies	**(330)**	(277)
Increase in value of investments in joint ventures and associates at fair value, net	**361**	44
Stock-based compensation recovery (expense)	**2**	(105)
Other gains	**73**	–
Other expense	**(178)**	(12)
Recovery (impairment) of goodwill, intangible assets and long-lived assets, net	**(70)**	3
Limited Partners' Interests charge	**(186)**	(193)
Earnings (loss) before income taxes and discontinued operations	**43**	(218)
Recovery of (provision for) income taxes	**257**	(28)
Earnings (loss) from continuing operations	**300**	(246)
Earnings from discontinued operations	**–**	94
Net Earnings (Loss)	**$ 300**	$ (152)

Fourth quarter consolidated revenues and cost of sales

Table 11 provides a breakdown of the 2017 and 2016 fourth quarter revenues and cost of sales by industry segment.

Revenues and Cost of Sales by Industry Segment

TABLE 11 ($ millions)	Revenues			Cost of Sales		
Three months ended December 31	2017	2016	Change	2017	2016	Change
Electronics Manufacturing Services	**$ 1,554**	$ 1,623	**(4)%**	**$ 1,432**	$ 1,489	**(4)%**
Healthcare Imaging	**470**	578	**(19)%**	**266**	320	**(17)%**
Health and Human Services	**436**	438	**–**	**336**	332	**1 %**
Insurance Services[a]	**201**	188	**7 %**	**–**	–	**n/a**
Packaging Products and Services[b]	**717**	673	**7 %**	**447**	416	**7 %**
Business and Information Services[c]	**284**	232	**22 %**	**118**	105	**12 %**
Food Retail and Restaurants[d]	**1,139**	420	**171 %**	**961**	362	**165 %**
Credit Strategies[e]	**1**	1	**–**	**–**	–	**n/a**
Other[f]	**1,466**	1,194	**23 %**	**1,011**	864	**17 %**
Total	**$ 6,268**	$ 5,347	**17 %**	**$ 4,571**	$ 3,888	**18 %**

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

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

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

(c) The business and information services segment consists of Clarivate Analytics and Emerald Expositions. Clarivate Analytics began to be consolidated in October 2016, when the business was acquired by the Onex Partners IV Group. Emerald Expositions was previously included within the other segment.

(d) The food retail and restaurants segment consists of Jack's and Save-A-Lot. Jack's was previously included within the other segment. Save-A-Lot began to be consolidated in December 2016, when the business was acquired by the Onex Partners IV Group.

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

(f) 2017 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, Parkdean Resorts, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company. 2016 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV and the parent company.

During the fourth quarter of 2017, revenues and cost of sales in the healthcare imaging segment, consisting of Carestream Health, decreased by $108 million and $54 million, respectively, compared to the same quarter of 2016. The decrease was primarily due to Carestream Health's sale of its Dental Digital business in September 2017, as described on page 34 of this MD&A.

Revenues and cost of sales in the food retail and restaurants segment, consisting of Jack's and Save-A-Lot, increased by $719 million and $599 million, respectively, compared to the fourth quarter of 2016. The increases were primarily due to the inclusion of the results of Save-A-Lot, which was acquired by the Onex Partners IV Group in December 2016.

Other segment revenues and cost of sales increased by $272 million and $147 million, respectively, compared to the fourth quarter of 2016. The increases were largely due to the inclusion of revenues and cost of sales of Parkdean Resorts, which was acquired by the Onex Partners IV Group in March 2017, and an increase in revenues and cost of sales of Flushing Town Center primarily due to residential condominium sales from Phase 2 of the development.

Fourth quarter interest expense

Fourth quarter 2017 interest expense totalled $330 million compared to $277 million during the fourth quarter of 2016. Fourth quarter interest expense increased by $53 million primarily due to the inclusion of interest expense for Parkdean Resorts, which was acquired in March 2017, and the additional debt from CLOs.

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

During the fourth quarter of 2017, Onex recorded an increase in fair value of investments in joint ventures and associates of $361 million compared to $44 million in 2016. Page 42 of this MD&A discusses the increase in value of investments in joint ventures and associates.

Fourth quarter stock-based compensation recovery (expense)

During the fourth quarter of 2017, Onex recorded a consolidated stock-based compensation recovery of $2 million compared to an expense of $105 million for the same quarter of 2016. Onex, the parent company, recorded a stock-based compensation recovery of $43 million in the fourth quarter of 2017 (2016 – expense of $67 million) related to its stock options and MIP equity interests. The recovery was primarily due to a 4% decrease in the market value of Onex' shares in the fourth quarter of 2017 compared to an 8% increase in the fourth quarter of 2016.

Fourth quarter other expense

During the fourth quarter of 2017, Onex recorded other expense of $178 million compared to $12 million during the same quarter of 2016. The increase in other expense for the fourth quarter of 2017 was driven by losses on investments and long-term debt in credit strategies of $23 million (2016 – recovery of $56 million), as well as a recovery of $5 million compared to $45 million in 2016 for the change in the estimated fair value of contingent consideration related to acquisitions completed by the Company. In addition, gains related to derivatives of $7 million compared to $42 million in the prior year contributed to the change in other expense.

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

During the fourth quarter of 2017, $70 million of impairments of goodwill, intangible assets and long-lived assets were recorded by Onex' operating companies compared to $3 million of net impairment recoveries during the same quarter of 2016. A discussion of these impairments by company is provided on page 46 of this MD&A.

Fourth quarter Limited Partners' Interests charge

During the fourth quarter of 2017, Onex recorded a $182 million charge for Limited Partners' Interests compared to a $193 million charge during 2016. The increase in the fair value of certain of the private investments in the Onex Partners and ONCAP Funds contributed significantly to the Limited Partners' Interests charge recorded during both quarters. The Limited Partners' Interests charge is net of a $27 million (2016 – $42 million) increase in carried interest in the Onex Partners and ONCAP Funds for the three months ended December 31, 2017.

Fourth quarter recovery of (provision for) income taxes

During the fourth quarter of 2017, Onex recorded a recovery of income taxes of $257 million compared to a provision for income taxes of $28 million in the fourth quarter of 2016. The change in the income tax recovery was primarily driven by a change in the tax rate applied to deferred tax assets and liabilities at Emerald Expositions, sgsco and York.

Fourth quarter earnings from discontinued operations

During the fourth quarters of 2017 and 2016, Onex recorded earnings from discontinued operations of nil and $94 million, respectively. The earnings recognized in 2016 represent the results of USI and JELD-WEN, as discussed on page 48 of this MD&A.

Fourth quarter cash flow

Table 12 presents the major components of cash flow for the fourth quarters of 2017 and 2016.

Major Cash Flow Components

TABLE 12 *($ millions)*	**2017**	2016
Cash from operating activities	**$ 664**	$ 809
Cash from financing activities	**$ 559**	$ 427
Cash used in investing activities	**$ (217)**	$ (887)
Consolidated cash and cash equivalents held by continuing operations	**$ 3,376**	$ 2,169

Cash from financing activities in the fourth quarter of 2017 included (i) $900 million of net debt issuances primarily for CLO-14 and EURO CLO-2; (ii) $198 million from the sale of the previously acquired interest in Onex Partners IV, as described on page 34 of this MD&A; and (iii) $133 million of contributions by limited partners primarily related to the acquisition of IntraPac. Partially offsetting the cash from financing activities were (i) distributions of $466 million paid primarily to the limited partners of the Onex Partners and ONCAP Funds; and (ii) cash interest paid of $277 million.

Cash from financing activities in the fourth quarter of 2016 included (i) $541 million of contributions by limited partners primarily related to the acquisition of Save-A-Lot; (ii) $291 million of net debt issuances primarily for CLO-12; and (iii) $219 million from financing activities of discontinued operations. Partially offsetting the cash from financing activities were (i) distributions of $322 million paid primarily to the limited partners of the Onex Partners and ONCAP Funds; and (ii) cash interest paid of $245 million.

Cash used in investing activities was $217 million in the fourth quarter of 2017, primarily consisting of (i) $426 million of net purchases of investments and securities by credit strategies; (ii) $250 million of cash used to fund acquisitions, which was primarily for the acquisitions of IntraPac and Laces by the ONCAP IV Group; and (iii) $226 million in purchases of property, plant and equipment. Partially offsetting the cash used in investing activities was $591 million of proceeds primarily from the partial sale of JELD-WEN by the Onex Partners III Group.

Cash used in investing activities was $887 million in the fourth quarter of 2016, primarily consisting of (i) $2.4 billion of cash used to fund acquisitions, of which $2.2 billion related to the acquisitions of Clarivate Analytics and Save-A-Lot by the Onex Partners IV Group and certain non-controlling interests; (ii) $162 million of cash used for the settlement of contingent consideration provisions primarily by SIG; (iii) $157 million in purchases of property, plant and equipment; and (iv) $100 million of net purchases of investments and securities by credit strategies. Partially offsetting the cash used in investing activities were (i) a $1.6 billion change in restricted cash related to the acquisition of Clarivate Analytics; and (ii) $212 million of proceeds primarily from the sale of investments managed by third-party investment managers for Onex, the parent company.

SUMMARY QUARTERLY INFORMATION

Table 13 summarizes Onex' key consolidated financial information for the last eight quarters. Historical financial information has been restated for discontinued operations.

Consolidated Quarterly Financial Information

TABLE 13 *($ millions except per share amounts)*	**2017**				2016			
	Dec.	**Sept.**	**June**	**March**	Dec.	Sept.	June	March
Revenues	**$ 6,268**	**$ 6,362**	**$ 6,198**	**$ 5,669**	$ 5,347	$ 4,342	$ 4,190	$ 3,926
Earnings (loss) from continuing operations	**$ 300**	**$ 363**	**$ (505)**	**$ (805)**	$ (246)	$ (63)	$ (179)	$ (131)
Net earnings (loss)	**$ 300**	**$ 363**	**$ 2,669**	**$ (937)**	$ (152)	$ (76)	$ 367	$ (175)
Net earnings (loss) attributable to:								
Equity holders of Onex Corporation	**$ 273**	**$ 320**	**$ 2,713**	**$ (912)**	$ (135)	$ (130)	$ 322	$ (187)
Non-controlling Interests	**27**	**43**	**(44)**	**(25)**	(17)	54	45	12
Net earnings (loss)	**$ 300**	**$ 363**	**$ 2,669**	**$ (937)**	$ (152)	$ (76)	$ 367	$ (175)
Earnings (loss) per SVS of Onex Corporation								
Earnings (loss) from continuing operations	**$ 2.69**	**$ 3.14**	**$ (5.04)**	**$ (7.70)**	$ (2.07)	$ (1.11)	$ (1.76)	$ (1.42)
Earnings (loss) from discontinued operations	**–**	**–**	**31.65**	**(1.18)**	0.76	(0.16)	4.88	(0.37)
Net earnings (loss)	**$ 2.69**	**$ 3.14**	**$ 26.61**	**$ (8.88)**	$ (1.31)	$ (1.27)	$ 3.12	$ (1.79)

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

CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $44.7 billion at December 31, 2017, compared to $42.9 billion at December 31, 2016. Onex' consolidated assets increased primarily due to the acquisitions of Parkdean Resorts, IntraPac and Laces, as well as the closing of CLOs. The increase was partially offset by the sale of USI, the loss of control by the Company of JELD-WEN and the redemption of CLO-3.

Table 14 shows consolidated assets by industry segment as at December 31, 2017, 2016 and 2015. The industry segment percentages of consolidated assets held by continuing operations are also shown.

Consolidated Assets by Industry Segment

TABLE 14 *($ millions)*	**2017**	**Percentage Breakdown**	2016	Percentage Breakdown	2015	Percentage Breakdown
Electronics Manufacturing Services	**$ 2,945**	**7%**	$ 2,822	8%	$ 2,612	9%
Healthcare Imaging	**1,321**	**3%**	1,473	4%	1,609	5%
Health and Human Services	**982**	**2%**	995	3%	1,034	4%
Insurance Services[a]	**1,524**	**3%**	1,545	4%	1,778	6%
Packaging Products and Services[b]	**6,800**	**15%**	6,144	17%	6,366	22%
Business and Information Services[c]	**5,652**	**13%**	5,765	15%	1,526	5%
Food Retail and Restaurants[d]	**2,094**	**5%**	2,185	6%	532	2%
Credit Strategies[e]	**10,048**	**22%**	7,624	20%	6,284	22%
Other[f]	**13,313**	**30%**	8,580	23%	7,111	25%
Assets held by continuing operations	**44,679**	**100%**	37,133	100%	28,852	100%
Other – assets held by discontinued operations[g]	**–**		5,780		6,958	
Total consolidated assets	**$ 44,679**		$ 42,913		$ 35,810	

(a) The insurance services segment now consists solely of York. The insurance services segment previously included USI, which has been recorded in the other segment as a discontinued operation.

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

(c) The business and information services segment consists of Clarivate Analytics and Emerald Expositions. The Company began consolidating Clarivate Analytics in October 2016, when the business was acquired by the Onex Partners IV Group.

(d) The food retail and restaurants segment consists of Jack's and Save-A-Lot. The Company began consolidating Save-A-Lot in December 2016, when the business was acquired by the Onex Partners IV Group.

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

(f) 2017 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, Parkdean Resorts, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company. 2016 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV and the parent company. 2015 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, the operating companies of ONCAP II and III and the parent company. In addition, 2017, 2016 and 2015 other includes investments in AIT, BBAM, Genesis Healthcare (up to August 2017), JELD-WEN (since May 2017), Incline Aviation Fund, Mavis Discount Tire and Venanpri Group.

(g) At December 31, 2016, the assets of JELD-WEN and USI are included in the other segment and have been presented as discontinued operations. At December 31, 2015, the assets of JELD-WEN, KraussMaffei and USI are included in the other segment and have been presented as discontinued operations.

Consolidated long-term debt, without recourse to Onex Corporation

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

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

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

Total consolidated long-term debt (consisting of the current and long-term portions of long-term debt, net of financing charges) was $22.0 billion at December 31, 2017 compared to $22.9 billion at December 31, 2016. Table 15 shows consolidated long-term debt by industry segment as at December 31, 2017, 2016 and 2015.

Consolidated Long-Term Debt of Operating Companies, Without Recourse to Onex Corporation

TABLE 15 As at December 31 *($ millions)*	**2017**	2016	2015
Electronics Manufacturing Services	**$ 187**	$ 226	$ 261
Healthcare Imaging	**1,132**	1,920	1,999
Health and Human Services	**379**	421	525
Insurance Services[(a)]	**939**	939	929
Packaging Products and Services[(b)]	**3,770**	3,447	3,487
Business and Information Services[(c)]	**2,566**	2,667	731
Food Retail and Restaurants[(d)]	**943**	886	221
Credit Strategies[(e)]	**7,877**	5,912	4,899
Other[(f)(g)]	**4,256**	6,445	5,002
	22,049	22,863	18,054
Current portion of long-term debt of operating companies	**(333)**	(407)	(411)
Total	**$ 21,716**	$ 22,456	$ 17,643

(a) The insurance services segment now consists solely of York. The insurance services segment previously included USI, which has been recorded in the other segment as a discontinued operation.

(b) The packaging products and services segment consists of IntraPac, sgsco and SIG. SIG began to be consolidated in March 2015, when the business was acquired by the Onex Partners IV Group. IntraPac began to be consolidated in December 2017, when the business was acquired by the ONCAP IV Group.

(c) The business and information services segment consists of Clarivate Analytics and Emerald Expositions. Clarivate Analytics began to be consolidated in October 2016, when the business was acquired by the Onex Partners IV Group. Emerald Expositions was previously included within the other segment.

(d) The food retail and restaurants segment consists of Jack's and Save-A-Lot. Jack's was previously included within the other segment and began to be consolidated in July 2015, when the business was acquired by the Onex Partners IV Group. Save-A-Lot began to be consolidated in December 2016, when the business was acquired by the Onex Partners IV Group.

(e) The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Onex Credit Lending Partners. Onex Credit Manager and Onex Credit Funds began to be consolidated in January 2015, when Onex acquired control of the Onex Credit asset management platform. Onex Credit Lending Partners began to be consolidated in May 2017, when OCLP I was established.

(f) 2017 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, Parkdean Resorts, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company. 2016 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, WireCo, the operating companies of ONCAP II, III and IV and the parent company. 2015 other includes Flushing Town Center, Meridian Aviation, Survitec, Schumacher, the operating companies of ONCAP II and III and the parent company.

(g) At December 31, 2016, the long-term debt of JELD-WEN and USI are included in the other segment and have been presented as discontinued operations. At December 31, 2015, the long-term debt of JELD-WEN, KraussMaffei and USI are included in the other segment and have been presented as discontinued operations.

The discussions that follow identify those significant changes in industry segments that affected Onex' consolidated long-term debt as at December 31, 2017. Note 14 to the consolidated financial statements provides details of the long-term debt outstanding by operating company and by credit facility.

ONCAP IV (Other segment)

In January 2017, ONCAP IV entered into a $100 million credit facility. The credit facility is available to finance ONCAP IV capital calls, bridge investments in ONCAP IV operating companies and to finance other uses permitted by ONCAP IV's limited partnership agreement. The credit facility includes a deemed credit risk maximum of $35 million available to ONCAP IV and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Amounts under the credit facility are available in Canadian and U.S. dollars. Borrowings drawn on the credit facility bear interest at a base rate plus a margin of 1.00% or bankers' acceptance rate (subject to a floor of 0.00%) plus a margin of 3.75%. The base rate and bankers' acceptance rate vary based on the currency of the borrowings. Borrowings under the credit facility are due and payable upon demand; however, ONCAP IV has 15 business days to complete a capital call to the limited partners of ONCAP IV. Onex Corporation, the parent company, is only obligated to fund borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP IV.

At December 31, 2017, $64 million was outstanding under the credit facility, which was repaid in January 2018 following the capital call to the limited partners of ONCAP IV for the acquisition of Laces.

JELD-WEN (Other segment)

In February 2017, JELD-WEN repaid $375 million under its combined term loan from a portion of its net proceeds from the sale of treasury shares in its initial public offering, as described on page 31 of this MD&A.

In March 2017, JELD-WEN amended its existing credit facility to reduce the rate at which borrowings under its combined term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of up to 3.00%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 50 basis points.

JELD-WEN's long-term debt is no longer recognized in the consolidated balance sheet as the Company no longer controls JELD-WEN, as described on page 31 of this MD&A.

Parkdean Resorts (Other segment)

The Onex Partners IV Group acquired Parkdean Resorts in March 2017, as described on page 32 of this MD&A. In March 2017, Parkdean Resorts entered into a senior secured credit facility consisting of a £575 million first lien term loan, a £150 million second lien term loan and a £100 million revolving credit facility. Borrowings under the first lien term loan bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of up to 4.25%, depending on the company's leverage ratio. The first lien term loan matures in March 2024. Borrowings under the second lien term loan bear interest at LIBOR (subject to a floor of 1.00%) plus a margin of 8.50%. The second lien term loan matures in March 2025. Borrowings under the revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of up to 3.25%, depending on the company's leverage ratio. The revolving credit facility matures in March 2023.

At December 31, 2017, £575 million ($777 million) was outstanding under the first lien term loan, £150 million ($203 million) was outstanding under the second lien term loan and no amounts were outstanding under the revolving credit facility.

Emerald Expositions (Business and Information Services segment)

Emerald Expositions repaid $159 million under its term loan from the net proceeds from the sale of treasury shares in its April 2017 initial public offering, as described on page 33 of this MD&A.

In May 2017, Emerald Expositions amended and restated its existing credit facility to increase the size of its revolving credit facility by $50 million. In addition, the rate at which the company borrows under its new term loan and revolving credit facility was reduced to LIBOR plus a margin of up to 3.00%, depending on the company's leverage ratio. The maturity dates for the term loan and revolving credit facility were extended to May 2024 and May 2022, respectively. The amended and restated credit facility resulted in a current interest rate reduction of 75 basis points and 150 basis points on the company's prior term loan and revolving credit facility, respectively.

In November 2017, Emerald Expositions further amended its existing credit facility to reduce the rate at which borrowings under its term loan and revolving credit facility bear interest to LIBOR plus a margin of up to 2.75%. The amendment resulted in a total interest rate reduction of 25 basis points on the company's term loan and revolving credit facility.

At December 31, 2017, $562 million was outstanding under the term loan and no amounts were outstanding under the revolving credit facility.

Jack's (Food Retail and Restaurants segment)

In April 2017, Jack's amended its existing credit facility to increase the size of its term loan to $275 million. In addition, the rate at which the company borrows under the term loan was reduced to LIBOR (subject to a floor of 1.00%) plus a margin of up to 4.25%, depending on the company's leverage ratio, and the maturity date was extended to April 2024. The rate at which the company borrows under the revolving credit facility was reduced to LIBOR (subject to a floor of 0.00%) plus a margin of up to 4.25%, depending on the company's leverage ratio, and the maturity date was extended to April 2022. The amendment resulted in a current interest rate reduction of 50 basis points on the company's term loan and revolving credit facility. The proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of $85 million to shareholders, as described on page 33 of this MD&A.

In October 2017, Jack's further amended its existing credit facility to reduce the rate at which borrowings under its term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of up to 4.00%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 25 basis points on the company's term loan.

At December 31, 2017, $256 million was outstanding under the term loan and no amounts were outstanding under the revolving credit facility.

Carestream Health (Healthcare Imaging segment)

In June 2017, Carestream Health amended its revolving credit facility to extend the maturity date to June 2019 for $127 million of the facility. The remaining $23 million of the revolving credit facility will mature in June 2018.

During 2017, Carestream Health repaid $758 million of the company's first and second lien term loans from net proceeds from the sale of its Dental Digital business along with net proceeds from an additional transaction, as described on page 34 of this MD&A.

At December 31, 2017, $770 million and $372 million were outstanding under the first and second lien term loans, respectively, and no amounts were outstanding under the revolving credit facility.

SIG (Packaging Products and Services segment)

In October 2017, SIG amended its senior secured credit facility to reduce the rate at which borrowings under its euro-denominated term loan bear interest to EURIBOR (subject to a floor of 0.00%) plus a margin of 3.25%. The amendment resulted in a total interest rate reduction of 50 basis points on the company's euro-denominated term loan.

At December 31, 2017, €1.0 billion ($1.2 billion) was outstanding under the euro-denominated term loan.

sgsco (Packaging Products and Services segment)

In December 2017, sgsco entered into a new secured credit facility consisting of a $495 million first lien term loan, a $105 million second lien term loan and an $80 million delayed draw term loan. The delayed draw term loan was fully drawn in February 2018 to partially finance an acquisition completed by sgsco. In addition, sgsco amended its revolving credit facility to increase the amount available under the facility to $75 million. The net proceeds from the senior secured credit facility were used to repay the existing debt facilities.

At December 31, 2017, $495 million, $105 million and $6 million were outstanding under the first lien term loan, second lien term loan and revolving credit facility, respectively. No amounts were outstanding under the delayed draw term loan at December 31, 2017.

Onex Partners V

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

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

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

Onex Partners IV (Other segment)

In January 2018, the Onex Partners IV Group entered into a revolving credit facility, as described on page 35 of this MD&A.

Onex Credit CLOs (Credit Strategies segment)

EURO CLO-1

In May 2017, Onex closed EURO CLO-1, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and subordinated notes, as described on page 36 of this MD&A. The secured notes were offered in an aggregate principal amount of €323 million ($351 million) and are due in June 2030. The floating rate secured notes bear interest at a rate of EURIBOR plus a margin of 0.9% to 7.15%. Interest on the secured notes was payable beginning in December 2017. The secured notes and subordinated notes of EURO CLO-1 were designated at fair value through net earnings.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by EURO CLO-1. Optional redemption of the secured notes is available beginning in June 2019. Optional refinancing of certain secured obligations is available subject to certain customary terms and conditions being met by EURO CLO-1.

The secured notes of EURO CLO-1 are secured by, and only have recourse to, the assets of EURO CLO-1.

CLO-3

In June 2017, Onex redeemed its third CLO denominated in U.S. dollars, CLO-3, as described on page 36 of this MD&A. Upon the redemption of CLO-3, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO.

CLO-13

In July 2017, Onex closed CLO-13, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares, as described on page 36 of this MD&A. The secured notes were offered in an aggregate principal amount of $552 million and are due in July 2030. The floating rate secured notes bear interest at a rate of LIBOR plus a margin of 1.26% to 6.63%. Interest on the secured notes is payable beginning in January 2018. The secured notes and preference shares of CLO-13 were designated at fair value through net earnings.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-13. Optional redemption of the secured notes is available beginning in July 2019. Optional repricing of certain secured obligations is available subject to certain customary terms and conditions being met by CLO-13.

The secured notes of CLO-13 are secured by, and only have recourse to, the assets of CLO-13.

EURO CLO-2

In December 2017, Onex closed EURO CLO-2, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and subordinated notes, as described on page 36 of this MD&A. The secured notes were offered in an aggregate principal amount of €390 million ($459 million) and are due in January 2032. The floating rate secured notes bear interest at a rate of EURIBOR plus a margin of 0.82% to 6.40%. Interest on the secured notes is payable beginning in July 2018. The secured notes and subordinated notes of EURO CLO-2 were designated at fair value through net earnings.

The secured notes are subject to redemption and pre-payment provisions, including mandatory redemption, if certain coverage tests are not met by EURO CLO-2.

Optional redemption of the secured notes is available beginning in January 2020. Optional refinancing of certain secured obligations is available subject to certain customary terms and conditions being met by EURO CLO-2.

The secured notes of EURO CLO-2 are secured by, and only have recourse to, the assets of EURO CLO-2.

CLO-14

In December 2017, Onex closed CLO-14, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares, as described on page 36 of this MD&A. The secured notes were offered in an aggregate principal amount of $552 million and are due in November 2030. The floating rate secured notes bear interest at a rate of LIBOR plus a margin of 1.15% to 5.80%. Interest on the secured notes is payable beginning in May 2018. The secured and subordinated notes and preference shares of CLO-14 were designated at fair value through net earnings.

The secured notes are subject to redemption and pre-payment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-14. Optional redemption of the secured notes is available beginning in November 2019. Optional repricing of certain secured obligations is available subject to certain customary terms and conditions being met by CLO-14.

The secured notes of CLO-14 are secured by, and only have recourse to, the assets of CLO-14.

Onex Credit Lending Partners (Credit Strategies segment)

OCLP I

In June 2017, OCLP I entered into a $138 million revolving credit facility. The revolving credit facility is available to finance capital calls and for other permitted uses. Borrowings drawn on the revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.65%. The revolving credit facility matures in June 2020, subject to an option to extend the maturity date for up to 364 days upon satisfaction of certain conditions. The revolving credit facility is secured by, among other things, the uncalled capital committed by the limited partners of OCLP I. Onex Corporation, the parent company, is only obligated to fund capital calls based on its proportionate share as a limited partner in OCLP I.

In August 2017, OCLP I entered into a $300 million asset backed financing facility. The asset backed financing facility is available to finance investments in the asset portfolio of OCLP I and for other permitted uses. Borrowings drawn on the asset backed financing facility bear interest at a base rate (subject to a floor of 0.00%) plus a margin of up to 2.50%. The asset backed financing facility matures in August 2022. The asset backed financing facility is secured by, among other things, a portion of the asset portfolio of OCLP I.

At December 31, 2017, $90 million and $219 million were outstanding under the revolving credit facility and the asset backed financing facility, respectively.

Table 16 details the aggregate debt maturities as at December 31, 2017 for Onex' operating businesses for each of the years up to 2022 and in total thereafter. As the table includes debt of investments in joint ventures and associates and excludes debt of the credit strategies segment, the total amount does not correspond to total reported consolidated debt. As the following table illustrates, significant maturities occur in 2022 and thereafter.

Debt Maturity Amounts by Year

TABLE 16 *($ millions)*	2018	2019	2020	2021	2022	Thereafter	Total
Consolidated operating companies[a]	$ 333	$ 1,728	$ 409	$ 1,127	$ 4,615	$ 6,261	$ 14,473
Investments in joint ventures and associates[a][b]	29	23	471	259	108	1,241	2,131
Total	$ 362	$ 1,751	$ 880	$ 1,386	$ 4,723	$ 7,502	$ 16,604

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

(b) Debt amounts of JELD-WEN have been presented in investments in joint ventures and associates due to the loss of control over the investment by the Company following the secondary offering completed in May 2017.

Limited Partners' Interests

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

Table 17 shows the change in Limited Partners' Interests from December 31, 2015 to December 31, 2017.

Limited Partners' Interests

TABLE 17 *($ millions)*	Onex Partners and ONCAP Funds: Gross Limited Partners' Interests	Onex Partners and ONCAP Funds: Carried Interest	Onex Partners and ONCAP Funds: Net Limited Partners' Interests	Credit Strategies: Net Limited Partners' Interests[a]	Total
Balance – December 31, 2015	$ 7,492	$ (503)	$ 6,989	$ 329	$ 7,318
Limited Partners' Interests charge	678	(91)	587	60	647
Contributions by Limited Partners	1,574	–	1,574	19	1,593
Distributions paid to Limited Partners	(1,084)	38	(1,046)	(38)	(1,084)
Balance – December 31, 2016[b]	8,660	(556)	8,104	370	8,474
Limited Partners' Interests charge	**1,545**	**(215)**	**1,330**	**20**	**1,350**
Contributions by Limited Partners	**560**	**–**	**560**	**113**	**673**
Distributions paid to Limited Partners	**(2,582)**	**307**	**(2,275)**	**(42)**	**(2,317)**
Limited Partnership commitments acquired by Onex, the parent company[c]	**(156)**	**–**	**(156)**	**–**	**(156)**
Balance – December 31, 2017	**8,027**	**(464)**	**7,563**	**461**	**8,024**
Current portion of Limited Partners' Interests[d]	**(45)**	**4**	**(41)**	**(18)**	**(59)**
Non-current portion of Limited Partners' Interests	**$ 7,982**	**$ (460)**	**$ 7,522**	**$ 443**	**$ 7,965**

(a) Net of incentive fees in credit strategies.

(b) At December 31, 2016, the current portion of the Limited Partners' Interests was $89 million. The current portion consisted primarily of the limited partners' share of (i) the distribution received from Hopkins; (ii) the return of capital to the limited partners of the ONCAP III Group related to the syndication of a portion of the investment in Tecta to the ONCAP IV Group; and (iii) the remaining proceeds from the sale of KraussMaffei.

(c) In 2017, Onex, the parent company, acquired an interest in Onex Partners IV, as described on page 34 of this MD&A.

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

The Limited Partners' Interests charge is discussed in detail on page 46 of this MD&A.

Contributions by limited partners

The Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by $560 million for contributions made by the limited partners during 2017, which related primarily to the acquisitions of Parkdean Resorts and IntraPac.

During the year ended December 31, 2016, the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds increased by $1.6 billion for contributions made during the period primarily for the acquisitions of Clarivate Analytics, Save-A-Lot, WireCo and Tecta.

Note 17 to the consolidated financial statements provides additional information on contributions made by limited partners for the years ended December 31, 2017 and 2016.

Distributions to limited partners

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

During the year ended December 31, 2016, the Limited Partners' Interests liability for the Onex Partners and ONCAP Funds was reduced by distributions of $1.0 billion primarily from the proceeds from the sale of KraussMaffei, repayments by Jack's on its promissory note and distributions from JELD-WEN, AIT and BBAM.

Note 17 to the consolidated financial statements provides additional information on distributions made to limited partners for the years ended December 31, 2017 and 2016.

Equity

Table 18 provides a reconciliation of the change in equity from December 31, 2016 to December 31, 2017. Onex' consolidated statements of equity also show the changes to the components of equity for the year ended December 31, 2017.

Change in Equity

TABLE 18 *($ millions)*	
Balance – December 31, 2016	**$ 1,351**
Dividends declared	**(23)**
Options exercised	**1**
Repurchase and cancellation of shares	**(93)**
Investments in operating companies by shareholders other than Onex	**807**
Distributions to non-controlling interests	**(15)**
Repurchase of shares of operating companies	**(54)**
Sale of interests in operating company under continuing control	**259**
Non-controlling interests derecognized on sale of investments in operating companies	**(213)**
Net earnings for the year	**2,395**
Other comprehensive earnings for the year, net of tax	**602**
Equity as at December 31, 2017	**$ 5,017**

Dividend policy

In May 2017, Onex announced that it had increased its quarterly dividend by 9% to C$0.075 per SVS beginning with the dividend declared by the Board of Directors payable in July 2017.

Table 19 presents Onex' dividend paid per share for the last twelve months ended December 31 during the past five years. The table reflects the increase in the dividend per share over this time.

TABLE 19 *($ per share amounts)*	Dividend Paid Per Share
Last twelve months ended December 31:	
2013	**C$ 0.13**
2014	**C$ 0.18**
2015	**C$ 0.23**
2016	**C$ 0.26**
2017	**C$ 0.29**

Shares outstanding

At December 31, 2017, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Onex also had 101,532,181 SVS issued and outstanding. Note 20 to the consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during 2017 or January 2018.

Table 20 shows the change in the number of SVS outstanding from December 31, 2015 to January 31, 2018.

TABLE 20 *($ millions except per share amounts)*	Number of SVS	Average Price Per Share (USD)	Average Price Per Share (CAD)	Total Cost (USD)	Total Cost (CAD)
SVS outstanding at December 31, 2015	105,893,578				
Shares repurchased and cancelled:					
Normal Course Issuer Bids	(2,114,397)	$ 59.04	$ 78.25	$ 125	$ 165
Private transaction	(1,000,000)	$ 58.85	$ 84.12	$ 59	$ 84
Issuance of shares:					
Dividend Reinvestment Plan	8,447	$ 61.30	$ 81.02	$ 1	$ 1
SVS outstanding at December 31, 2016	102,787,628				
Shares repurchased and cancelled:					
Normal Course Issuer Bids	**(666,923)**	**$ 74.53**	**$ 94.05**	**$ 50**	**$ 63**
Private transaction	**(750,000)**	**$ 71.24**	**$ 94.98**	**$ 53**	**$ 71**
Issuance of shares:					
Options exercised	**10,181**	**$ 74.40**	**$ 93.33**	**$ 1**	**$ 1**
Dividend Reinvestment Plan	**9,505**	**$ 73.60**	**$ 95.16**	**$ 1**	**$ 1**
SVS outstanding at January 31, 2018	**101,390,391**				

Shares repurchased and cancelled

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

On April 18, 2017, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2017. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 8,391,231 SVS. Onex may purchase up to 26,619 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2017. Onex may also purchase SVS from time to time under the Toronto Stock Exchange's block purchase exemption, if available, or by way of private agreement pursuant to an issuer bid exemption order, if sought and received, under the new NCIB. The new NCIB commenced on April 18, 2017 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2018. A copy of the Notice of Intention to make the NCIB filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 17, 2017, Onex repurchased 1,244,535 SVS at a total cost of $75 million (C$98 million) or an average purchase price of $60.53 (C$78.69) per share. In addition, during the same period, Onex repurchased 750,000 SVS in a private transaction at a total cost of $53 million (C$71 million) or an average purchase price of $71.24 (C$94.98) per share.

The private transaction represents the repurchase of SVS that were held indirectly by Mr. Gerald W. Schwartz, Onex' controlling shareholder, as described on page 78 of this MD&A.

Table 21 shows a summary of Onex' repurchases of SVS for the past 10 years.

Onex' Repurchases of SVS for the Past 10 Years

TABLE 21	Shares Repurchased	Total Cost of Shares Repurchased *(in C$ millions)*	Average Share Price *(in C$ per share)*
2008	3,481,381	C$ 101	C$ 28.89
2009	1,784,600	41	23.04
2010	2,040,750	52	25.44
2011	3,165,296	105	33.27
2012	627,061	24	38.59
2013[(1)]	3,060,400	159	51.81
2014[(2)]	2,593,986	163	62.98
2015[(3)]	3,084,877	218	70.70
2016[(4)]	3,114,397	249	80.14
2017[(5)]	1,273,209	121	95.00
Total	24,225,957	C$ 1,233	C$ 50.92

(1) Includes 1,000,000 SVS repurchased in a private transaction.

(2) Includes 1,310,000 SVS repurchased in private transactions.

(3) Includes 275,000 SVS repurchased in private transactions.

(4) Includes 1,000,000 SVS repurchased in a private transaction.

(5) Includes 750,000 SVS repurchased in a private transaction.

Issuance of shares – Dividend Reinvestment Plan

Onex' Dividend Reinvestment Plan enables Canadian shareholders to reinvest cash dividends to acquire new SVS of Onex at a market-related price at the time of reinvestment. During the period from January 1, 2017 to January 31, 2018, Onex issued 9,505 SVS at an average cost of C$95.16 per SVS, creating a cash savings of $1 million (C$1 million).

Investments in operating companies by shareholders other than Onex

Onex recorded an increase in equity of $807 million during 2017 primarily due to the investment by public shareholders in new common shares in the initial public offerings of JELD-WEN and Emerald Expositions, as described on pages 31 and 33 of this MD&A.

Sale of interests in operating company under continuing control

Onex reported an increase in equity of $259 million during 2017 due to the sale of shares by the Onex Partners III Group in the initial public offerings of JELD-WEN and Emerald Expositions, as described on pages 31 and 33 of this MD&A.

Non-controlling interests derecognized on sale of investments in operating companies

Onex recorded a decrease in equity of $213 million during 2017 related to non-controlling interests in JELD-WEN and USI. 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 May 2017 sale of shares in JELD-WEN, the non-controlling interests balance included the ownership interests of JELD-WEN's public shareholders. In May 2017, the Onex Partners III Group sold shares of JELD-WEN in a secondary offering, which resulted in a loss of control of the investment. The non-controlling interests attributable to JELD-WEN have been derecognized from equity since the operations of JELD-WEN are no longer consolidated.

Prior to the sale of USI in May 2017, the non-controlling interests balance included the ownership interests of management and employees of USI not recognized as financial liabilities. As a result of the sale, the non-controlling interests attributable to USI have been derecognized from equity.

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 SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years, with the exception of a total of 6,775,000 options, which vest at a rate of 15% per year during the first four years and 40% in the fifth year. The exercise price of the options issued is at the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise.

At December 31, 2017, Onex had 12,378,442 options outstanding to acquire SVS, of which 6,701,092 options were vested and exercisable.

Table 22 provides information on the activity from December 31, 2015 to December 31, 2017.

Change in Stock Options Outstanding

TABLE 22	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2015	12,628,033	C$ 52.37
Granted	898,500	C$ 93.40
Surrendered	(509,700)	C$ 31.97
Expired	(73,650)	C$ 59.44
Outstanding at December 31, 2016	12,943,183	C$ 55.98
Granted	**170,000**	**C$ 100.90**
Surrendered	**(597,641)**	**C$ 28.97**
Exercised	**(13,250)**	**C$ 23.35**
Expired	**(123,850)**	**C$ 68.31**
Outstanding at December 31, 2017	**12,378,442**	**C$ 57.81**

During 2017, 170,000 options to acquire SVS were issued with a weighted average exercise price of C$100.90 per share. The options vest at a rate of 20% per year from the date of grant.

During 2016, 898,500 options to acquire SVS were issued with a weighted average exercise price of C$93.40 per share. The options vest at a rate of 20% per year from the date of grant.

During 2017, 597,641 options were surrendered at a weighted average exercise price of C$28.97 for aggregate cash consideration of $30 million (C$40 million), 13,250 options were exercised at a weighted average exercise price of C$23.35 and 123,850 options expired.

During 2016, 509,700 options were surrendered at a weighted average exercise price of C$31.97 for aggregate cash consideration of $21 million (C$28 million) and 73,650 options expired.

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

Director Deferred Share Unit Plan

During the second quarter of 2017, an annual grant of 27,720 (2016 – 27,712) Director DSUs was issued to directors having an aggregate value, at the date of grant, of $2 million (C$3 million) (2016 – $2 million (C$2 million)) in lieu of that amount of cash compensation for directors' fees. At December 31, 2017, there were 704,036 (2016 – 665,871) Director DSUs outstanding. Onex has economically hedged 582,373 (2016 – 580,648) of the outstanding Director DSUs with a counterparty financial institution.

Management Deferred Share Unit Plan

In early 2016, Onex issued 44,333 DSUs to management having an aggregate value, at the date of grant, of $3 million (C$4 million) in lieu of that amount of cash compensation for Onex' 2015 fiscal year. In early 2017, Onex issued 28,670 DSUs to management having an aggregate value, at the date of grant, of $2 million (C$3 million) in lieu of that amount of cash compensation for Onex' 2016 fiscal year.

At December 31, 2017, there were 665,921 (2016 – 635,326) Management DSUs outstanding.

In early 2018, Onex issued 74,646 DSUs to management having an aggregate value, at the date of grant, of $5 million (C$7 million) in lieu of that amount of cash compensation for Onex' 2017 fiscal year.

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

Director DSUs must be held until retirement from the Board and Management DSUs must be held until leaving the employment of Onex. Table 23 reconciles the changes in the DSUs outstanding at December 31, 2017 from December 31, 2015.

Change in Outstanding Deferred Share Units

	Director DSU Plan		Management DSU Plan	
TABLE 23	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2015	626,481		684,515	
Granted	27,712	C$ 79.30	–	–
Exercised	–	–	(95,641)	C$ 80.77
Additional units issued in lieu of compensation and cash dividends	11,678	C$ 83.18	46,452	C$ 85.18
Outstanding at December 31, 2016	665,871		635,326	
Granted	**27,720**	**C$ 100.74**	**–**	**–**
Additional units issued in lieu of compensation and cash dividends	**10,445**	**C$ 96.69**	**30,595**	**C$ 88.00**
Outstanding at December 31, 2017	**704,036**		**665,921**	
Hedged with a counterparty financial institution at December 31, 2017	**(582,373)**		**(665,921)**	
Outstanding at December 31, 2017 – Unhedged	**121,663**		**–**	

Management of capital

Onex considers the capital it manages to be the amounts it has invested in cash and cash equivalents, near-cash investments, short- and long-term investments managed by third-party investment managers, and the investments made in the operating businesses, credit strategies and other investments. Onex also manages capital from other investors in the Onex Partners and ONCAP Funds and credit strategies. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, debt so that funds are available to pursue new acquisitions and growth opportunities, as well as support expansion 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 assumed risk;
- 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 Corporation does not 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 limited partners' capital available to invest along with Onex' capital. This allows 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 limited partners' capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of limited partners.

At December 31, 2017, Onex, the parent company, had $628 million of cash and cash equivalents on hand and $1.3 billion of near-cash items at fair value. Near-cash items include short- and long-term investments managed by third-party investment managers, as described below, $181 million invested in a segregated unlevered fund managed by Onex Credit and $107 million in management fees receivable from limited partners of its private equity platforms. During the first quarter of 2017, Onex, the parent company, redeemed $200 million from the Onex Credit segregated unlevered fund for cash management purposes.

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

At December 31, 2017, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was $1.0 billion. The investments are managed in a mix of short-term and long-term portfolios. Short-term investments consist of liquid investments and include money market instruments and commercial paper with original maturities of three months to one year. Long-term investments consist of securities and include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one to five years. The short- and long-term investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments. The investments are managed to maintain an overall weighted average duration of two years or less.

At December 31, 2017, Onex had access to uncalled committed limited partner capital for investments through Onex Partners IV ($921 million), Onex Partners V ($5.3 billion), ONCAP IV ($555 million) and OCLP I ($175 million). The uncalled committed limited partner capital for ONCAP IV excludes capital related to the Laces acquisition, which was contributed by the limited partners of ONCAP IV in January 2018. The uncalled committed limited partner capital for Onex Partners IV excludes capital related to the SMG acquisition, which was contributed by the limited partners of Onex Partners IV in January 2018.

Non-controlling interests

Non-controlling interests in equity in Onex' consolidated balance sheets as at December 31, 2017 primarily represent the ownership interests of shareholders, other than Onex and its limited partners in the funds, in Onex' controlled operating companies. The non-controlling interests balance at December 31, 2017 of $2.1 billion increased from $1.8 billion at December 31, 2016. The increase was primarily due to the sale and issuance of treasury shares in Emerald Expositions and JELD-WEN in their initial public offerings, partially offset by the derecognition of non-controlling interest from the loss of control over JELD-WEN and the sale of USI.

LIQUIDITY AND CAPITAL RESOURCES

Major cash flow components

This section should be read in conjunction with the consolidated statements of cash flows and the corresponding notes thereto. Table 24 summarizes the major consolidated cash flow components for the years ended December 31, 2017 and 2016.

Major Cash Flow Components

TABLE 24 ($ millions)	2017	2016
Cash from operating activities	**$ 1,875**	$ 1,912
Cash from (used in) financing activities	**$ (1,590)**	$ 850
Cash from (used in) investing activities	**$ 683**	$ (2,801)
Consolidated cash and cash equivalents held by continuing operations	**$ 3,376**	$ 2,169

Cash from operating activities

Table 25 provides a breakdown of cash from operating activities by cash generated from operations and changes in non-cash working capital items, other operating activities and operating activities of discontinued operations for the years ended December 31, 2017 and 2016.

Components of Cash from Operating Activities

TABLE 25 ($ millions)	2017	2016
Cash generated from operations	**$ 1,674**	$ 1,510
Changes in non-cash working capital items:		
Accounts receivable	**(45)**	(380)
Inventories	**18**	(187)
Other current assets	**92**	(59)
Accounts payable, accrued liabilities and other current liabilities	**122**	548
Increase (decrease) in cash and cash equivalents due to changes in non-cash working capital items	**187**	(78)
Increase in other operating activities	**4**	14
Cash from operating activities of discontinued operations	**10**	466
Cash from operating activities	**$ 1,875**	$ 1,912

Cash generated from operations includes the net loss from continuing operations before interest and income taxes, adjusted for cash taxes paid and items not affecting cash and cash equivalents. The significant changes in non-cash working capital items for the year ended December 31, 2017 were:

- a $92 million decrease in other current assets primarily at Save-A-Lot, SIG and Flushing Town Center; and
- a $122 million increase in accounts payable, accrued liabilities and other current liabilities primarily at Celestica and SIG.

The significant changes in non-cash working capital items for the year ended December 31, 2016 were:

- a $380 million increase in accounts receivable primarily at Celestica and Clarivate Analytics;
- a $187 million increase in inventory primarily at Celestica and Flushing Town Center, partially offset by decreases in inventory at Save-A-Lot, SIG and WireCo; and
- a $548 million increase in accounts payable, accrued liabilities and other current liabilities primarily at Celestica, Clarivate Analytics and SIG.

Cash from operating activities for the year ended December 31, 2017 also included $10 million (2016 – $466 million) of cash flows from the operating activities of discontinued operations. Discontinued operations for the year ended December 31, 2017 represent the operations of JELD-WEN (up to May 2017) and USI (up to May 2017). Discontinued operations for the year ended December 31, 2016 represent the operations of JELD-WEN, KraussMaffei (up to April 2016) and USI, and include a portion of the gain from the sale of Sitel Worldwide.

Cash from (used in) financing activities

Cash used in financing activities was $1.6 billion for 2017 compared to cash from financing activities of $850 million for 2016. Cash used in financing activities for the year ended December 31, 2017 included:

- $2.3 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 61 of this MD&A;
- $1.1 billion of cash interest paid; and
- $156 million of net cash used by Onex, the parent company, to acquire an interest in Onex Partners IV from a limited partner, as described on page 34 of this MD&A.

Partially offsetting these were:

- $771 million of net new long-term debt primarily from the closing of new CLOs. This was partially offset by debt repayments made by Carestream Health, Emerald Expositions and Flushing Town Center;
- $673 million of contributions received primarily from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 61 of this MD&A;
- $259 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions and JELD-WEN's initial public offering;
- $198 million from the issuance of share capital primarily due to Emerald Expositions' issuance of treasury shares in its initial public offering, as discussed on page 33 of this MD&A; and
- $26 million from financing activities of discontinued operations.

Cash from financing activities for the year ended December 31, 2016 included:

- $1.6 billion of contributions received primarily from the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 61 of this MD&A;
- $973 million of net new long-term debt primarily from the closings of CLO-11 and CLO-12 and increases in outstanding debt at Flushing Town Center, Hopkins, Schumacher and Survitec. This was partially offset by debt repayments made by CLO-2, Carestream Health, Jack's, ResCare and SIG;
- $458 million received from Baring Private Equity Asia for the October 2016 investment in Clarivate Analytics; and
- $33 million from financing activities of discontinued operations.

Partially offsetting these were:

- $1.2 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 61 of this MD&A, and distributions primarily to third-party shareholders of JELD-WEN and KraussMaffei;
- $780 million of cash interest paid;
- $184 million of cash used by Onex, the parent company, for purchases of its shares; and
- $59 million of cash used for share repurchases primarily by Celestica.

Cash from (used in) investing activities

Cash from investing activities totalled $683 million for the year ended December 31, 2017 compared to cash used in investing activities of $2.8 billion during 2016. Cash from investing activities during the year ended December 31, 2017 primarily consisted of:

- $3.2 billion from the sale of companies and businesses no longer controlled, primarily representing the sale of USI, the sale of common stock of JELD-WEN in its May secondary offering and the sale by Carestream Health of its Dental Digital business;

- $591 million from the sale of investments in joint ventures and associates, primarily representing the sale of common stock of JELD-WEN in its November secondary offering;
- $367 million of cash interest received primarily by the CLOs in credit strategies; and
- $71 million of distributions received from investments in joint ventures and associates primarily from BBAM.

Partially offsetting these were:

- $974 million used to fund acquisitions primarily related to the Onex Partners IV Group's investment in Parkdean Resorts and the ONCAP IV Group's investments in IntraPac and Laces;
- $944 million of net purchases of investments and securities by the credit strategies;
- $722 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica, Parkdean Resorts, Pinnacle Renewable Energy, SIG and Survitec;
- $691 million of net purchases of investments and securities primarily by Onex, the parent company, from third-party investment managers; and
- $240 million used in investing activities of discontinued operations.

Cash used in investing activities for the year ended December 31, 2016 included:

- $2.9 billion used to fund investments in operating companies, which primarily related to the Onex Partners IV Group's investments in Clarivate Analytics, Save-A-Lot and WireCo and the ONCAP Funds' investment in Tecta, in addition to acquisitions completed by operating companies;
- $1.0 billion of net purchases of investments and securities by the CLOs and Onex Credit Funds;
- $481 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica and SIG; and
- $255 million of cash used in investing activities of discontinued operations.

Partially offsetting these were:

- $858 million of proceeds from the sale of companies and businesses no longer controlled, primarily from the sale of KraussMaffei;
- $666 million of proceeds primarily from the sale of investments managed by third-party investment managers for Onex, the parent company;
- $325 million of cash interest received primarily by the CLOs; and
- $206 million of distributions received from investments in joint ventures and associates primarily from AIT and BBAM.

Consolidated cash resources

At December 31, 2017, consolidated cash held by continuing operations increased to $3.4 billion from $2.2 billion at December 31, 2016. The major component at December 31, 2017 was $628 million of cash on hand at Onex, the parent company (December 31, 2016 – $679 million). In addition to cash at the parent company, Onex had $1.3 billion of near-cash items at December 31, 2017 (December 31, 2016 – $907 million). Near-cash items at December 31, 2017 include short- and long-term investments managed by third-party investment managers, as described on page 66 of this MD&A, $181 million (December 31, 2016 – $376 million) invested in a segregated unlevered fund managed by Onex Credit and $107 million (December 31, 2016 – $48 million) in management fees receivable from limited partners of its private equity platforms. During the first quarter of 2017, Onex redeemed $200 million from the Onex Credit segregated unlevered fund for cash management purposes.

Cash and near-cash at Onex, the parent company

Table 26 provides a reconciliation of the change in cash and near-cash at Onex, the parent company, from December 31, 2016 to December 31, 2017.

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

TABLE 26 *($ millions)*		Amount
Cash and near-cash on hand at December 31, 2016[a]		**$ 1,586**
Private equity realizations:		
USI sale	563	
JELD-WEN initial and secondary offerings	309	
BBAM distributions and partial sale of business	53	
Emerald Expositions initial public offering and dividends	35	
Jack's distribution	23	
PURE Canadian Gaming distributions	19	
Bradshaw distribution	14	
KraussMaffei residual proceeds	5	
Genesis Healthcare sale of shares	4	
Other	6	1,031
Flushing Town Center distributions		31
Private equity investments:		
Acquisition of Parkdean Resorts	(166)	
Interest acquired in Onex Partners IV	(156)	
Acquisition of IntraPac	(46)	
Acquisition of Laces	(40)	(408)
Net distributions from Incline Aviation Fund		9
Net credit strategies investment activity, including warehouse facilities		(73)
Onex share repurchases, options exercised and dividends		(145)
Net other, including capital expenditures, management fees, operating costs and treasury income[b]		(84)
Cash and near-cash on hand at December 31, 2017[a][b]		**$ 1,947**

(a) Includes $1.0 billion (December 31, 2016 – $483 million) of short- and long-term investments managed by third-party investment managers, $181 million (December 31, 2016 – $376 million) invested in a segregated Onex Credit unlevered senior secured loan strategy fund and $107 million (December 31, 2016 – $48 million) of management fees receivable. During the first quarter of 2017, Onex redeemed $200 million from the Onex Credit segregated unlevered fund for cash management purposes.

(b) Other includes the impact of favourable foreign exchange on cash.

Subsequent to December 31, 2017, Onex, the parent company, received cash of C$9 million ($7 million) for its share of the repayment of existing shareholder subordinated debt with Pinnacle Renewable Energy, as described on page 35 of this MD&A, and £15 million ($22 million) for its share of the partial repayment of an existing loan note by Parkdean Resorts, as described on page 32 of this MD&A.

During January 2018, Onex, the parent company, invested $139 million related to the acquisition of SMG, as described on page 35 of this MD&A.

ADDITIONAL USES OF CASH

Contractual obligations

Table 27 presents the contractual obligations of Onex and its operating companies as at December 31, 2017.

Contractual Obligations

TABLE 27 *($ 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[a]	**$ 22,357**	$ 333	$ 2,228	$ 5,960	$ 13,836
Finance and operating leases	**3,429**	381	550	319	2,179
Purchase obligations	**160**	145	14	1	–
Total contractual obligations	**$ 25,946**	$ 859	$ 2,792	$ 6,280	$ 16,015

(a) Excludes debt amounts of subsidiaries held by Onex, the parent company, and debt of investments in joint ventures and associates. Amounts are gross of financing charges.

In addition to the obligations in table 27, certain of Onex' consolidated operating companies have funding obligations related to their defined benefit pension plans. The operating companies estimate that $11 million of contributions will be required in 2018 for their defined benefit pension plans. Onex, the parent company, does not provide pension, other retirement or post-retirement benefits to employees of any of the operating companies. In addition, Onex, the parent company, does not have any obligations and has not made any guarantees with respect to the plans of the operating companies.

A breakdown of long-term debt by industry segment is provided in table 15 on page 55 of this MD&A. In addition, notes 14 and 15 to the 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, 2017, Onex and its operating companies had total commitments of $1.4 billion. Commitments by Onex and its operating companies provided in the normal course of business include commitments for corporate investments, capital assets and letters of credit, letters of guarantee and surety and performance bonds.

Approximately $279 million of the total commitments in 2017 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, the parent company.

In February 2016, Onex, the parent company, committed $75 million to Incline Aviation Fund, an aircraft investment fund managed by BBAM and focused on investments in contractually leased commercial jet aircraft. In February 2017, Mr. Gerald W. Schwartz, who is Onex' controlling shareholder, assumed $25 million of Onex' commitment, reducing the amount committed by Onex to investing in Incline Aviation Fund to $50 million. At December 31, 2017, Onex had uncalled commitments of $45 million (2016 – $60 million) to Incline Aviation Fund.

Onex, the parent company, committed $100 million to OCLP I. At December 31, 2017, Onex' uncalled committed capital to OCLP I was $82 million.

In addition, commitments at December 31, 2017 include $1.0 billion related to an acquisition completed in January 2018.

Onex' commitment to the Funds

Onex, the parent company, is the largest limited partner in each of the Onex Partners and ONCAP Funds. Table 28 presents the commitment and the uncalled committed capital of Onex, the parent company, in these funds at December 31, 2017.

Commitment and Uncalled Committed Capital of Onex, the Parent Company, at December 31, 2017

TABLE 28 *($ millions)*	Fund Size	Onex' Commitment	Onex' Uncalled Committed Capital[a]
Onex Partners I	$ 1,655	$ 400	$ 20[b]
Onex Partners II	$ 3,450	$ 1,407	$ 158[b]
Onex Partners III	$ 4,700	$ 1,200	$ 112
Onex Partners IV	$ 5,660	$ 1,700[c]	$ 461[d]
Onex Partners V	$ 7,150	$ 2,000	$ 2,000
ONCAP II	C$ 574	C$ 252	C$ 1[b]
ONCAP III	C$ 800	C$ 252	C$ 36
ONCAP IV	$ 1,107	$ 480	$ 367[e]

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

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

(c) Onex' commitment does not include the additional commitment which was acquired by Onex, as described on page 34 of this MD&A.

(d) Onex' uncalled committed capital includes the remaining uncalled committed capital related to the interest in Onex Partners IV which was acquired by Onex, as described on page 34 of this MD&A. The remaining uncalled committed capital balance is adjusted for the acquisition of SMG, which closed in January 2018.

(e) Excludes uncalled committed capital related to the Laces acquisition.

Pension plans

At December 31, 2017, six (2016 – six) of Onex' operating companies have defined benefit pension plans, including Carestream Health, Celestica and SIG. At December 31, 2017, the defined benefit pension plans at these operating companies had combined assets of $1.3 billion (2016 – $1.4 billion) against combined obligations of $1.3 billion (2016 – $1.6 billion), with a net deficit of $52 million (2016 – $167 million). A surplus in any plan is not available to offset deficiencies in others.

Onex, the parent company, has no obligation to the pension plans of its operating companies. The operating companies with significant defined benefit pension plans are described below.

At December 31, 2017, Carestream Health's defined benefit pension plans were in an underfunded position of approximately $89 million (2016 – $83 million). The company's pension plan assets are broadly diversified in equity and debt investment funds, as well as other investments. Carestream Health expects to contribute approximately $1 million in 2018 to its defined benefit pension plans, and it does not believe that future pension contributions will materially impact its liquidity.

At December 31, 2017, Celestica's defined benefit pension plans were overfunded on a net basis by $40 million (2016 – $52 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 based on actuarial assessments. Celestica estimates $2 million of contributions will be required for its defined benefit pension plans in 2018 based on the most recent actuarial valuations.

At December 31, 2017, SIG's defined benefit pension plans were in an overfunded position of approximately $30 million (2016 – $10 million). The company's pension plan assets are broadly diversified in equity and debt investment funds, as well as other investments. SIG estimates that $6 million of contributions will be required for its defined benefit pension plans in 2018.

ADDITIONAL SOURCES OF CASH

Private equity funds

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

Table 29 provides a summary of the remaining commitments available from limited partners at December 31, 2017. The remaining commitments for Onex Partners IV, Onex Partners V and ONCAP IV will be used for future Onex-sponsored acquisitions. The remaining commitments from limited partners of Onex Partners I and II are for future funding of partnership expenses. The remaining commitments from limited partners of ONCAP II are for possible future funding of management fees and partnership expenses. The remaining commitments from limited partners of Onex Partners III and ONCAP III are for possible future funding of remaining businesses and future funding of management fees and partnership expenses.

Private Equity Funds' Uncalled Limited Partners' Committed Capital at December 31, 2017

TABLE 29 *($ millions)*	Available Uncalled Committed Capital (excluding Onex)[a]
Onex Partners I	$ 64
Onex Partners II	$ 241
Onex Partners III	$ 353
Onex Partners IV	$ 921[b]
Onex Partners V	$ 5,313
ONCAP II	C$ 2
ONCAP III	C$ 86
ONCAP IV	$ 555[c]

(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.

(b) Adjusted for the acquisition of SMG, which closed in January 2018.

(c) Excludes uncalled committed capital related to the Laces acquisition, which was contributed by the Limited Partners of ONCAP IV in January 2018.

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

During 2003, Onex raised its first large-cap fund, Onex Partners I, with $1.655 billion of committed capital, including committed capital of $400 million from Onex. Since 2003, Onex Partners I has completed 10 investments, investing $1.5 billion, including Onex. While Onex Partners I has concluded its investment period, the fund still has uncalled limited partners' committed capital of $64 million for possible future funding of partnership expenses. As a result of previously approved extensions, the term of Onex Partners I was extended to February 4, 2019 and management fees are no longer being earned from Onex Partners I as of February 4, 2016.

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, investing $2.9 billion, including Onex. While Onex Partners II has concluded its investment period, at December 31, 2017, the fund still has uncalled limited partners' committed capital of $241 million for possible future funding for Onex Partners II's partnership expenses. In July 2016, the term of Onex Partners II was extended to August 1, 2017. In July 2017, the term of Onex Partners II was further extended for a second year to August 1, 2018.

During 2009, Onex completed fundraising for its third large-cap private equity fund, Onex Partners III, a $4.7 billion private equity fund. Onex' commitment to Onex Partners III has been $1.2 billion for new investments completed since May 15, 2012. Onex Partners III has completed 10 investments, investing $4.2 billion, including Onex. The amount invested includes capitalized costs. While Onex Partners III has concluded its investment period, at December 31, 2017, the fund had uncalled limited partners' committed capital of $353 million for possible future funding for one of Onex Partners III's remaining businesses and for management fees and partnership expenses.

During 2014, Onex completed fundraising for its fourth large-cap private equity fund, Onex Partners IV, a $5.7 billion private equity fund. Onex' commitment to Onex Partners IV was $1.7 billion since June 3, 2015. During 2017, Onex acquired an additional interest of $220 million in Onex Partners IV from a limited partner, as described on page 34 of this MD&A. At December 31, 2017, Onex Partners IV had completed nine investments, investing $3.8 billion, including Onex. The amount invested includes capitalized costs. At December 31, 2017, Onex Partners IV had $1.2 billion of uncalled limited partners' committed capital available for future investments and for management fees and partnership expenses. Onex Partners IV uncalled committed limited partner capital subsequently decreased to $921 million following completion of the SMG acquisition in January 2018.

During 2017, Onex completed fundraising for its fifth large-cap private equity fund, Onex Partners V, a $7.15 billion private equity fund. Onex' commitment to the fund is $2.0 billion. As of December 31, 2017, Onex Partners V has not completed any investments.

During 2006, Onex 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 investments, investing C$483 million, including Onex. At December 31, 2017, this fund had uncalled committed limited partners' capital of C$2 million for possible future funding for ONCAP II's management fees and partnership expenses. As a result of previously approved extensions, the term of ONCAP II was extended to November 22, 2018.

During 2011, Onex raised its third mid-market private equity fund, ONCAP III, a C$800 million private equity fund, including committed capital of C$252 million from Onex. ONCAP III has completed eight investments, investing C$632 million, including Onex. While ONCAP III has concluded its investment period, at December 31, 2017, the fund had uncalled limited partners' committed capital of C$86 million for possible future funding for any of ONCAP III's remaining businesses and for management fees and partnership expenses.

In November 2016, Onex raised its fourth mid-market private equity fund, ONCAP IV, reaching aggregate commitments of $1.1 billion, including Onex' commitment of $480 million. ONCAP IV has completed three investments, investing $282 million, including Onex. At December 31, 2017, ONCAP IV had uncalled limited partners' committed capital of $555 million available for future investments and for management fees and partnership expenses, which excludes $62 million of capital related to the Laces acquisition, which was contributed in January 2018.

Onex Credit Lending Partners

Onex' private debt fund provides a pool of committed capital for investments in senior secured loans and other loan investments in middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.

During 2017, Onex raised $314 million for OCLP I, including $100 million from Onex. At December 31, 2017, OCLP I had uncalled limited partners' committed capital of $175 million available for future investments, management fees and partnership expenses.

RELATED PARTY TRANSACTIONS

Investment programs

Investment programs are designed to align the Onex management team's interests with those of Onex' shareholders and the limited partner investors in Onex' Funds.

The various investment programs are described in detail in the following pages and certain key aspects are summarized in table 30.

TABLE 30	Hurdle/ Performance Return	Vesting	Associated Investment by Management
Management Investment Plan(i)	15% Compound Return	Vests equally over 6 years	• personal "at risk" equity investment required • 25% of gross proceeds on the 7.5% gain allocated under the MIP to be reinvested in SVS or Management DSUs until 1,000,000 shares and DSUs owned
Carried Interest Participation – Onex Partners(ii)	8% Compound Return	Onex Partners I Fully vested Onex Partners II Fully vested Onex Partners III Fully vested Onex Partners IV Vests equally over 6 years ending in August 2020 Onex Partners V Vests equally over 6 years, from the date the fund begins to accrue management fees	• corresponds to participation in minimum "at risk" Onex Partners management equity investment for Onex Partners I through Onex Partners V • 25% of gross proceeds to be reinvested in SVS or Management DSUs until 1,000,000 shares and DSUs owned
Carried Interest Participation – ONCAP(ii)	8% Compound Return	ONCAP II Fully vested ONCAP III Fully vested ONCAP IV Vests equally over 5 years ending in November 2021	• corresponds to participation in minimum "at risk" ONCAP management equity investment
Stock Option Plan(iii)	25% Price Appreciation	Vests equally over 5 years, except for 6,775,000 options which vest at a rate of 15% per year during the first four years and 40% in the fifth year	• satisfaction of exercise price (market value at grant date)
Management DSU Plan(iv)	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(v)	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

(i) Management Investment Plan

Onex has a MIP that requires its management members to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment is 1.5% of Onex' interest in each acquisition or investment. An amount invested in an Onex Partners acquisition under the fund's investment requirement (discussed below) also applies towards the 1.5% investment requirement under the MIP.

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

During 2017, management received $34 million under the MIP (2016 – $7 million). Notes 1 and 32(d) to the consolidated financial statements provide additional details on the MIP.

In addition, management of ONCAP has an incentive program related to Onex' co-investment in ONCAP operating companies.

(ii) Carried interest participation

The General Partners of the Onex Partners and ONCAP Funds, which are controlled by Onex, are entitled to a carried interest of 20% on the realized net gains of the limited partners in each fund, subject to an 8% compound annual preferred return to those limited partners on all amounts contributed in each particular fund. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Onex management is allocated 60% of the carried interest realized in the Onex Partners Funds and ONCAP management is allocated 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex' capital. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV. Under the terms of the partnership agreements, the General Partners may receive carried interest as realizations occur. The ultimate amount of carried interest earned will be based on the overall performance of each fund, independently, and includes typical catch-up and claw-back provisions within each fund, but not between funds.

Table 31 shows the amount of net carried interest received by Onex, the parent company, over the past five years up to December 31, 2017.

Carried Interest

TABLE 31 *($ millions)*	Carried Interest Received
2013	$ 75
2014	171
2015	1
2016	14
2017	121
Total	$ 382

During 2017, Onex, the parent company, received carried interest totalling $121 million primarily from the sale of USI and partial sales of BBAM, Emerald Expositions and JELD-WEN. Onex has the potential to receive $185 million of carried interest on its businesses in the Onex Partners and ONCAP Funds based on their fair values as determined at December 31, 2017.

During the year ended December 31, 2016, Onex, the parent company, received carried interest of $14 million primarily related to the sale of KraussMaffei.

During the year ended December 31, 2017, management of Onex and ONCAP received carried interest totalling $186 million primarily from the sale of USI and partial sales of BBAM, Emerald Expositions and JELD-WEN. Management of Onex and ONCAP have the potential to receive $327 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2017.

During the year ended December 31, 2016, management of Onex and ONCAP received carried interest totalling $24 million primarily related to the sale of KraussMaffei.

(iii) 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 SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years, with the exception of a total of 6,775,000 options, which vest at a rate of 15% per year during the first four years and 40% in the fifth year. The price of the options issued is at the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise. Table 22 on page 64 of this MD&A provides details of the change in the stock options outstanding at December 31, 2017 and 2016.

(iv) Management Deferred Share Unit Plan

Effective December 2007, a Management DSU was established as a further means of encouraging personal and direct economic interests by the Company's senior management in the performance of the SVS. Under the Management DSU 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 DSUs based on the market value of Onex shares at the time in lieu of cash. Management DSUs 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 SVS. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To hedge Onex' 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. The costs of those arrangements are borne entirely by participants in the Management DSU Plan. DSUs 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 23 on page 65 of this MD&A provides details of the change in the DSUs outstanding during 2017 and 2016.

(v) Director Deferred Share Unit Plan

Onex, the parent company, established a Director DSU Plan in 2004, which allows Onex directors to apply directors' fees 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. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS 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 SVS. To hedge Onex' exposure to changes in the trading price of Onex shares associated with the Director DSU Plan, the Company has entered into forward agreements with a counterparty financial institution representing over 80% of the grants under the Director DSU Plan. Table 23 on page 65 of this MD&A provides details of the change in the DSUs outstanding during 2017 and 2016.

Onex management team investments in Onex' Funds

The Onex management team invests meaningfully in each operating business acquired by the Onex Partners and ONCAP Funds and in strategies managed by Onex Credit.

The structure of the Onex Partners and ONCAP Funds requires the management of Onex Partners and ONCAP Funds to invest a minimum of 1% in all acquisitions, with the exception of Onex Partners IV, Onex Partners V and ONCAP IV, which require a minimum 2% investment in all acquisitions. This investment includes the minimum "at risk" equity investment on which the management of Onex and ONCAP earn carried interest, as described on page 76 of this MD&A.

The Onex management team and directors have committed to invest 6% of the total capital invested by Onex Partners IV and V for new investments completed in 2018, including the minimum "at risk" equity investment. The Onex management team and directors have committed to invest 10% of the total capital invested by ONCAP IV for new investments completed in 2018, including the minimum "at risk" equity investment. The Onex management team and directors invest in any add-on investments in existing businesses pro-rata with their initial investment in the relevant business.

The total amount invested in 2017 by the Onex management team and directors in acquisitions and investments completed through the Onex Partners and ONCAP Funds was $41 million (2016 – $142 million).

In addition, the Onex management team may invest in Onex Credit strategies. At December 31, 2017, investments at market held by the Onex management team in Onex Credit strategies were approximately $355 million (2016 – approximately $275 million).

Investment in Onex shares and other investments

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% of all amounts received on the 7.5% gain allocated under the MIP and the Onex Partners' carried interest in Onex SVS and/or Management DSUs until they individually hold at least 1,000,000 Onex SVS and/or Management DSUs. Under this program, during 2017 Onex management reinvested C$33 million (2016 – C$5 million) to acquire Onex SVS and management DSUs.

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, including co-investment opportunities, at the same time and cost as Onex and other outside investors. During 2017, $1 million (2016 – less than $1 million) in investments were made by the Onex management team and directors in the Incline Aviation Fund.

Repurchase of shares

In March 2017, Onex repurchased in a private transaction 750,000 (January 2016 – 1,000,000) of its SVS that were held indirectly by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. The private transaction was approved by the disinterested directors of the Board of Directors of the Company. The shares were repurchased at C$94.98 (2016 – C$84.12) per SVS, or a total cost of $53 million (C$71 million) (2016 – $59 million (C$84 million)), which represents a slight discount to the trading price of Onex shares at that date.

Tax loss transaction

During 2017 and 2016, Onex sold entities, the sole assets of which were certain tax losses, to companies controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex received $5 million (2016 – $14 million) in cash for tax losses of $48 million (2016 – $142 million). The cash received was recorded as a gain in other expense (income). Onex has significant 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 was previously recognized in the consolidated financial statements for the tax losses sold. In connection with the 2017 and 2016 transactions, 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 from a financial point of view. The transactions were unanimously approved by Onex' Audit and Corporate Governance Committee, all the members of which are independent directors.

Incline Aviation Fund

In February 2017, Mr. Gerald W. Schwartz assumed $25 million of Onex' commitment to Incline Aviation Fund, reducing the amount committed by Onex to $50 million. At December 31, 2017, Onex' uncalled commitment to Incline Aviation Fund was $45 million.

In addition to Mr. Schwartz's commitment, management of Onex has committed approximately $15 million to Incline Aviation Fund.

Management fees

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

During the initial fee period of the Onex Partners and ONCAP Funds, Onex receives a management fee based on limited partners' committed capital to each fund. At December 31, 2017, the management fees of Onex Partners IV and ONCAP IV are determined based on limited partners' committed capital. The management fees for Onex Partners V had not begun to accrue at December 31, 2017.

Following the termination of the initial fee period, Onex becomes entitled to a management fee based on limited partners' net funded commitments. At December 31, 2017, the management fees of Onex Partners III and ONCAP II and III are determined based on their limited partners' net funded commitments. As realizations occur in these funds, the management fees calculated based on limited partners' net funded commitments will decline.

Onex has elected to defer cash receipt of management fees from limited partners of certain private equity funds until the later stages of each fund's life. At December 31, 2017, $107 million (December 31, 2016 – $48 million) of management fees were receivable from the limited partners of the private equity funds.

Onex Credit earns management fees on $8.5 billion of fund investor capital as of December 31, 2017. The management fees currently range from 0.50% to 1.50% of the net asset value or 0.55% of the gross invested assets in Onex Credit Funds; up to 0.50% on the capital invested in its CLOs; and up to 1.25% of funded commitments, as well as up to 0.50% of unfunded commitments in Onex Credit Lending Partners.

Incentive fees

Onex Credit is entitled to incentive fees on $8.3 billion of fund investor capital that it manages as of December 31, 2017. Incentive fees range between 5% and 20%. Certain incentive fees are subject to a hurdle or minimum preferred return to investors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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 businesses 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 businesses 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 an acquisition opportunity meets Onex' criteria, for example, typically a fair price is paid for a high-quality business. Onex does not commit all of its capital to a single acquisition and has 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 is also designed to ensure that an operating company is run entrepreneurially for the benefit of all shareholders.

Onex maintains an active involvement in its operating businesses 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 business 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 businesses 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 business 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 businesses 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 12% of its capital. The table in note 35 to the 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 businesses 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 sufficient liquidity is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow other than management fees. The $148 million in run-rate management fees that are expected to be earned in 2018 will be used to substantially 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 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 investment bank-led auction processes with multiple potential purchasers. These processes are 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 time frame 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 limited partner investors with the Onex Partners and ONCAP Funds. As at December 31, 2017, Onex Partners IV, Onex Partners V and ONCAP IV had $1.2 billion, $5.3 billion and $555 million, respectively, of uncalled committed limited partners' capital. The uncalled committed limited partner capital for ONCAP IV excludes capital related to the Laces acquisition, which was contributed by the Limited Partners of ONCAP IV in January 2018. Onex Partners IV uncalled committed limited partner capital subsequently decreased by $290 million following completion of the SMG acquisition.

During 2017, Onex Partners V raised $7.15 billion of committed limited partners' capital, including Onex' $2.0 billion commitment. The ability to raise new capital commitments is dependent on the fundraising environment generally and the track record Onex has achieved with the investment and management of prior funds. To date, Onex has a strong track record of investing other investors' capital and many investors in the original Onex Partners and ONCAP Funds have committed to invest in the 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 risk 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 (or EBITDA) and the ratio of operating income (or 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 thereby meet their related debt covenants – or which might hamper their flexibility to grow.

Financing risk The continued volatility in the global credit markets has created some unpredictability about whether 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. A significant portion of Onex' operating companies' refinancings will take place in 2022 and thereafter. Table 16 on page 59 of this MD&A provides the aggregate debt maturities for Onex' consolidated operating companies and investments in joint ventures and associates for each of the years up to 2022 and in total thereafter.

Interest rate risk 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, 2017, excluding credit strategies, approximately 38% 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 decline 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 Credit Lending Partners and the CLOs are exposed to interest rate risk on the debt issued by each fund as substantially all interest for debt issued by the funds is based on a spread over a floating base rate. However, the interest rate risk is largely offset within each fund by holding investments in debt securities which receive interest based on a spread over the same or similar floating base rate.

Onex, the parent company, has exposure to interest rate risk primarily through its short- and long-term investments managed by third-party investment managers. As interest rates change, the fair values of fixed income investments are inversely impacted. Investments with shorter durations are less impacted by changes in interest rates compared to investments with longer durations. At December 31, 2017, Onex' short- and long-term investments included $833 million of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 1.4 years. Other factors, including general economic and political conditions, may also affect the value of fixed income securities. These risks are monitored on an ongoing basis and the short- and long-term investments may be repositioned in response to changes in market conditions.

Currency fluctuations The functional currency of Onex, the parent company, and a majority of Onex' operating companies, is the U.S. dollar. Onex' investments in operating companies that have a functional currency other than the U.S. dollar or companies with global operations increase Onex' exposure to changes in many currency exchange rates. In addition, a number of the operating companies conduct business outside the United States and as a result are exposed to currency risk on the portion of business that is not based on the U.S. dollar. Fluctuations in the value of the U.S. dollar relative to these other currencies impact 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. Additionally, where possible, Onex and its operating companies aim to reduce the exposure to foreign currency fluctuations through natural hedges by transacting in local currencies.

Onex' results are reported in U.S. dollars, and fluctuations in the value of the U.S. dollar relative to other currencies will have an impact on Onex' reported results and consolidated financial position. During 2017, Onex' equity balance reflected a $393 million increase in the value of Onex' equity for the translation of its operations with non-U.S. dollar functional currencies (2016 – $2 million).

Fair value changes The fair value measurements for investments in joint ventures and associates, Limited Partners' Interests and 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 joint ventures and associates, Limited Partners' Interests and carried interest, which would impact both Onex' financial condition and results of operations.

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.

In particular, silver is a significant commodity used in Carestream Health's manufacturing of x-ray film. The company's management continually monitors movements 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.

Additionally, resin and aluminum are significant commodities used by SIG. The company generally purchases commodities at spot market prices and actively uses derivative instruments to hedge the exposure in relation to the cost of resin (and its components) and aluminum. Due to this approach, the company has been able to fix the prices one year forward for approximately 80% of its expected resin and aluminum purchases, which substantially minimizes the exposure to the price fluctuations of the commodities over that period.

Rod, polymers and synthetic fibres are significant commodities used by WireCo in its manufacturing operations, in addition to certain energy sources, principally electricity, natural gas and propane. The company monitors the cost of raw materials and, where possible, passes along price increases and decreases accordingly. The company does not enter into commodity contracts to manage the exposure on forecasted purchases of raw materials.

Regulatory risk

Certain of Onex' operating companies and investment advisor affiliates may be subject to extensive government regulations and oversight with respect to their business activities. Failure to comply with applicable regulations, obtain applicable regulatory approvals or maintain those approvals may subject the applicable operating company to civil penalties, suspension or withdrawal of any regulatory approval obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on Onex' consolidated financial position.

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, and the future value of goodwill, intangible assets and intellectual property. There are also risk factors associated with the industry and the 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

Some of the revenues of businesses in the U.S. healthcare industry are partially dependent on funding from federal, state and local government agencies, especially those agencies responsible for state Medicaid and Medicare 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. Ongoing pressure on government appropriations is a normal aspect of business for companies in the U.S. healthcare industry. Productivity improvements and other initiatives are utilized to minimize the effect of possible funding reductions.

Political uncertainty

Recent and pending political events in a number of countries have resulted in increased uncertainty on aspects of the business, operations or financial affairs of some of the businesses in which Onex is invested. The impact of those events and ongoing or future developments cannot be known or quantified at this time and may or may not have a material effect on Onex' consolidated financial position.

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% of their annual revenues. None of the major customers of the operating companies represents more than 10% of Onex' consolidated revenues.

Environmental considerations

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

Environmental management by the operating businesses is typically 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 may be engaged to advise on current and upcoming environmental regulations that may be applicable.

Certain operating businesses 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 businesses, 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 probable to reverse in the foreseeable future 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 taxes, 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 taxes and the taxation of deferred amounts.

Other contingencies

Onex and its operating companies are or may become parties to legal, product liability and warranty claims arising in the ordinary course of business. The operating companies have recorded liability 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. 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.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED 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 consolidated 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.

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 four non-management independent Directors is appointed by the Board of Directors.

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 Board of 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]

Christopher A. Govan
Chief Financial Officer
February 22, 2018

[signed]

Derek C. Mackay
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, 2017 and December 31, 2016, and the consolidated statements of earnings, comprehensive earnings, equity and cash flows for the years ended December 31, 2017 and December 31, 2016, 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, 2017 and December 31, 2016 and their financial performance and their cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

[signed]

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
February 22, 2018

CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)	**As at December 31, 2017**	As at December 31, 2016
Assets		
Current assets		
Cash and cash equivalents (note 5)	**$ 3,376**	$ 2,371
Short-term investments (note 5)	**258**	154
Accounts receivable	**3,306**	3,868
Inventories (note 6)	**2,506**	2,731
Other current assets (note 7)	**862**	1,190
	10,308	10,314
Property, plant and equipment (note 9)	**5,326**	4,275
Long-term investments (note 10)	**12,114**	8,672
Other non-current assets (note 11)	**821**	1,192
Intangible assets (note 12)	**7,887**	9,286
Goodwill (note 12)	**8,223**	9,174
	$ 44,679	$ 42,913
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 4,453**	$ 4,324
Current portion of provisions (note 13)	**235**	305
Other current liabilities	**1,416**	1,550
Current portion of long-term debt of operating companies and credit strategies, without recourse to Onex Corporation (note 14)	**333**	407
Current portion of Limited Partners' Interests (note 17)	**59**	89
	6,496	6,675
Non-current portion of provisions (note 13)	**243**	340
Long-term debt of operating companies and credit strategies, without recourse to Onex Corporation (note 14)	**21,716**	22,456
Other non-current liabilities (note 18)	**2,051**	2,169
Deferred income taxes (note 19)	**1,191**	1,537
Limited Partners' Interests (note 17)	**7,965**	8,385
	39,662	41,562
Equity		
Share capital (note 20)	**321**	324
Non-controlling interests (note 21)	**2,128**	1,841
Retained earnings (deficit) and accumulated other comprehensive earnings (loss)	**2,568**	(814)
	5,017	1,351
	$ 44,679	$ 42,913

See accompanying notes to the consolidated financial statements.

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)*	**2017**	2016
Revenues	**$ 24,497**	$ 17,805
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges) (note 22)	**(17,921)**	(12,908)
Operating expenses (note 22)	**(4,220)**	(3,033)
Interest income	**376**	349
Amortization of property, plant and equipment (note 9)	**(642)**	(447)
Amortization of intangible assets and deferred charges	**(678)**	(518)
Interest expense of operating companies and credit strategies (note 23)	**(1,212)**	(882)
Increase in value of investments in joint ventures and associates at fair value, net (note 10)	**760**	180
Stock-based compensation expense (note 24)	**(178)**	(194)
Other gains (note 25)	**731**	36
Other expense (note 26)	**(707)**	(21)
Impairment of goodwill, intangible assets and long-lived assets, net (note 27)	**(187)**	(232)
Limited Partners' Interests charge (note 17)	**(1,350)**	(647)
Loss before income taxes and discontinued operations	**(731)**	(512)
Recovery of (provision for) income taxes (note 19)	**84**	(107)
Loss from continuing operations	**(647)**	(619)
Earnings from discontinued operations (note 8)	**3,042**	583
Net Earnings (Loss) for the Year	**$ 2,395**	$ (36)

Loss from Continuing Operations attributable to:		
Equity holders of Onex Corporation	**$ (715)**	$ (660)
Non-controlling Interests	**68**	41
Loss from Continuing Operations for the Year	**$ (647)**	$ (619)

Net Earnings (Loss) attributable to:		
Equity holders of Onex Corporation	**$ 2,394**	$ (130)
Non-controlling Interests	**1**	94
Net Earnings (Loss) for the Year	**$ 2,395**	$ (36)

Net Earnings (Loss) per Subordinate Voting Share of Onex Corporation (note 28)		
Basic and Diluted:		
Continuing operations	**$ (6.99)**	$ (6.36)
Discontinued operations	**30.46**	5.11
Net Earnings (Loss) per Subordinate Voting Share for the Year	**$ 23.47**	$ (1.25)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Year ended December 31 *(in millions of U.S. dollars)*	**2017**	2016
Net earnings (loss) for the year	**$ 2,395**	$ (36)
Other comprehensive earnings (loss), net of tax		
Items that may be reclassified to net earnings (loss):		
Currency translation adjustments	**375**	(37)
Change in fair value of derivatives designated as hedges	**45**	5
Unrealized gains on available-for-sale financial assets	**2**	–
	422	(32)
Items that will not be reclassified to net earnings (loss):		
Remeasurements for post-employment benefit plans	**6**	13
Other comprehensive earnings from discontinued operations, net of tax (note 8)	**174**	8
Other comprehensive earnings (loss) for the year, net of tax	**602**	(11)
Total Comprehensive Earnings (Loss) for the Year	**$ 2,997**	$ (47)

Total Comprehensive Earnings (Loss) attributable to:		
Equity holders of Onex Corporation	**$ 2,951**	$ (154)
Non-controlling Interests	**46**	107
Total Comprehensive Earnings (Loss) for the Year	**$ 2,997**	$ (47)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

(in millions of U.S. dollars except per share data)	Share Capital (note 20)	Retained Earnings (Deficit)	Accumulated Other Comprehensive Earnings (Loss)	Total Equity Attributable to Equity Holders of Onex Corporation	Non-controlling Interests	Total Equity
Balance – December 31, 2015	$ 333	$ 3	$ (499)[a]	$ (163)	$ 1,353	$ 1,190
Dividends declared[b]	–	(21)	–	(21)	–	(21)
Repurchase and cancellation of shares (note 20)	(9)	(175)	–	(184)	–	(184)
Investments in operating companies by shareholders other than Onex[c]	–	87	–	87	621	708
Transfer of non-controlling interests to liabilities	–	(55)	–	(55)	(42)	(97)
Distributions to non-controlling interests[d]	–	–	–	–	(104)	(104)
Repurchase of shares of operating companies[e]	–	–	–	–	(59)	(59)
Non-controlling interests derecognized on sale of an investment in an operating company (note 8)	–	–	–	–	(35)	(35)
Comprehensive Earnings (Loss)						
Net earnings (loss) for the year	–	(130)	–	(130)	94	(36)
Other comprehensive earnings (loss) for the year, net of tax:						
Currency translation adjustments	–	–	(28)	(28)	(9)	(37)
Change in fair value of derivatives designated as hedges	–	–	(3)	(3)	8	5
Remeasurements for post-employment benefit plans (note 33)	–	(1)	–	(1)	14	13
Other comprehensive earnings (loss) from discontinued operations, net of tax (note 8)	–	(13)	21	8	–	8
Balance – December 31, 2016	$ 324	$ (305)	$ (509)[f]	$ (490)	$ 1,841	$ 1,351
Dividends declared[b]	**–**	**(23)**	**–**	**(23)**	**–**	**(23)**
Options exercised	**1**	**–**	**–**	**1**	**–**	**1**
Repurchase and cancellation of shares (note 20)	**(4)**	**(89)**	**–**	**(93)**	**–**	**(93)**
Investments in operating companies by shareholders other than Onex[g]	**–**	**358**	**–**	**358**	**449**	**807**
Distributions to non-controlling interests	**–**	**–**	**–**	**–**	**(15)**	**(15)**
Repurchase of shares of operating companies[e]	**–**	**–**	**–**	**–**	**(54)**	**(54)**
Sale of interests in operating companies under continuing control[h]	**–**	**185**	**–**	**185**	**74**	**259**
Non-controlling interests derecognized on sale of investments in operating companies (note 8)	**–**	**–**	**–**	**–**	**(213)**	**(213)**
Comprehensive Earnings (Loss)						
Net earnings (loss) for the year	**–**	**2,394**	**–**	**2,394**	**1**	**2,395**
Other comprehensive earnings (loss) for the year, net of tax:						
Currency translation adjustments	**–**	**–**	**352**	**352**	**23**	**375**
Change in fair value of derivatives designated as hedges	**–**	**–**	**28**	**28**	**17**	**45**
Unrealized gains on available-for-sale financial assets	**–**	**–**	**1**	**1**	**1**	**2**
Remeasurements for post-employment benefit plans (note 33)	**–**	**22**	**–**	**22**	**(16)**	**6**
Other comprehensive earnings from discontinued operations, net of tax (note 8)	**–**	**1**	**153**	**154**	**20**	**174**
Balance – December 31, 2017	**$ 321**	**$ 2,543**	**$ 25[i]**	**$ 2,889**	**$ 2,128**	**$ 5,017**

(a) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2015 consisted of currency translation adjustments of negative $466, unrealized losses on the effective portion of cash flow hedges of $35 and unrealized gains on available-for-sale financial assets of $2. Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2015 included $175 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(b) Dividends declared per Subordinate Voting Share during 2017 totalled C$0.29375 (2016 – C$0.26875). In 2017, shares issued under the dividend reinvestment plan amounted to less than $1 (2016 – less than $1). There are no tax effects for Onex on the declaration or payment of dividends.

(c) Investments in operating companies by shareholders other than Onex primarily represented the September 2016 contribution by Baring Private Equity Asia of $458 for the October 2016 investment in Clarivate Analytics and the value of existing shareholders of WireCo upon Onex acquiring control of WireCo.

(d) Includes $37 of distributions paid to non-controlling interests of JELD-WEN.

(e) Repurchase of shares of operating companies during 2017 and 2016 consisted primarily of shares repurchased by Celestica.

(f) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2016 consisted of currency translation adjustments of negative $473, unrealized losses on the effective portion of cash flow hedges of $38 and unrealized gains on available-for-sale financial assets of $2. Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2016 included $153 of net losses related to discontinued operations. Income taxes did not have a significant effect on these items.

(g) Investments in operating companies by shareholders other than Onex included the issuance of new shares by JELD-WEN and Emerald Expositions in their initial public offerings and a transfer of the historical accounting carrying values associated with those ownership interests.

(h) Sale of interests in operating companies under continuing control represents the proceeds received in excess of the historical accounting carrying value of the investments sold in the initial public offerings of JELD-WEN and Emerald Expositions, as described in notes 2(a) and 2(d), respectively.

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

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 *(in millions of U.S. dollars)*	2017	2016
Operating Activities		
Loss for the year from continuing operations	$ (647)	$ (619)
Adjustments to loss from continuing operations:		
Provision for (recovery of) income taxes	(84)	107
Interest income	(376)	(349)
Interest expense of operating companies and credit strategies	1,212	882
Earnings before interest and provision for (recovery of) income taxes	105	21
Cash taxes paid	(248)	(152)
Items not affecting cash and cash equivalents:		
Amortization of property, plant and equipment (note 9)	642	447
Amortization of intangible assets and deferred charges	678	518
Increase in value of investments in joint ventures and associates at fair value, net (note 10)	(760)	(180)
Stock-based compensation expense	120	166
Other gains (note 25)	(731)	(36)
Foreign exchange loss	74	35
Impairment of goodwill, intangible assets and long-lived assets, net (note 27)	187	232
Limited Partners' Interests charge (note 17)	1,350	647
Change in carried interest	(39)	35
Change in provisions	42	103
Other	254	(326)
	1,674	1,510
Changes in non-cash working capital items:		
Accounts receivable	(45)	(380)
Inventories	18	(187)
Other current assets	92	(59)
Accounts payable, accrued liabilities and other current liabilities	122	548
Increase (decrease) in cash and cash equivalents due to changes in non-cash working capital items	187	(78)
Increase in other operating activities	4	14
Cash flows from operating activities of discontinued operations (note 8)	10	466
	1,875	1,912
Financing Activities		
Issuance of long-term debt	8,053	2,700
Repayment of long-term debt	(7,282)	(1,727)
Cash interest paid	(1,064)	(780)
Cash dividends paid	(22)	(20)
Repurchase of share capital of Onex Corporation	(93)	(184)
Repurchase of share capital of operating companies	(54)	(59)
Contributions by Limited Partners (note 17)	673	1,593
Issuance of share capital by operating companies	198	9
Proceeds from sale of interests in operating companies under continuing control (note 2)	259	–
Proceeds from sale-leaseback transaction	91	–
Contributions by non-controlling interests for investment in operating company	–	458
Distributions paid to non-controlling interests and Limited Partners (note 17)	(2,332)	(1,151)
Limited Partnership interest acquired by Onex, the parent company (note 2)	(156)	–
Increase (decrease) due to other financing activities	113	(22)
Cash flows from financing activities of discontinued operations (note 8)	26	33
	(1,590)	850
Investing Activities		
Acquisitions, net of cash and cash equivalents in acquired companies of $75 (2016 – $140) (note 4)	(974)	(2,902)
Purchase of property, plant and equipment	(722)	(481)
Proceeds from sale of property, plant and equipment	22	64
Proceeds from sales of operating companies and businesses no longer controlled (note 2)	3,214	858
Proceeds from sale of investments in joint ventures and associates (note 10)	591	–
Distributions received from investments in joint ventures and associates (note 10)	71	206
Purchase of investments in joint ventures and associates (note 10)	(6)	(44)
Payment of contingent consideration	(28)	(163)
Cash interest received	367	325
Net purchases of investments and securities for credit strategies (note 10)	(944)	(1,007)
Net sales (purchases) of investments and securities at parent company and operating companies (note 10)	(691)	666
Increase (decrease) due to other investing activities	23	(68)
Cash flows used in investing activities of discontinued operations (note 8)	(240)	(255)
	683	(2,801)
Increase (Decrease) in Cash and Cash Equivalents for the Year	968	(39)
Increase (decrease) in cash due to changes in foreign exchange rates	37	(16)
Cash and cash equivalents, beginning of the year – continuing operations	2,169	2,115
Cash and cash equivalents, beginning of the year – discontinued operations (note 8)	202	311
Cash and Cash Equivalents	3,376	2,371
Cash and cash equivalents held by discontinued operations (note 8)	–	202
Cash and Cash Equivalents Held by Continuing Operations	$ 3,376	$ 2,169

See accompanying notes to the consolidated financial statements.

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, healthcare imaging, health and human services, insurance services, packaging products and services, business and information services, food retail and restaurants, aerospace automation, tooling and components, aircraft leasing and management, building products, holiday parks, hospital management services, survival equipment and industrial products, and in various middle-market private equity opportunities. Additionally, the Company has investments in credit strategies and real estate. Note 35 provides additional discussion 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 ONEX. Onex Corporation's shares are traded in Canadian dollars. The registered address for Onex Corporation is 161 Bay Street, Toronto, Ontario. Mr. Gerald W. Schwartz controls Onex Corporation by indirectly holding all of the outstanding Multiple Voting Shares of the corporation and also indirectly holds 12% of the outstanding Subordinate Voting Shares of the corporation as at December 31, 2017.

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 22, 2018.

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.

The U.S. dollar is Onex' functional currency. As such, the financial statements 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"), Onex Partners III LP ("Onex Partners III"), Onex Partners IV LP ("Onex Partners IV") and Onex Partners V LP ("Onex Partners V"), referred to collectively as "Onex Partners", and ONCAP II L.P., ONCAP III LP and ONCAP IV LP, referred to collectively as "ONCAP", as described in note 32. In addition, Onex controls and consolidates the operations of the Onex Credit asset management platform, certain funds managed by Onex Credit ("Onex Credit Funds") in which Onex, the parent company, holds investments, collateralized loan obligations ("CLOs") of Onex Credit and Onex Credit Lending Partners, referred to collectively as "Onex Credit" or "credit strategies".

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

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

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

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

	December 31, 2017			December 31, 2016		
	Onex' Ownership	Onex' and Limited Partners' Ownership	Voting	Onex' Ownership	Onex' and Limited Partners' Ownership	Voting
Investments made through Onex						
Celestica Inc. ("Celestica")	13%	13%	79%	13%	13%	80%
Investments made through Onex and Onex Partners I						
Genesis Healthcare, Inc. ("Genesis Healthcare")[(a)]	–	–	–	2%	10%	10%
Investments made through Onex and Onex Partners II						
Carestream Health, Inc. ("Carestream Health")	36%	91%	100%	36%	91%	100%
Investments made through Onex and Onex Partners III						
BBAM Limited Partnership ("BBAM")[(b)]	9%	35%	(c)	13%	50%	50%[(c)]
Emerald Expositions Events, Inc. ("Emerald Expositions")[(d)]	18%	74%	74%	24%	99%	99%
JELD-WEN Holding, Inc. ("JELD-WEN")[(e)]	8%	31%	31%[(c)]	21%	84%	84%
Meridian Aviation Partners Limited and affiliates ("Meridian Aviation")	25%	100%	100%	25%	100%	100%
SGS International, LLC ("sgsco")	24%	94%	94%	23%	93%	93%
USI Insurance Services ("USI")[(f)]	–	–	–	25%	89%	100%
York Risk Services Holding Corp. ("York")	29%	88%	100%	29%	88%	100%
Investments made through Onex, Onex Partners I and Onex Partners III						
Res-Care, Inc. ("ResCare")	20%	98%	100%	20%	98%	100%
Investments made through Onex and Onex Partners IV						
Advanced Integration Technology LP ("AIT")	13%[(g)]	50%	50%[(c)]	11%	50%	50%[(c)]
Clarivate Analytics	27%[(g)]	72%	72%	26%	72%	72%
Jack's Family Restaurants ("Jack's")	31%[(g)]	95%	100%	28%	96%	100%
Parkdean Resorts[(h)]	28%[(g)(i)]	93%[(i)]	80%	–	–	–
Save-A-Lot	32%[(g)]	99%	99%	28%	100%	100%
Schumacher Clinical Partners ("Schumacher")	22%[(g)]	68%	68%	20%	68%	68%
SIG Combibloc Group Holdings S.à r.l. ("SIG")	35%[(g)]	99%	94%	33%	99%	95%
Survitec Group Limited ("Survitec")	21%[(g)]	79%	68%	18%	79%	68%
WireCo WorldGroup ("WireCo")	23%[(g)]	71%	71%	20%	71%	71%
Investments made through Onex Real Estate						
Flushing Town Center	88%	88%	100%	88%	88%	100%
Other investments						
ONCAP II Fund ("ONCAP II")	47%[(j)]	100%	100%	47%[(j)]	100%	100%
ONCAP III Fund ("ONCAP III")	29%	100%	100%	29%	100%	100%
ONCAP IV Fund ("ONCAP IV")	39%	100%	100%	40%	100%	100%

(a) Onex sold its remaining investment in Genesis Healthcare during 2017.
(b) In October 2017, the Company sold a portion of its investment in BBAM, as described in note 2(h).
(c) Onex exerts joint control or significant influence over these investments, which are designated at fair value through earnings, through its right to appoint members to the boards of directors of these entities. Onex has significant influence over JELD-WEN following the loss of control in the second quarter of 2017, as described in note 2(a).
(d) Emerald Expositions completed an initial public offering in April 2017, as described in note 2(d).
(e) In January 2017, JELD-WEN completed an initial public offering in which all convertible preferred shares were converted to common stock, as described in note 2(a). JELD-WEN also completed secondary offerings in May 2017 and November 2017, as described in note 2(a), and is recorded as a discontinued operation. The economic ownership and voting interests of JELD-WEN at December 31, 2016 are presented on an as-converted basis as the Company's investment was in common and convertible preferred shares. The allocation of net earnings (loss) and comprehensive earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests at December 31, 2016 was calculated using an as-converted economic ownership of 88% to reflect certain JELD-WEN shares that were recorded as liabilities at fair value.
(f) USI was sold in May 2017 and is recorded as a discontinued operation, as described in note 2(e). The allocation of net earnings (loss) and comprehensive earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests at December 31, 2016 was calculated using an economic ownership of 99% to reflect certain USI shares that were previously recorded as liabilities at fair value.
(g) During 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner, as described in note 2(g).
(h) Parkdean Resorts was acquired in March 2017, as described in note 2(b).
(i) Ownership interests at December 31, 2017 reflect the conversion of the loan note held by the Onex Partners IV Group into additional equity in Parkdean Resorts in February 2018, as described in note 2(b).
(j) Represents Onex' blended economic ownership in the ONCAP II investments.

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

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

SIGNIFICANT ACCOUNTING POLICIES

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 year-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 relevant period 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 year-end exchange rates. Revenue and expenses are translated at the average exchange rates prevailing during the relevant period 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 include 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 that include money market instruments and commercial paper with original maturities of three months to one 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 accounts receivable that are sold. The accounts receivable are sold at their face value less a discount as provided for in the agreements.

Inventories

Inventories are recorded at the lower of cost or net realizable value. The determination of net realizable value requires significant judgement, including consideration of factors such as shrinkage, the aging of and future demand for inventory and contractual arrangements with customers. To the extent that circumstances subsequently change such that the net realizable value increases, previous writedowns are reversed and recognized in the consolidated statements of earnings in the period during which the reversal occurs. Certain inventories in the food retail and restaurants, healthcare imaging and packaging products and services segments are stated using an average cost method. For substantially all other inventories, cost is determined on a first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated amortization and provisions for impairment, 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.

Subsequent expenditures for maintenance and repairs are expensed as incurred, while costs related to betterments and improvements that extend the useful lives of property and equipment are capitalized.

Substantially all 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 22 years
Leasehold improvements	up to 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.

Leases

Leases of property, plant and equipment where the Company, as a lessee, 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 are 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. When the Company is the lessee, 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. Certain operating companies lease their property, plant and equipment under operating leases to third parties. When the Company is the lessor, payments received under operating leases (net of any incentives provided by the operating companies) are recognized 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 at cost if internally generated or purchased. 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	up to 25 years
Customer relationships	up to 25 years
Computer software	up to 20 years
Other	up to 50 years

Other intangibles with limited life include information databases and content collections of Clarivate Analytics with useful lives of 13 years to 20 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, for 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 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. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment. For the purposes of impairment testing, goodwill is allocated to the cash generating units ("CGUs") of the business whose acquisition gave rise to the goodwill. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. Therefore, goodwill will be assessed for impairment at the level of either an individual CGU or a group of CGUs. The determination of CGUs and the level at which goodwill is monitored requires judgement by management. The carrying amount of a CGU or a group of CGUs 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 change in carried interest and for calculating the Limited Partners' Interests liability. Fair values of the operating companies are assessed at the enterprise level, while impairment charges are assessed at the level of either an individual CGU or group of CGUs.

Impairment of long-lived assets

Property, plant and equipment, investment property 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. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment. 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.

Investments in joint ventures and associates

Joint ventures and associates are those entities over which the Company has joint control or significant influence, but not control. Certain investments in joint ventures and 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.

Certain investments in joint ventures and associates are initially recognized at cost, and the carrying amount of the investment is adjusted to recognize the Company's share of the profit or loss in the investment, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases, in accordance with IAS 28, *Investments in Associates and Joint Ventures*. The Company's share of the profit or loss is recognized in other income (expense) and any distributions received reduce the carrying amount of the investment.

Financing charges

Financing charges consist of costs incurred by the operating companies relating to the issuance of term borrowings and revolving credit facilities. Transaction costs relating to the term borrowings are amortized over the term of the related debt or as the debt is retired, if earlier. These unamortized financing charges are netted against the carrying value of the long-term debt, as described in note 14.

Costs incurred to establish revolving credit facilities are recognized as an other current or non-current asset and are amortized on a straight-line basis over the term of the facility; however, to the extent that the Company expects to draw on the facility, the costs are deferred until the amounts are drawn on the facility and are then amortized over the remaining term of the facility.

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. Judgement is required to determine the extent of an obligation and whether it is probable that payment will be made. The Company's significant provisions consist of the following:

a) Self-insurance

Self-insurance provisions may be established for automobile, workers' compensation, healthcare coverage, 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 independent third-party 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 the end of each reporting period.

c) Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring – including the business or part of the business concerned, 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 13 provides further details on provisions recognized by the Company.

Pension and non-pension post-retirement benefits

Onex, the parent company, did not provide pension, other retirement or post-retirement benefits to the employees of the operating companies during the years ended December 31, 2017 and 2016. The operating companies that offer pension and non-pension post-retirement benefits accrue their obligations under such 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 judgement and best estimates of assumptions for factors which impact the ultimate cost, including salary escalation, the retirement ages of employees, the discount rate used in measuring the liability and expected health-care costs.

Plan assets are recorded at fair value at each reporting date. Where a plan is in a surplus, the value of the net asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of defined benefit plans recognized in the consolidated statements of earnings comprises the net total of the current service cost, the past service cost, gains or losses from settlements and the net interest expense or income. The current service cost represents the increase in the present value of the plan liabilities expected to arise from employee service in the current period. The past service cost is the change in the benefit obligation in respect of employee service in prior periods and which results from a plan amendment or curtailment. Past service costs (or recoveries) from plan amendments are recognized immediately in earnings, whether vested or unvested.

Remeasurements, consisting of actuarial gains or losses, the actual return on plan assets (excluding the net interest component) and any change in the asset ceiling, are recognized in other comprehensive earnings. Remeasurements recognized in other comprehensive earnings are directly recorded in retained earnings, without recognition in 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.

Note 33 provides further details on pension and non-pension post-retirement benefits.

Limited Partners' Interests

The interests of the limited partners and other investors through the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds are recorded as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation*. The structure of the Onex Partners, ONCAP and Onex Credit Lending Partners Funds, and Onex Credit Funds as defined in the governing agreements, specifically the limited life of the Onex Partners, ONCAP and Onex Credit Lending Partners Funds, and the redemption provisions of the Onex Credit Funds, requires presentation of the limited partners' interests as a liability. The liability is recorded at fair value and is primarily impacted by the change in fair value of the underlying investments in the Onex Partners, ONCAP and Onex Credit Lending Partners Funds, and Onex Credit Funds, the change in carried interest on investments held by the Onex Partners and ONCAP Funds, the change in incentive fees on investments held by Onex Credit Lending Partners and Onex Credit Funds, as well as any contributions by and distributions to limited partners in those Funds. Adjustments to the fair value of the Limited Partners' Interests are reflected through earnings, net of the change in carried interest and incentive fees.

Note 17 provides further details on Limited Partners' Interests.

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 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, joint ventures and associates 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 judgements and 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, in accordance with IAS 12, *Income Taxes*.

Note 19 provides further details on income taxes.

Revenue recognition

Revenues are recognized net of estimated returns and allowances, trade discounts and volume rebates, where applicable. Where the Company is responsible for shipping and handling to customers, amounts charged for these services are recognized as revenue, and shipping and handling costs incurred are reported as a component of cost of sales in the consolidated statements of earnings.

Electronics Manufacturing Services

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

For certain customers, warehousing services are provided in connection with manufacturing services. Contracts are assessed to determine whether the manufacturing and warehousing services can be accounted for as separate units of accounting. If the services do not constitute separate units of accounting, or the manufacturing services do not meet all of the revenue recognition requirements, revenue recognition is deferred until the products have been shipped to the customer.

Healthcare Imaging

Revenue from the healthcare imaging segment consists primarily 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 is recorded net of provisions for estimated customer returns, rebates and other similar allowances. Services revenue is recognized at the time of service if revenues and costs can be reliably measured and economic benefits are expected to be received.

Health and Human Services

Revenue from the health and human services segment consists primarily of services. Services 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 examination of expenses by agencies administering contracts and services.

Insurance Services

Revenue from the insurance services segment primarily consists of fee and service revenues. Fee revenues from claims management are recognized as claims are processed using an estimate of services provided and costs incurred. Service revenues from managed care, specialized loss adjusting and field investigations are recognized at the time of service if revenues and costs can be reliably measured and economic benefits are expected to be received. Service revenues from fixed price contracts are recognized on each contract proportionately over the life of the contract.

Packaging Products and Services

Revenue from the packaging products and services segment primarily consists of sales of goods and services. Revenue is measured as the fair value of the consideration received or receivable net of returns and allowances, trade discounts, volume rebates and other customer incentives. Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing management involvement with the goods. Transfer of risks and rewards of ownership vary depending on the individual terms of the contract of sale and occur either upon shipment of the goods or upon receipt of the goods and/or their deployment or installation at a customer location. Revenue is recognized by reference to the stage of completion of the transaction at the end of the reporting period, when the outcome of a transaction involving rendering of services can be reliably estimated.

Business and Information Services

Revenue from the business and information services segment primarily consists of sales of subscription services and staging of trade shows and conference events. Revenue from subscription arrangements is recognized on a straight-line basis over the term of the subscription if revenues and costs can be reliably measured and economic benefits are expected to be received. Usage fees in excess of the base subscription fee are recognized as services are delivered. Revenue from staging of trade shows and conference events is recognized when the events are staged if revenues and costs can be reliably measured and economic benefits are expected to be received.

Food Retail and Restaurants

Revenue from the food retail and restaurants segment primarily consists of product sales and distribution services. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer and the collection of receivables is reasonably assured.

Credit Strategies

The credit strategies segment consists of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Onex Credit Lending Partners. Revenue from the credit strategies segment primarily consists of management and incentive fees earned on capital managed by Onex Credit. Revenue is recognized when earned in accordance with the terms of the relevant investment management agreements.

The consolidated revenues exclude management and incentive fees earned from Onex' investments in OCLP I, Onex Credit Funds and CLOs consolidated by Onex.

Other

Other segment revenues consist of product sales, services and construction contracts:

- 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. Where product sales are subject to customer acceptance, revenue is recognized at the earlier of receipt of customer acceptance or expiration of the acceptance period. Where product sales require the company to install the product at the customer location and such installation is essential to the functionality of the product, revenue is recognized when the product has been delivered to and installed at the customer location.
- 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, and is recorded net of provisions for contractual discounts and estimated uncompensated care. Where services performed are subject to customer acceptance, revenue is recognized at the earlier of receipt of customer acceptance or expiration of the acceptance period.
- Revenue from construction and other long-term contracts is recognized on each contract by reference to the percentage-of-completion of the contract activity, primarily by comparing contract costs incurred to the estimated total contract costs or based on the number of units produced. The contract method of accounting involves the use of various estimating techniques to project costs at completion and includes estimates of ultimate profitability and final contract settlements. Any expected loss from a contract is recognized in the period where the estimated total contract costs exceed the estimated total contract revenue. Where the outcome of a contract cannot be reliably estimated, all contract-related costs are expensed and revenue is recognized only to the extent that those costs are recoverable. When the outcome of such contracts becomes reliably estimable, revenue is recognized prospectively.

For arrangements where the operating companies derive revenues from multiple service or product elements, the recognition of revenues is based on the individual relative fair value of each element separately identified in the arrangements.

Depending on the terms under which the operating companies supply products, 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 the 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 within 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 to determine if 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 the 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 2017, $213 (2016 – $223) of research and development costs were expensed and $44 (2016 – $10) of development costs were capitalized.

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 20(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 32(d). 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 ("Director DSU 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 ("SVS") 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 SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To economically hedge a portion of the Company's exposure to changes in the trading price of Onex shares, the Company enters into forward agreements with a counterparty financial institution. The change in value of the forward agreements will be recorded to partially offset the amounts recorded as stock-based compensation under the Director DSU Plan. Details of the Director DSUs outstanding under the plan and the amount hedged by the Company are provided in note 20(d).

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 in lieu of cash. 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 SVS. Additional units are issued for any cash dividends paid on the SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To economically 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. Details of the Management DSUs outstanding under the plan are provided in note 20(d).

The fifth type of plan is the 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.

Carried interest

Onex, as the General Partner of the Onex Partners and ONCAP Funds, is entitled to 20% of the realized net gains of the limited partners in each Fund, provided the limited partners have achieved a minimum 8% return on their investment. 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. Onex management is entitled to the remaining 60% of the carried interest realized in the Onex Partners Funds and ONCAP management is entitled to 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex capital. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV.

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 carried interest attributable to Onex is recognized as a reduction to the charge or recovery for the Limited Partners' Interests. The unrealized carried interest of the Onex Partners and ONCAP Funds attributable to management is recognized as a liability primarily within other current and non-current liabilities. The charge for the change in net carried interest attributable to management is recorded within other income (expense) in the consolidated statements of earnings and reduces the charge or recovery for the Limited Partners' Interests.

Incentive fees

Onex Credit is entitled to incentive fees on fund investors capital it manages. Incentive fees range between 5% and 20%, where applicable. Certain incentive fees (including incentive fees on CLOs) are subject to a hurdle or a minimum preferred return to investors.

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. Gains and losses for financial instruments recognized through net earnings are primarily recognized in other income (expense) in the consolidated statements of earnings. The classification of financial assets and financial liabilities 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. Short- and long-term investments managed by third-party investment managers, as described in note 10(c), have been recognized at fair value through net earnings. The long-term debt of the CLOs is designated at fair value through net earnings upon initial recognition to eliminate a measurement inconsistency, as the asset portfolio of the CLOs is recorded at fair value through net earnings.

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 which 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 on 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 for at amortized cost using the effective interest rate method. Long-term debt has been designated as a financial liability measured at amortized cost with the exception of long-term debt in the CLOs, which has been designated to be recorded at fair value through net earnings.

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 income (expense) 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
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 income (expense).

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 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 income (expense). 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.

Contingent consideration
Contingent consideration is established for business acquisitions where the Company has the obligation to transfer additional assets or equity interests to the former owners if specified future events occur or conditions are met. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and realized internal rates of return. Contingent consideration is classified as a liability when the obligation requires settlement in cash or other assets, and is classified as equity when the obligation requires settlement in own equity instruments. Contingent consideration that is classified as a liability is included in the provisions financial statement line item.

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.

Derecognition of financial instruments

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

Assets held for sale and discontinued operations

An asset is classified as held for sale if its carrying amount will be recovered by the asset's sale rather than by its 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. The determination of fair value less costs to sell involves judgement by management to determine the probability and timing of disposition and the amount of recoveries and costs.

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.

Earnings per share

Basic earnings per share is based on the weighted average number of SVS 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.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, 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.

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

Business combinations

In a business combination, substantially 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 areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. Land, buildings and equipment are usually independently appraised while short- and long-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 determine 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.

Consolidation of structured entities

Onex indirectly controls and consolidates the operations of the CLOs of Onex Credit. The CLOs are structured entities for which voting and similar rights are not the dominant factor in determining control. Onex has used judgement when assessing the many factors to determine control, including its exposure through investments in the most subordinate capital of the CLOs, its role in the formation of the CLOs, the rights of other investors in the CLOs and control of the asset manager of the CLOs. Onex has determined that it is a principal of the CLOs with the power to affect the returns of its investment and, as a result, indirectly controls the CLOs.

During 2017 and 2016, Onex invested capital in and received distributions and proceeds from the CLOs and warehouse facilities, as described in notes 2(n) and 3(p). Onex intends to provide additional financial collateral for CLO warehouse facilities. The collateral to be provided for the warehouse facilities is expected to be substantially reinvested in the most subordinated notes and equity of the CLOs upon closing.

Fair value of investments and debt of credit strategies not quoted in an active market

The fair value of investments and debt of the CLOs and Onex Credit Lending Partners not quoted in an active market may be determined by Onex Credit using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Company has exercised judgement and estimates on the quantity and quality of the pricing sources used. Where no market data is available, Onex Credit may value positions using models, which include the use of third-party pricing information and are usually based on valuation methods and techniques generally recognized as standard within the industry.

Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require the Company to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through earnings

The measurement of the Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through earnings is significantly impacted by the fair values of the Company's investments held by the Onex Partners and ONCAP Funds. The fair values of these investments are assessed at each reporting date, with changes reflected in the measurement of the Limited Partners' Interests, carried interest and investments in joint ventures and associates at fair value through earnings.

The valuation of the non-public investments held by the Onex Partners and ONCAP Funds requires significant judgement by the Company due to the absence of quoted market values, inherent lack of liquidity and the use of long-term projections. Valuation methodologies primarily 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 other 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.

The Limited Partners' Interests and carried interest are measured with significant unobservable inputs (Level 3 of the fair value hierarchy). Further information is provided in note 17. Investments in joint ventures and associates designated at fair value are also substantially measured with significant unobservable inputs (Level 3 of the fair value hierarchy). Further information is provided in notes 10 and 30.

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 operating 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. In the year of acquisition, the fair value in excess of the carrying value at an operating company will typically be minimal as a result of the recent business combination accounting. Note 27 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.

Revenue recognition

- Revenues for ResCare in the health and human services segment are substantially derived from U.S. federal, state and local government agency programs, including Medicaid and Medicare. Laws and regulations under these programs are complex and subject to interpretation. Management may be required to exercise judgement for the recognition of revenue under these programs. Management of ResCare 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 the possibility of 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.
- Revenues for Schumacher in the other segment are recognized net of an allowance for uncompensated care related to uninsured patients in the period during which the services are provided. The allowance for uncompensated care is estimated on the basis of historical experience of collections associated with self-pay patients treated during the period.

Income taxes

The Company, including the operating companies, operates and earns income in numerous countries and is subject to changing tax laws or application of tax laws in multiple jurisdictions within these countries. Significant judgement is necessary in determining 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 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.

The Company, including the operating companies, uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, in particular, whether the Company is able to control the timing of the reversal of the temporary differences and whether it is probable that the temporary differences will not reverse in the foreseeable future. Judgement includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

In December 2017, the United States of America's Tax Cuts and Jobs Act ("U.S. Tax Reform") was enacted with most provisions coming into effect as of January 1, 2018. The legislative changes in the U.S. Tax Reform are extensive and the interpretation of several aspects of the U.S. Tax Reform is still unclear; however, Onex and the operating companies have estimated and recorded income tax expenses and recoveries for all significant known impacts during the fourth quarter of 2017. Onex and the operating companies will continue to assess the impact, if any, of the U.S. Tax Reform throughout 2018 as they become known due to changes in management's interpretations and assumptions, as well as from additional regulatory guidance that may be issued.

Legal provisions and contingencies

The Company and its operating companies in the normal course of operations can become involved in various legal proceedings, as described in note 32(b). 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 counsel 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 any employees of the operating companies. The operating companies that offer pension and non-pension post-retirement benefits account for these 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 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 33 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 for Limited Partners' Interests, carried interest and investments in joint ventures and associates.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Standards, amendments and interpretations not yet adopted or effective

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which provides a comprehensive five-step revenue recognition model for all contracts with customers. IFRS 15 requires management to exercise significant judgement and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is completing the execution of its implementation plan and adopted IFRS 15 on January 1, 2018 on a retrospective basis subject to permitted and elected practical expedients. Currently, the consolidated financial results of the Company are not expected to be materially impacted as a result of adopting this standard.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued a final version of IFRS 9, *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes all previous versions of the standard. The standard introduces a new model for the classification and measurement of financial assets and liabilities, a single expected credit loss model for the measurement of the impairment of financial assets and a new model for hedge accounting that is aligned with a company's risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company is completing the execution of its implementation plan and adopted IFRS 9 on January 1, 2018 on a retrospective basis, and does not intend to restate prior period comparative information, with any changes to the carrying amounts of assets and liabilities upon adoption being recognized in retained earnings at January 1, 2018. The Company does not expect a material impact to the classification and measurement of financial assets as a result of adopting this standard. The Company is continuing to evaluate the impact of the accounting treatment for amendments of financial liabilities. Other than the accounting treatment for amendments of financial liabilities, the Company does not expect a material impact to the classification and measurement of financial liabilities as a result of adopting this standard.

IFRS 16 – Leases

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

2. SIGNIFICANT TRANSACTIONS

a) Initial and secondary offerings by JELD-WEN

In January 2017, JELD-WEN completed an initial public offering of 28.75 million shares of its common stock (NYSE: JELD), including the exercise of an over-allotment option. The offering was priced at $23.00 per share for gross proceeds of $661. As part of the offering, JELD-WEN issued approximately 22.3 million treasury shares. The net proceeds from treasury shares were used to repay $375 of JELD-WEN's combined term loan, with the balance for working capital and other general corporate purposes. The Onex Partners III Group sold approximately 6.5 million shares in the transaction for net proceeds of $140. Onex' portion of the net proceeds was $40, including carried interest.

As a result of this transaction, the Onex Partners III Group's economic ownership was reduced to 60% and Onex' economic ownership was reduced to 15%. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over JELD-WEN, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $133 being recorded directly to retained earnings.

The new shares issued by JELD-WEN in the initial public offering resulted in the dilution of the Company's ownership interest in JELD-WEN. As a result, the Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflects Onex' share of the increase in the book value of the net assets of JELD-WEN due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of JELD-WEN.

In May 2017, JELD-WEN completed a secondary offering of 16.1 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $30.75 per share for gross proceeds of $495. No treasury shares were issued as part of the offering. The Onex Partners III Group sold approximately 15.7 million shares in the transaction for net proceeds of $466. Onex' portion of the net proceeds was $135, including carried interest.

A gain of $1,514 was recorded within discontinued operations during the second quarter, based on the excess of the net proceeds and the interest retained at fair value over the historical accounting carrying value of the investment. The gain on the sale was 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. The portion of the gain associated with measuring the interest retained in JELD-WEN at fair value was $1,136. The portion of the gain associated with the shares sold in the secondary offering was $378.

As a result of this transaction, the Onex Partners III Group's economic ownership was reduced to 45% and Onex' economic ownership was reduced to 11%, resulting in a loss of control over JELD-WEN by the Company. The remaining interest held by the Company has been recorded as a long-term investment at fair value (note 10(b)), with changes in fair value recognized in the consolidated statements of earnings. Non-controlling interests of the Company decreased by $212 as a result of no longer consolidating JELD-WEN.

In November 2017, JELD-WEN completed a secondary offering of approximately 14.4 million shares of its common stock, including the exercise of an over-allotment option. The offering was priced at $33.75 per share for gross proceeds of $485. No treasury shares were issued as part of the offering. The Onex Partners III Group sold approximately 14.2 million shares in the transaction for net proceeds of $463. Onex' portion of the net proceeds was $134, including carried interest. No gain was realized as a result of this transaction as the Company's interest in JELD-WEN is recorded at fair value.

The Onex Partners III Group continues to hold approximately 32.9 million shares of JELD-WEN's common stock for a 31% economic and voting interest. Onex continues to hold approximately 8.1 million shares for an 8% economic interest.

Amounts received on account of the carried interest related to these transactions totalled $113. Onex' share of the carried interest received was $45 and was included in the net proceeds to Onex. Management's share of the carried interest was $68. No amounts were paid on account of the MIP for these transactions as the required realized investment return hurdle for Onex was not met on realizations to date.

The operations of JELD-WEN up to May 2017 are presented as discontinued in the December 31, 2017 consolidated statements of earnings and cash flows and the prior period has been restated to report the results of JELD-WEN as discontinued on a comparative basis. JELD-WEN has been reclassified from the building products segment to the other segment.

b) Acquisition of Parkdean Resorts

In March 2017, the Onex Partners IV Group acquired Parkdean Resorts, an operator of caravan holiday parks in the United Kingdom, for £1,350. Excluding the impact of foreign exchange hedges, the Onex Partners IV Group's investment was $612 (£500), comprised of $417 from Onex Partners IV and $195 as a co-investment from Onex and certain limited partners, for an initial economic interest of 91%. The investment in Parkdean Resorts consisted of equity of $520 (£425) and a loan note of $92 (£75). At the time of acquisition, Onex invested $166, comprised of $123 through Onex Partners IV and $43 as a co-investment, for an initial economic interest of 25%. Subsequent to the increase in Onex' interest in Onex Partners IV, as described in note 2(g), Onex' share of the investment increased to $182, comprised of $139 through Onex Partners IV and $43 as a co-investment. The remainder of the purchase price was financed through a rollover of equity by management shareholders and debt financing, without recourse to Onex Corporation. Parkdean Resorts is included within the other segment.

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

c) Distribution from Jack's

In April 2017, Jack's amended its existing credit facility to increase the size of its term loan to $275, as described in note 14(h). The proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of $85 to shareholders. The Onex Partners IV Group's portion of the distribution was $81, of which Onex' share was $23.

d) Initial public offering by Emerald Expositions

In April 2017, Emerald Expositions completed an initial public offering of approximately 17.8 million shares of its common stock (NYSE: EEX), including the exercise of an over-allotment option. The offering was priced at $17.00 per share for gross proceeds of $303. As part of the offering, Emerald Expositions issued approximately 10.3 million treasury shares. The net proceeds from the treasury shares were used to repay $159 of Emerald Expositions' term loan. The Onex Partners III Group sold approximately 7.5 million shares in the transaction for net proceeds of $119. Onex' portion of the net proceeds was $32, including $3 of carried interest.

Amounts received on account of the carried interest related to this transaction totalled $7. Onex' share of the carried interest received was $3 and was included in the net proceeds to Onex. Management's share of the carried interest was $4. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle for Onex was not met on this realization.

The Onex Partners III Group continues to hold approximately 53.8 million shares of Emerald Expositions' common stock for a 74% economic and voting interest. Onex continues to hold approximately 13.0 million shares for an 18% economic interest. Since the sale of shares by the Onex Partners III Group did not result in a loss of control over Emerald Expositions, the transaction was recorded as a transfer from the equity holders of Onex Corporation to non-controlling interests in the consolidated financial statements, with the cash proceeds received in excess of the historical accounting carrying value of $52 being recorded directly to retained earnings.

The issuance of new shares by Emerald Expositions as part of the initial public offering resulted in the dilution of the Company's ownership interest in Emerald Expositions. The Company recorded a transfer from the non-controlling interests in the consolidated statements of equity. This reflected Onex' share of the increase in the book value of the net assets of Emerald Expositions due to the issuance of additional common shares at a value above the Company's historical accounting carrying value of Emerald Expositions.

e) Sale of USI

In May 2017, the Onex Partners III Group sold its entire investment in USI for an enterprise value of $4,316. The Onex Partners III Group received net proceeds of $1,889, resulting in a gain of $1,797 based on the excess of the net proceeds over the historical accounting carrying value of the investment. Onex' portion of the net proceeds was $563, including carried interest of $65 and after the reduction for amounts on account of the MIP. The gain on the sale was 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 $163. Onex' share of the carried interest received was $65 and was included in the net proceeds to Onex. Management's share of the carried interest was $98. Amounts paid on account of the MIP totalled $30 for this transaction and have been deducted from the net proceeds to Onex.

The operations of USI up to the date of sale have been presented as discontinued in the consolidated statements of earnings and cash flows and the prior period has been restated to report the results of USI as discontinued on a comparative basis, as described in note 8. The operations of USI have been reclassified from the insurance services segment to the other segment. Non-controlling interests of the Company decreased by $1 as a result of no longer consolidating USI.

f) Sale of Dental Digital business by Carestream Health

In September 2017, Carestream Health completed the sale of its Dental Digital business for an enterprise value of $810. Carestream Health received net proceeds of $859 from the sale of its Dental Digital business along with net proceeds received from an additional transaction completed during the fourth quarter of 2017. Net proceeds from these transactions were used to repay $758 of the company's term loans. The sale of the Dental Digital business, together with the additional transaction, resulted in the recognition of a pre-tax gain of $731, which has been recorded in other gains.

Carestream Health's Dental Digital business did not represent a separate major line of business of the Company, and as a result, the operating results up to the date of disposition have not been presented as a discontinued operation.

g) Onex Partners IV interest acquired by Onex

In September 2017, Onex, the parent company, acquired an interest in Onex Partners IV from a limited partner for $354. No gain or loss was recorded on this transaction as the limited partners' interests are recorded at fair value.

In October 2017, Onex sold a portion of the acquired interest in Onex Partners IV to certain limited partners for $198, the same value at which Onex acquired the interest in September 2017. Onex will continue to earn management fees and carried interest on the interest sold to certain limited partners. The carried interest entitlement to Onex management was not impacted by this transaction, including carried interest on the portion retained by Onex.

The net increase in Onex' interest in Onex Partners IV resulted in an increase in Onex' ownership percentage in investments completed by the fund. In addition, Onex' uncalled committed capital to Onex Partners IV increased by $69 for its share of the interest acquired in the fund.

h) Partial sale of BBAM

In October 2017, the Onex Partners III Group sold a portion of its investment in BBAM. The Onex Partners III Group's economic interest in BBAM was reduced from 50% to 35% and Onex' economic interest was reduced from 13% to 9%. Together with distributions completed by BBAM in 2017, the Onex Partners III Group received $180, of which Onex' share was $53, including carried interest of $7.

Amounts received on account of the carried interest related to the partial sale totalled $18. Onex' share of the carried interest received was $7 and was included in the net proceeds to Onex. Management's share of the carried interest was $11. No amounts were paid on account of the MIP for this transaction as the required realized investment return hurdle for Onex was not met on this realization.

i) Onex Partners V

In November 2017, Onex completed fundraising for Onex Partners V, reaching aggregate commitments of $7,150, including Onex' commitment of $2,000 and Onex management's minimum 2% commitment.

j) Acquisition of IntraPac

In December 2017, the ONCAP IV Group acquired IntraPac International Corporation ("IntraPac"), a designer and manufacturer of specialty rigid packaging solutions. The ONCAP IV Group's total investment was $118 for an economic interest of 98%. The ONCAP IV Group's total investment included $10 to fund a portion of the transaction costs and for working capital purposes. Onex' share of the investment was $46 for an economic interest of 38%. The remainder of the purchase price was primarily financed through a rollover of equity by management of IntraPac and debt financing, without recourse to Onex Corporation. IntraPac is included within the packaging products and services segment.

k) Acquisition of Laces

In December 2017, the ONCAP IV Group acquired Laces Group ("Laces"), a designer, manufacturer and marketer of bath accessories and home fashion products. The ONCAP IV Group's total investment was $102 for an economic interest of 82%. The ONCAP IV Group's total investment included $1 to fund a portion of the transaction costs and for working capital purposes. Onex' share of the investment was $40 for an economic interest of 32%. The remainder of the Laces purchase price was primarily financed through a rollover of equity by management of Laces and debt financing, without recourse to Onex Corporation. Laces is included within the other segment.

l) Acquisition of SMG

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

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

m) Initial public offering by Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Holdings, Inc. ("Pinnacle Renewable Energy") completed an initial public offering of approximately 13.3 million common shares (TSX: PL). The offering was priced at C$11.25 per share for gross proceeds of C$150. As part of the offering, Pinnacle Renewable Energy issued approximately 6.2 million treasury shares. The net proceeds from treasury shares were used to repay C$29 of existing shareholder subordinated debt with the balance to fund construction of production facilities and for other general corporate purposes. The ONCAP II Group received C$20 ($16) for its share of the repayment of the existing shareholder subordinated debt, of which Onex' share was C$9 ($7). The ONCAP II Group did not sell any common shares as part of this transaction.

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

As a result of this transaction, the ONCAP II Group no longer controls Pinnacle Renewable Energy. The remaining interest held by the Company will be recorded as a long-term investment at fair value in the first quarter of 2018, with changes in fair value recognized in the consolidated statements of earnings. In addition, a gain will be recognized based on the excess of the net proceeds and the interest retained at fair value over the historical accounting carrying value of the investment during the first quarter of 2018. Pinnacle Renewable Energy does not represent a separate major line of business, and as a result, the operating results up to the date of the loss of control will not be presented as a discontinued operation in the first quarter of 2018.

n) Distributions from operating businesses

During 2017, the Company received distributions of $281 from certain operating businesses. Onex' portion of the distributions, including carried interest, was $107. This includes distributions from BBAM and Jack's, as previously described in note 2(h) and 2(c), respectively. Other significant distributions received by the Company are described below.

In January 2017, PURE Canadian Gaming Corp. ("PURE Canadian Gaming") distributed C$15 to shareholders. The ONCAP II and III Groups' portion of the distribution to shareholders was C$15 ($11), of which Onex' portion was C$6 ($5). In addition, in December 2017, PURE Canadian Gaming amended its existing credit facility, and proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of C$45 to shareholders. The ONCAP II and III Groups' portion of the distribution was C$45 ($35), of which Onex' share was C$18 ($14).

In September 2017, Bradshaw International, Inc. ("Bradshaw") amended its existing credit facility. A portion of the proceeds from the incremental borrowing were used to fund a distribution of $53 to shareholders. The ONCAP III Group's portion of the distribution to shareholders was $48, of which Onex' share was $14.

o) Credit Strategies

Extension of CLO-4

In April 2017, Onex amended CLO-4, which extended the reinvestment period of the CLO by four years to April 2021 and increased the size by $105 to $600. Onex invested an additional $13 in the most subordinated capital of CLO-4 in connection with the CLO-4 amendment.

Closing of EURO CLO-1

In May 2017, Onex closed EURO CLO-1, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes in a private placement transaction for an aggregate principal amount of €361 ($393).

On closing, Onex received €55 ($60) plus interest for the investment that supported the warehouse facility and invested €38 ($42) for 100% of the most subordinated capital of EURO CLO-1. Reinvestment can be made in collateral by the CLO up to June 2021, or earlier, subject to certain provisions.

Redemption of CLO-3

In June 2017, the Company redeemed its third CLO denominated in U.S. dollars. CLO-3 was established in March 2013 and its reinvestment period ended in January 2017. Upon the redemption of CLO-3, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO. In aggregate, Onex received $31 of proceeds and distributions related to CLO-3 compared to its original investment of $24.

At redemption, CLO-3 transferred $13, $109 and $48 in assets for fair value consideration to CLO-4, CLO-13 and CLO-14, respectively. The fair values used for the transfer were reviewed by a third party.

Closing of CLO-13

In July 2017, Onex closed CLO-13, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares in a private placement transaction for an aggregate principal amount of $610.

On closing, Onex received $70 plus interest for the investment that supported the warehouse facility and invested $40 for approximately 70% of the most subordinated capital of CLO-13. Reinvestment can be made in collateral by the CLO up to July 2022, or earlier, subject to certain provisions.

Closing of EURO CLO-2

In December 2017, Onex closed EURO CLO-2, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes in a private placement transaction for an aggregate principal amount of €437 ($514).

On closing, Onex received €40 ($47) plus interest for the investment that supported the warehouse facility and invested €39 ($45) for 88% of the most subordinated capital of EURO CLO-2. Reinvestment can be made in collateral by the CLO up to January 2022, or earlier, subject to certain provisions.

Closing of CLO-14

In December 2017, Onex closed CLO-14, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares in a private placement transaction for an aggregate principal amount of $611.

On closing, Onex received $60 plus interest for the investment that supported the warehouse facility and invested $36 for approximately 65% of the most subordinated capital of CLO-14. Reinvestment can be made in collateral by the CLO up to November 2022, or earlier, subject to certain provisions.

Onex Credit Lending Partners

During 2017, Onex raised $314 towards its $500 fund size target for the first fund in Onex Credit Lending Partners ("OCLP I"), including $100 from Onex. The duration of the commitment period for OCLP I will be for up to three years from the date of final closing, subject to extensions of up to an additional two years.

During 2017, OCLP I made investments in the debt of middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers which were funded by borrowings from OCLP I's credit facilities, as described in note 14(e), and a capital call of $55 from investors in December 2017, of which Onex' share was $18.

Onex consolidates the operations of OCLP I and records changes in the fair value of the asset portfolio through earnings.

Distributions

During 2017, Onex received $59 of distributions from CLO investments. Additionally, Onex received $10 on the redemption of CLO-3 and $23 on the sale of CLO investments.

3. 2016 SIGNIFICANT TRANSACTIONS

a) Repayment of promissory notes by Jack's

In connection with the acquisition of Jack's in July 2015, the Company's initial investment included a $195 promissory note held by the Onex Partners IV Group. During 2015, Jack's made repayments of the promissory note.

During the first half of 2016, Jack's made repayments of the promissory note totalling $40, including accrued interest, with net proceeds from sale-leaseback transactions completed for certain of its fee-owned restaurant properties. Onex' share of the repayments was $12.

In June 2016, the balance of $14 outstanding under the promissory note, of which Onex' share was $4, was converted into additional equity of Jack's in accordance with the promissory note agreement. Subsequent to the transaction, the Onex Partners IV Group had a 96% economic interest in Jack's, of which Onex' share was 28%.

b) Investment in Incline Aviation Fund by Onex, the parent company

In February 2016, Onex, the parent company, committed $75 in Incline Aviation Fund, an aircraft investment fund managed by BBAM and focused on investments in leased commercial jet aircraft.

During 2016, Onex, the parent company, invested $13 in Incline Aviation Fund, net of distributions and bridge financing which have been returned to Onex. The Company has joint control of Incline Aviation Fund. The investment in Incline Aviation Fund has been recorded as a long-term investment at fair value through earnings.

In February 2017, the amount committed by Onex to Incline Aviation Fund was reduced to $50.

c) Sale of KraussMaffei

In April 2016, the Company sold its entire investment in KraussMaffei Group GmbH ("KraussMaffei") for a cash enterprise value of €925 ($1,000). Net proceeds from the sale were €717 ($821), which included proceeds to the management of KraussMaffei. The Onex Partners III Group received net proceeds of €669 ($753). Onex' portion of the net proceeds was $195, including carried interest and after the reduction for amounts on account of the MIP. Net proceeds to the Onex Partners III Group and Onex included net realized losses from foreign exchange hedges of $13 and $3, respectively. The net proceeds included €9 ($10) held in escrow, of which Onex' share was €2 ($2), and a working capital adjustment of €5 ($6), of which Onex' share was €2 ($2). Amounts held in escrow and the working capital adjustment were received during 2017. The sale resulted in a gain of $500 based on the excess of the proceeds over the carrying value of the investment. Onex' share of the gain was $467, which was 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 $30. Consistent with the terms of Onex Partners, Onex was allocated 40% of the carried interest, with 60% allocated to management. Onex' share of the carried interest received was $12 and was included in the net proceeds to Onex. The carried interest that would have otherwise been distributed to Onex was reduced by $7 as a result of the realized loss from the sale of Tropicana Las Vegas, Inc. ("Tropicana Las Vegas") in August 2015. Management's share of the carried interest was $18 and was similarly reduced as a result of the realized loss from the sale of Tropicana Las Vegas. Amounts paid on account of the MIP totalled $7 for this transaction and have been deducted from the net proceeds to Onex.

The operations of KraussMaffei have been presented as discontinued in the consolidated statements of earnings and cash flows for the year ended December 31, 2016.

d) Sale of Univers Workplace Benefits by USI

In May 2016, USI completed the sale of Custom Benefit Programs, Inc., also known as Univers Workplace Benefits ("Univers"), a provider of employee communication and benefits enrolment services for employers. USI received net cash proceeds of $166 from the sale and recognized a pre-tax gain of $44, which was recorded within discontinued operations.

In December 2016, USI applied $50 of the net cash proceeds from the sale of Univers towards the prepayment of its term loans.

e) Acquisition of ECI by Schumacher

In June 2016, Schumacher acquired ECI Healthcare Partners ("ECI"), a provider of emergency and hospital medicine physician management services in the United States, for $140. In connection with this transaction, Schumacher amended its senior secured credit facilities to increase its first lien term loan by $130. The balance of the purchase price was funded through a rollover of equity from management of ECI of $21. The adjusted purchase price recognized at the date of closing was $136, as well as additional non-cash consideration of $6.

f) AIT unit repurchase and distributions

In July 2016, AIT entered into a new credit facility consisting of a $225 term loan. The net proceeds from the credit facility were used in August 2016 to repurchase units from investors other than Onex Partners IV and to fund a distribution of $174. As a result of the unit repurchase, the Onex Partners IV Group's economic interest in AIT increased to 50%, of which Onex' share was 11%. The Onex Partners IV Group's share of the distribution was $107, of which Onex' share was $24.

In addition, during 2016, AIT distributed an additional $18 to the Onex Partners IV Group, of which Onex' share was $3. The additional distributions were funded by the company's free cash flow.

g) Sale of Cicis

In August 2016, the ONCAP II Group sold its investment in CiCi's Holdings, Inc. ("Cicis") for net proceeds of $66, of which Onex' share was $29. Included in the net proceeds was $13 held in escrow, of which Onex' share was $6. ONCAP management received $1 in carried interest on the sale of Cicis. During 2017, escrow of $7 was received, of which Onex' share was $3. The impact to Onex and Onex management was a net payment of less than $1 in carried interest to ONCAP management.

The Company recorded a pre-tax gain of $28 based on the excess of the proceeds over the carrying value of the investment. Onex' share of the pre-tax gain was $12. The gain on the sale was 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.

Cicis did not represent a separate major line of business, and as a result, the operating results up to the date of disposition have not been presented as a discontinued operation. The cash proceeds recorded in the consolidated statements of cash flows for the sale of Cicis were reduced for Cicis' cash and cash equivalents of $13 at the date of sale.

h) Acquisition of Tecta

In August 2016, the ONCAP III Group completed the acquisition of Tecta America Corporation ("Tecta"). Based in the United States, Tecta is a leading national commercial roofing company offering installation, replacement and repair services. The equity investment in Tecta was $124, for a 97% economic interest, and was initially comprised of an investment of $99 by ONCAP III and an additional investment of $25 by Onex. Onex' combined investment was $54 for a 42% economic interest. The remainder of the purchase price was financed with debt financing, without recourse to Onex Corporation, and through a rollover of equity by management of Tecta.

In December 2016, following the consent previously received from the Advisory Committee of ONCAP III, the General Partner of ONCAP III syndicated $37 of the investment in Tecta, representing 29% of the economic interest, to ONCAP IV at the same cost as the original investment. The additional investment of $25 made by Onex represented Onex' pro-rata share of the portion of the investment that was transferred to ONCAP IV. Subsequent to the syndication, ONCAP III and IV each held a $62 investment in Tecta. Onex' investment in Tecta consisted of $18 through ONCAP III and $25 through ONCAP IV for a combined 33% economic interest. Tecta is included within the other segment.

i) Acquisition of WireCo

In September 2016, the Onex Partners IV Group acquired control and an initial 72% economic interest through a recapitalization of WireCo, a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products, for $916. The Onex Partners IV Group invested $270 in WireCo, of which Onex' share was $76. Subsequent to the increase in Onex' interest in Onex Partners IV, as described in note 2(g), Onex' share of the investment increased to $86. The remainder of the recapitalization was financed with first and second lien debt financing. WireCo is included within the other segment.

j) Acquisition of Clarivate Analytics

In October 2016, Onex, in partnership with Baring Private Equity Asia, completed the acquisition of the Intellectual Property and Science business from Thomson Reuters for $3,550. The business, which now operates as Clarivate Analytics, owns and operates a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management. The equity investment was $1,635 for a 100% economic interest in Clarivate Analytics. The Company's equity investment of $1,177 was comprised of $700 from the Onex Partners IV Group and $477 as a co-investment from Onex and certain limited partners for a 72% economic interest. At the time of acquisition, Onex' share of the equity investment was $419, comprised of $197 through Onex Partners IV and $222 as a co-investment, for a 26% economic interest. Subsequent to the increase in Onex' interest in Onex Partners IV, as described in note 2(g), Onex' share of the investment increased to $445, comprised of $223 through Onex Partners IV and $222 as a co-investment, for a 27% economic interest. The remainder of the purchase price was financed with debt financing, without recourse to Onex Corporation. Clarivate Analytics is included within the business and information services segment.

k) Distributions from JELD-WEN

In November 2016, JELD-WEN amended its existing credit facility to borrow an incremental $375. The proceeds from the incremental borrowing, along with a draw on the company's revolving credit facility, were used to fund a distribution of $400 to shareholders. The Onex Partners III Group's share of the distribution was $327. Onex' portion of the distribution was $81, of which $46 related to Onex' investment through Onex Partners III and $35 related to Onex' co-investment. The remaining balance was primarily distributed to third-party shareholders and management of JELD-WEN.

In addition, in August 2016 JELD-WEN distributed a purchase price adjustment of $24 related to the initial investment in JELD-WEN in October 2011 to the Onex Partners III Group. Onex' share of the purchase price adjustment was $6.

l) ONCAP IV

In November 2016, Onex completed fundraising for ONCAP IV, reaching aggregate commitments of $1,107, including Onex' commitment of $480.

m) Acquisition of Wilhelmsen Safety by Survitec

In November 2016, Survitec completed the acquisition of the safety-related business activities of Wilhelmsen Maritime Services ("Wilhelmsen Safety") for £164 ($205). The adjusted purchase price recognized at the date of closing was £161 ($200). In connection with the transaction, the Onex Partners IV Group invested $35 in Survitec, of which Onex' share was $8. Subsequent to the increase in Onex' interest in Onex Partners IV, as described in note 2(g), Onex' share of the investment increased to $9. The remainder of the purchase price and transaction costs was funded through a rollover of equity by Wilhelmsen Safety of $80 and with proceeds from Survitec's existing senior secured credit facilities. Subsequent to the transaction, the Onex Partners IV Group had a 79% economic interest in Survitec, of which Onex' share was an 18% economic interest.

n) Acquisition of Save-A-Lot

In December 2016, the Company completed the acquisition of the Save-A-Lot business from SUPERVALU INC. for $1,365. Save-A-Lot is one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States. The Onex Partners IV Group invested $660 for a 100% economic interest in Save-A-Lot, of which Onex' share was $186 for a 28% economic interest. Subsequent to the increase in Onex' interest in Onex Partners IV, as described in note 2(g), Onex' share of the investment increased to $210 for a 32% economic interest. The balance of the purchase price was substantially financed with debt financing, without recourse to Onex Corporation. Save-A-Lot is included within the food retail and restaurants segment.

o) Distributions from operating businesses

In 2016, the Company received distributions of $719 from certain operating businesses. Onex' portion of the distributions, including carried interest, was $205. The distributions include the repayments of the promissory note by Jack's, as previously described in note 3(a), and the distributions by AIT and JELD-WEN, as previously described in notes 3(f) and 3(k), respectively. The other significant distributions received by the Company are described below.

During the year ended December 31, 2016, BBAM distributed $50 to the Onex Partners III Group, of which Onex' share was $13. The distributions were funded by the company's free cash flow.

In June 2016, Meridian Aviation distributed $39 to Onex Partners III, of which Onex' share was $12, including carried interest of $2. The distribution was funded from cash on hand at Meridian Aviation, which was primarily from gains on investments in aircraft.

During the year ended December 31, 2016, Flushing Town Center distributed $37 of proceeds primarily from the sale of commercial units, of which Onex' share was $33. The distributions by Flushing Town Center included $8 related to the amounts held in escrow from the July 2015 sale of the retail space and adjoining parking garage of Flushing Town Center, of which Onex' share was $7.

In December 2016, Hopkins Manufacturing Corporation ("Hopkins") entered into a new credit facility. The net proceeds from the credit facility were used to repay the existing credit facilities and to fund an $80 distribution to shareholders. The Company's share of the distribution was $71, of which Onex' share was $21. ONCAP management received $4 in carried interest from the Hopkins distribution.

p) Credit Strategies

Closing of CLO-11

In January 2016, Onex established a warehouse facility in connection with its eleventh CLO denominated in U.S. dollars. Onex invested $60 in subordinated notes to support the warehouse facility's total return swap.

In May 2016, Onex closed CLO-11, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes, secured loans and preference shares in a private placement transaction for an aggregate principal amount of $502. The secured notes and loans were offered in an aggregate principal amount of $457.

Upon the closing of CLO-11, Onex received $60 plus interest for the investment that supported the warehouse facility and invested $41 for 100% of the most subordinated capital of CLO-11. Reinvestment can be made in collateral by the CLO up to April 2018, or earlier, subject to certain provisions.

Closing of CLO-12

In July 2016, Onex established a warehouse facility in connection with its twelfth CLO denominated in U.S. dollars. Onex invested $60 in preferred shares to support the warehouse facility and a financial institution provided borrowing capacity of up to $240.

In October 2016, Onex closed CLO-12, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and preference shares in a private placement transaction for an aggregate principal amount of $558. The secured notes were offered at an aggregate principal amount of $501.

Upon the closing of CLO-12, Onex received $60 plus interest for the investment that supported the warehouse facility and invested $56 for 100% of the most subordinated capital of CLO-12. Reinvestment can be made in collateral by the CLO up to October 2020, or earlier, subject to certain provisions.

Distributions

During 2016, Onex received $73 of distributions from its CLO investments.

4. ACQUISITIONS

During 2017 and 2016 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 acquisition 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 value at the date of acquisition, irrespective of the extent of any non-controlling interests. The fair value is determined using a combination of valuation techniques, including discounted cash flows and projected earnings multiples. The key inputs to the valuation techniques include assumptions related to future customer demand, material and employee-related costs, changes in mix of products and services produced or delivered, and restructuring programs. Any non-controlling interests in the acquired company are measured either at fair value or at the non-controlling interests' proportionate share of the identifiable assets and liabilities of the acquired business. The excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquired company and, for 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. Costs incurred to issue debt are deferred and recognized as described in note 1. Subsequent changes in the fair value of contingent consideration recorded as a liability at the acquisition date are recognized in consolidated earnings or loss.

In certain circumstances where preliminary 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. 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.

2017 ACQUISITIONS

Details of the purchase price and allocation to the assets and liabilities acquired, excluding acquisitions completed by discontinued operations and net of debt financing, are as follows:

	Parkdean Resorts[a]	Emerald Expositions[b]	ONCAP[c]	Other[d]	Total
Cash and cash equivalents	$ 61	$ –	$ 13	$ 1	$ 75
Other current assets	59	6	179	1	245
Intangible assets with limited life	42	22	374	13	451
Intangible assets with indefinite life	–	20	–	–	20
Goodwill	289	62	205	12	568
Property, plant and equipment and other non-current assets	1,611	–	72	–	1,683
	2,062	110	843	27	3,042
Current liabilities	(300)[1]	(14)	(97)	(1)	(412)
Non-current liabilities	(1,192)[2]	–	(395)	–	(1,587)
	570	96	351	26	1,043
Non-controlling interests in net assets	(50)	–	(23)	–	(73)
Interests in net assets acquired	$ 520	$ 96	$ 328	$ 26	$ 970

(1) Included in current liabilities of Parkdean Resorts is $92 of acquisition financing.

(2) Excluded from non-current liabilities of Parkdean Resorts is $570 of preference shares issued upon acquisition, which are classified as long-term financial liabilities. The Onex Partners IV Group's share of the preference shares is $520.

a) In March 2017, the Company acquired Parkdean Resorts, as described in note 2(b).

b) Emerald Expositions completed four acquisitions for total consideration of $96, of which $4 was non-cash consideration.

c) ONCAP includes the acquisitions of IntraPac and Laces, as described in note 2(j) and 2(k), respectively. In addition, ONCAP includes acquisitions made by Bradshaw, Chatters Canada ("Chatters"), Davis-Standard Holdings, Inc. ("Davis-Standard"), Hopkins and Tecta for total consideration of $119.

d) Other includes acquisitions made by Clarivate Analytics, Res-Care, sgsco and York for total consideration of $26, of which $9 was non-cash consideration.

Included in the acquisitions above are gross receivables due from customers of $102, of which all contractual cash flows are expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be $102.

Revenue and net losses from the date of acquisition for these acquisitions to December 31, 2017 were $608 and $53, respectively.

The Company estimates it would have reported consolidated revenues of approximately $24,900 and net earnings of approximately $2,370 for the year ended December 31, 2017 if acquisitions completed during 2017 had been acquired on January 1, 2017.

Goodwill of the acquisitions was attributable primarily to the skills and competence of 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 $79.

2016 ACQUISITIONS

Details of the purchase price and allocation to the assets and liabilities acquired, net of debt financing, are as follows:

	Schumacher[(a)]	WireCo[(b)]	Clarivate Analytics[(c)]	Survitec[(d)]	Save-A-Lot[(e)]	JELD-WEN[(f)]	USI[(g)]	ONCAP[(h)]	Other[(i)]	Total
Cash and cash equivalents	$ 3	$ 27	$ 46	$ 16	$ 30	$ 1	$ –	$ 18	$ –	$ 141
Other current assets	63	324	299	59	426	27	13	138	26	1,375
Intangible assets with limited life	47	186	2,204	112	312	48	64	65	20	3,058
Intangible assets with indefinite life	–	112	170	–	261	–	–	3	8	554
Goodwill	68	160	1,273	70	23	16	57	188	66	1,921
Property, plant and equipment and other non-current assets	30	367	73	21	647	16	1	21	7	1,183
	211	1,176	4,065	278	1,699	108	135	433	127	8,232
Current liabilities	(28)	(110)	(348)	(49)	(306)	(19)	(14)	(100)	(10)	(984)
Non-current liabilities	(41)	(680)	(2,082)	(29)	(733)	(2)	–	(171)	(16)	(3,754)
	142	386	1,635	200	660	87	121	162	101	3,494
Non-controlling interests in net assets	–	(116)	(458)	–	–	–	–	(4)	–	(578)
Interests in net assets acquired	$ 142	$ 270	$ 1,177	$ 200	$ 660	$ 87	$ 121	$ 158	$ 101	$ 2,916

a) In June 2016, Schumacher acquired ECI, as described in note 3(e).

b) In September 2016, the Company acquired WireCo, as described in note 3(i).

c) In October 2016, the Company acquired Clarivate Analytics, as described in note 3(j). Cash consideration paid for Clarivate Analytics includes the $458 contribution from Baring Private Equity Asia.

d) In November 2016, Survitec acquired Wilhelmsen Safety, as described in note 3(m).

e) In December 2016, the Company acquired Save-A-Lot, as described in note 3(n).

f) During 2016, JELD-WEN completed two acquisitions for total consideration of $87. JELD-WEN is recorded as a discontinued operation, as described in note 2(a).

g) During 2016, USI completed nine acquisitions for total consideration of $121, of which $20 was non-cash consideration. USI was sold in May 2017 and is recorded as a discontinued operation, as described in note 2(e).

h) ONCAP includes the acquisition of Tecta, as described in note 3(h). In addition, ONCAP includes acquisitions made by Bradshaw, Chatters, Cicis, EnGlobe Corp. and Tecta for total consideration of $34, of which $1 was non-cash consideration.

i) Other includes acquisitions made by Carestream Health, Celestica, Emerald Expositions, ResCare and sgsco for total consideration of $101, of which $16 was non-cash consideration.

Included in the acquisitions above were gross receivables of $595 due from customers, of which contractual cash flows of $16 are not expected to be recovered. The fair value of these receivables at the dates of acquisition was determined to be $579.

Revenue and net losses from the date of acquisition for these acquisitions to December 31, 2016 were $1,226 and $164, respectively.

The Company estimates it would have reported consolidated revenues of approximately $28,400 and a net loss of approximately $275 for the year ended December 31, 2016 if acquisitions completed during 2016 had occurred on January 1, 2016.

Goodwill of the acquisitions was attributable primarily to the skills and competence of 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 was $1,150.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

As at December 31	2017	2016
Cash at bank and on hand	$ 1,416	$ 1,537
Money market funds	1,614	557
Commercial paper	84	163
Bank term deposits and other	262	114
Total cash and cash equivalents	$ 3,376	$ 2,371

At December 31, 2017, the fair value of investments managed by third-party investment managers was $1,021 (2016 – $472), of which $247 (2016 – $147) was included in short-term investments and $774 (2016 – $325) was included in long-term investments.

6. INVENTORIES

Inventories comprised the following:

As at December 31	2017	2016
Raw materials	$ 994	$ 1,031
Work in progress	307	280
Finished goods	1,039	1,066
Real estate held for sale	166	354
Total inventories	$ 2,506	$ 2,731

During the year ended December 31, 2017, $11,835 (2016 – $7,882) of inventory was expensed in cost of sales. Note 13(b) provides details on inventory provisions recorded by the Company.

7. OTHER CURRENT ASSETS

Other current assets comprised the following:

As at December 31	2017	2016
Prepaid expenses	$ 223	$ 250
Restricted cash	149	314
Income and value-added taxes receivable	127	143
Other receivables	109	179
Other	254	304
Total other current assets	$ 862	$ 1,190

8. DISCONTINUED OPERATIONS

The following tables show revenues, expenses and net after-tax results from discontinued operations. Carestream Health's sale of its Dental Digital business in September 2017 did not represent a separate major line of business and as a result has not been presented as a discontinued operation. The sale of Cicis in August 2016, as described in note 3(g), did not represent a separate major line of business and as a result has not been presented as a discontinued operation.

Year ended December 31	2017			2016				
	USI[a]	**JELD-WEN[b]**	**Total**	USI[a]	JELD-WEN[b]	KraussMaffei[c]	Sitel Worldwide[d]	Total
Revenues	**$ 400**	**$ 1,393**	**$ 1,793**	$ 1,048	$ 3,670	$ 420	$ –	$ 5,138
Expenses	**(510)**	**(1,580)**	**(2,090)**	(1,112)	(3,562)	(461)	–	(5,135)
Earnings (loss) before income taxes	**(110)**	**(187)**	**(297)**	(64)	108	(41)	–	3
Recovery of (provision for) income taxes	**13**	**15**	**28**	(31)	92	(4)	–	57
Gain, net of tax	**1,797**	**1,514**	**3,311**	–	–	500	23	523
Net earnings (loss) for the year	**$ 1,700**	**$ 1,342**	**$ 3,042**	$ (95)	$ 200	$ 455	$ 23	$ 583

a) USI

The operations of USI have been presented as discontinued in the consolidated statements of earnings and cash flows for the years ended December 31, 2017 and 2016, as described in note 2(e).

b) JELD-WEN

The operations of JELD-WEN have been presented as discontinued in the consolidated statements of earnings and cash flows for the years ended December 31, 2017 and 2016, as described in note 2(a).

c) KraussMaffei

The operations of KraussMaffei have been presented as discontinued in the consolidated statements of earnings and cash flows for the year ended December 31, 2016, as described in note 3(c).

d) Sitel Worldwide

In June 2016, the Company signed an agreement to settle the earn-out component from the sale of Sitel Worldwide that occurred in September 2015. A gain of $23 was recorded within discontinued operations during the second quarter of 2016, of which Onex' share was $21. The gain reflected the present value of the expected future payments under the agreement.

The following table shows the summarized assets and liabilities of discontinued operations. The balances as at December 31, 2016 represent only those of USI and JELD-WEN, as KraussMaffei was sold in April 2016 and Sitel Worldwide was sold in September 2015. There were no assets or liabilities of discontinued operations at December 31, 2017, as USI was sold in May 2017 and the Company ceased to consolidate JELD-WEN after losing control in May 2017.

As at December 31, 2016	USI	JELD-WEN	Total
Cash and cash equivalents	$ 99	$ 103	$ 202
Other current assets	512	810	1,322
Intangible assets	1,040	390	1,430
Goodwill	1,400	146	1,546
Property, plant and equipment and other non-current assets	60	1,220	1,280
	3,111	2,669	5,780
Current liabilities	(589)	(528)	(1,117)
Non-current liabilities	(2,358)	(2,063)	(4,421)
Net assets of discontinued operations	$ 164	$ 78	$ 242

The following tables present the summarized aggregate cash flows from (used in) discontinued operations of USI (up to May 2017), JELD-WEN (up to May 2017) and KraussMaffei (up to April 2016).

Year ended December 31, 2017	**USI**	**JELD-WEN**	**Total**
Operating activities	**$ 109**	**$ (99)**	**$ 10**
Financing activities	**(53)**	**79**	**26**
Investing activities	**(155)**	**(85)**	**(240)**
Decrease in cash and cash equivalents for the year	**(99)**	**(105)**	**(204)**
Increase in cash due to changes in foreign exchange rates	**–**	**2**	**2**
Cash and cash equivalents, beginning of the year	**99**	**103**	**202**
Cash and cash equivalents, end of the year	**–**	**–**	**–**
Proceeds from sales of operating companies no longer controlled	**1,889**	**466**	**2,355**
	$ 1,889	**$ 466**	**$ 2,355**

Year ended December 31, 2016	USI	JELD-WEN	KraussMaffei	Sitel Worldwide	Total
Operating activities	$ 171	$ 257	$ 38	$ –	$ 466
Financing activities	(208)	239	2	–	33
Investing activities	52	(152)	(155)	–	(255)
Increase (decrease) in cash and cash equivalents for the year	15	344	(115)	–	244
Increase (decrease) in cash due to changes in foreign exchange rates	–	(4)	2	–	(2)
Cash dividends paid to Onex and included in cash flows from financing activities	–	(351)	–	–	(351)
Cash and cash equivalents, beginning of the year	84	114	113	–	311
Cash and cash equivalents, end of the year	99	103	–	–	202
Proceeds from sale of operating company no longer controlled	–	–	805	3	808
	$ 99	$ 103	$ 805	$ 3	$ 1,010

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised the following:

	Land	Buildings	Machinery and Equipment	Construction in Progress	Total
At December 31, 2015					
Cost	$ 231	$ 1,432	$ 3,456	$ 195	$ 5,314
Accumulated amortization and impairments	(13)	(422)	(1,613)	(1)	(2,049)
Net book amount	$ 218	$ 1,010	$ 1,843	$ 194	$ 3,265
Year ended December 31, 2016					
Opening net book amount	$ 218	$ 1,010	$ 1,843	$ 194	$ 3,265
Additions	5	58	207	342	612
Disposals	(6)	(17)	(33)	(1)	(57)
Amortization charge	–	(72)	(375)	–	(447)
Amortization charge (discontinued operations)	–	(27)	(91)	–	(118)
Acquisition of subsidiaries	62	474	479	44	1,059
Disposition of subsidiary	(1)	(5)	(4)	(1)	(11)
Impairment charge	–	–	(2)	–	(2)
Impairment charge (discontinued operations)	–	(1)	(1)	–	(2)
Transfers from construction in progress	–	39	257	(296)	–
Foreign exchange	(2)	(6)	(11)	–	(19)
Other	–	–	(5)	–	(5)
Closing net book amount	$ 276	$ 1,453	$ 2,264	$ 282	$ 4,275
At December 31, 2016					
Cost	$ 289	$ 1,959	$ 4,233	$ 283	$ 6,764
Accumulated amortization and impairments	(13)	(506)	(1,969)	(1)	(2,489)
Net book amount	$ 276	$ 1,453	$ 2,264	$ 282	$ 4,275
Year ended December 31, 2017					
Opening net book amount	**$ 276**	**$ 1,453**	**$ 2,264**	**$ 282**	**$ 4,275**
Additions	**3**	**79**	**307**	**363**	**752**
Disposals	**(4)**	**(14)**	**(31)**	**(6)**	**(55)**
Amortization charge	**(1)**	**(127)**	**(514)**	**–**	**(642)**
Amortization charge (discontinued operations)	**–**	**(11)**	**(35)**	**–**	**(46)**
Acquisition of subsidiaries	**1,079**	**363**	**209**	**27**	**1,678**
Disposition of subsidiaries	**–**	**(7)**	**(32)**	**(1)**	**(40)**
Operating company no longer under control	**(100)**	**(370)**	**(368)**	**(26)**	**(864)**
Impairment charge[i]	**–**	**(13)**	**(23)**	**(1)**	**(37)**
Transfers from construction in progress	**–**	**51**	**224**	**(275)**	**–**
Foreign exchange	**119**	**73**	**101**	**20**	**313**
Other	**–**	**2**	**(11)**	**1**	**(8)**
Closing net book amount	**$ 1,372**	**$ 1,479**	**$ 2,091**	**$ 384**	**$ 5,326**
At December 31, 2017					
Cost	**$ 1,385**	**$ 1,985**	**$ 4,123**	**$ 385**	**$ 7,878**
Accumulated amortization and impairments	**(13)**	**(506)**	**(2,032)**	**(1)**	**(2,552)**
Net book amount	**$ 1,372**	**$ 1,479**	**$ 2,091**	**$ 384**	**$ 5,326**

(i) Property, plant and equipment impairments of $32 related to Save-A-Lot have been included in other expense (note 26) as part of Save-A-Lot's restructuring charges in 2017.

Property, plant and equipment cost and accumulated amortization and impairments have been reduced for components retired during 2017 and 2016. At December 31, 2017, property, plant and equipment includes amounts under finance leases of $726 (2016 – $177) and related accumulated amortization of $49 (2016 – $69). During 2017, borrowing costs of $2 (2016 – $4) were capitalized and are included in the cost of additions.

10. LONG-TERM INVESTMENTS

Long-term investments comprised the following:

As at December 31	2017	2016
Long-term investments held by credit strategies[a]	$ 8,491	$ 7,025
Investments in joint ventures and associates – at fair value through earnings[b]	2,252	751
Onex Corporation investments in managed accounts[c]	774	325
Investments in joint ventures and associates – equity-accounted[d]	380	318
Other	217	253
Total	$ 12,114	$ 8,672

a) Long-term investments held by credit strategies

Long-term investments held by credit strategies include investments made in CLOs, Onex Credit Funds and Onex Credit Lending Partners.

At December 31, 2017, Onex' remaining investment in the CLOs, net of distributions and partial dispositions, was $456 (2016 – $350) and has been made in the most subordinated capital of each respective CLO. During 2017, Onex received $59 (2016 – $73) of distributions from CLO investments, excluding investment income earned during the warehouse periods of the CLOs. Additionally, Onex received $10 on the redemption of CLO-3 and $23 on the partial sale of CLO investments. There were no CLO redemptions or partial sales of investments in 2016.

The asset portfolio held by the CLOs consists of cash and cash equivalents and corporate loans that have been designated to be recorded at fair value. The asset portfolio of each CLO is pledged as collateral for its respective senior secured notes and loans. The CLOs have initial reinvestment periods ranging from two to five years, during which reinvestment can be made in collateral. Onex is required to consolidate the operations and results of the CLOs, as described in note 1.

At December 31, 2017 and 2016, the asset portfolio of the CLOs and warehouse facilities comprised the following:

	Closing Date	As at December 31, 2017	As at December 31, 2016
CLO-2	November 2012	$ 359	$ 380
CLO-3	March 2013	–	471
CLO-4	October 2013	581	477
CLO-5	March 2014	361	386
CLO-6	June 2014	935	919
CLO-7	November 2014	477	475
CLO-8	April 2015	724	732
CLO-9	July 2015	721	718
CLO-10	October 2015	490	496
CLO-11	May 2016	484	490
CLO-12	October 2016	541	543
CLO-13	July 2017	592	–
CLO-14	December 2017	473	–
EURO CLO-1	May 2017	425	–
EURO CLO-2	December 2017	349	–
Warehouse facilities		–	130
Total		$ 7,512	$ 6,217

At December 31, 2017, investments of $609 (2016 – $808) held by Onex Credit Funds are recorded at fair value and classified as fair value through earnings. At December 31, 2017, Onex' share of the net investments in Onex Credit Funds was $335 (2016 – $521). During 2017, Onex redeemed $200 from the Onex Credit segregated senior secured loan strategy fund for cash management purposes.

Investments held by Onex Credit Lending Partners are recorded at fair value and classified as fair value through earnings. At December 31, 2017, the total value of investments held by Onex Credit Lending Partners was $370.

During the year ended December 31, 2017, Onex completed various transactions which impacted the balance of long-term investments held by credit strategies. These transactions are described in note 2(o) and include the closings of four CLOs and OCLP I, as well as the redemption of CLO-3.

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

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

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

Balance – December 31, 2015	$ 733
Purchase of investments	44
Distributions received	(206)
Increase in fair value of investments, net	180
Balance – December 31, 2016	$ 751
Purchase of investments	**6**
Transfer of investment in JELD-WEN no longer under control	**1,397**
Distributions received	**(71)**
Sale of investments	**(591)**
Increase in fair value of investments, net	**760**
Balance – December 31, 2017	**$ 2,252**

JELD-WEN

In May 2017, the Onex Partners III Group sold approximately 15.7 million shares of JELD-WEN in a secondary offering which resulted in the loss of control of JELD-WEN by the Company, as described in note 2(a). The remaining interest in JELD-WEN held by the Company has been recorded as a long-term investment at fair value, with changes in fair value recorded through earnings.

The following tables provide summarized financial information for JELD-WEN as of September 30, 2017 and are prepared in accordance with accounting principles generally accepted in the United States. Financial information for the year ended December 31, 2017 was not available as of February 22, 2018.

	JELD-WEN
As at September 30	**2017**
Current assets	**$ 1,180**
Non-current assets	**1,785**
	2,965
Current liabilities	**610**
Non-current liabilities	**1,470**
	2,080
Net Assets	**$ 885**

Included in the balance sheet financial information above are the following items:

	JELD-WEN
As at September 30	**2017**
Cash and cash equivalents included in current assets	**$ 219**
Financial liabilities included in current liabilities	**$ 295**
Financial liabilities included in non-current liabilities	**$ 1,236**

	JELD-WEN
Nine months ended September 30	**2017**
Revenues	**$ 2,788**
Total expenses (including provision for income taxes)	**(2,683)**
Net earnings	**105**
Other comprehensive earnings	**91**
Total Comprehensive Earnings	**$ 196**

Included in the preceding statement of earnings financial information are the following items:

	JELD-WEN
Nine months ended September 30	2017
Amortization	$ 81
Interest income	–
Interest expense	$ 62
Provision for income taxes	$ 33

c) Onex Corporation investments in managed accounts

Long-term investments consisted of securities that include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. Short-term investments consisted of liquid investments that include money market instruments and commercial paper with original maturities of three months to one year. The investments are managed to maintain an overall weighted average duration of two years or less. At December 31, 2017, the fair value of investments managed by third-party investment managers was $1,021 (2016 – $472), of which $247 (2016 – $147) was included in short-term investments and $774 (2016 – $325) was included in long-term investments.

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

At December 31, 2017 and 2016, the balances consisted primarily of investments in joint ventures and associates held by Meridian Aviation and SIG.

11. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

As at December 31	2017	2016
Defined benefit pensions (note 33)	$ 220	$ 198
Deferred income taxes (note 19)	163	418
Derivatives	115	103
Restricted cash	62	168
Other	261	305
Total	$ 821	$ 1,192

12. 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[i]	Other Intangible Assets with Indefinite Life	Total Intangible Assets
As at December 31, 2015							
Cost	$ 7,851	$ 1,879	$ 5,249	$ 705	$ 1,054	$ 504	$ 9,391
Accumulated amortization and impairments	(174)	(272)	(1,689)	(464)	(438)	–	(2,863)
Net book amount	$ 7,677	$ 1,607	$ 3,560	$ 241	$ 616	$ 504	$ 6,528
Year ended December 31, 2016							
Opening net book amount	$ 7,677	$ 1,607	$ 3,560	$ 241	$ 616	$ 504	$ 6,528
Additions	–	–	–	73	7	2	82
Disposals	(72)	(5)	(43)	(2)	–	(2)	(52)
Amortization charge	–	(22)	(301)	(70)	(114)	–	(507)
Amortization charge (discontinued operations)	–	(2)	(158)	(8)	(7)	–	(175)
Acquisition of subsidiaries	1,921	600	979	209	1,824	–	3,612
Disposition of subsidiary	(49)	(80)	(28)	(1)	–	–	(109)
Impairment charge	(226)	(2)	(2)	–	–	–	(4)
Foreign exchange	(86)	(16)	(36)	(1)	(37)	–	(90)
Other	9	–	(3)	1	3	–	1
Closing net book amount	$ 9,174	$ 2,080	$ 3,968	$ 442	$ 2,292	$ 504	$ 9,286
As at December 31, 2016							
Cost	$ 9,500	$ 2,336	$ 6,058	$ 996	$ 2,835	$ 504	$ 12,729
Accumulated amortization and impairments	(326)	(256)	(2,090)	(554)	(543)	–	(3,443)
Net book amount[ii]	$ 9,174	$ 2,080	$ 3,968	$ 442	$ 2,292	$ 504	$ 9,286
Year ended December 31, 2017							
Opening net book amount	**$ 9,174**	**$ 2,080**	**$ 3,968**	**$ 442**	**$ 2,292**	**$ 504**	**$ 9,286**
Additions	**–**	**1**	**4**	**84**	**10**	**–**	**99**
Disposals	**–**	**–**	**–**	**(5)**	**–**	**–**	**(5)**
Amortization charge	**–**	**(22)**	**(353)**	**(112)**	**(188)**	**–**	**(675)**
Amortization charge (discontinued operations)	**–**	**(2)**	**(52)**	**(4)**	**(2)**	**–**	**(60)**
Acquisition of subsidiaries	**568**	**84**	**354**	**1**	**32**	**–**	**471**
Disposition of subsidiaries	**(1,516)**	**(43)**	**(943)**	**(3)**	**(16)**	**–**	**(1,005)**
Operating company no longer under control	**(146)**	**(74)**	**(36)**	**(11)**	**(2)**	**(259)**	**(382)**
Impairment charge[iii]	**(168)**	**(4)**	**(8)**	**(1)**	**(4)**	**(1)**	**(18)**
Foreign exchange	**265**	**43**	**90**	**1**	**45**	**1**	**180**
Other	**46**	**–**	**–**	**(1)**	**(4)**	**1**	**(4)**
Closing net book amount	**$ 8,223**	**$ 2,063**	**$ 3,024**	**$ 391**	**$ 2,163**	**$ 246**	**$ 7,887**
As at December 31, 2017							
Cost	**$ 8,719**	**$ 2,167**	**$ 4,911**	**$ 1,020**	**$ 2,892**	**$ 246**	**$ 11,236**
Accumulated amortization and impairments	**(496)**	**(104)**	**(1,887)**	**(629)**	**(729)**	**–**	**(3,349)**
Net book amount[ii]	**$ 8,223**	**$ 2,063**	**$ 3,024**	**$ 391**	**$ 2,163**	**$ 246**	**$ 7,887**

(i) At December 31, 2017, the information databases and content collections had a cost of $1,733 (2016 – $1,720) and accumulated amortization of $130 (2016 – $26).

(ii) At December 31, 2017, trademarks and licenses included amounts determined to have indefinite useful lives of $1,811 (2016 – $1,797).

(iii) Intangible asset impairments of $4 related to Save-A-Lot have been included in other expense (note 26) as part of Save-A-Lot's restructuring charges in 2017.

Additions to goodwill and intangible assets primarily arose through business combinations (note 4). Additions to intangible assets through internal development were $63 (2016 – $31) and those acquired separately were $36 (2016 – $51). Included in the net book value of intangible assets at December 31, 2017 were $187 (2016 – $148) of internally generated intangible assets.

Goodwill 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, information databases, content collections, contract rights and expiration 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.

13. 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 – December 31, 2016	$ 76	$ 92	$ 168
Charged (credited) to statements of earnings:			
Additional provisions	65	26	91
Unused amounts reversed during the year	(5)	(1)	(6)
Disposition of subsidiaries	(4)	(3)	(7)
Operating company no longer under control	(4)	(16)	(20)
Amounts used during the year	(16)	(13)	(29)
Other adjustments	2	–	2
Balance – December 31, 2017	$ 114	$ 85	$ 199

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.

	Contingent Consideration[c]	Restructuring[d]	Self-Insurance[e]	Warranty[f]	Other[g]	Total
Current portion of provisions	$ 41	$ 37	$ 113	$ 53	$ 61	$ 305
Non-current portion of provisions	86	13	159	33	49	340
Balance – December 31, 2016	$ 127	$ 50	$ 272	$ 86	$ 110	$ 645
Charged (credited) to statements of earnings:						
Additional provisions	4	95	227	45	31	402
Unused amounts reversed during the year	(33)	(1)	–	(9)	(13)	(56)
Acquisition of subsidiaries	16	–	–	–	1	17
Amounts used during the year	(40)	(72)	(224)	(35)	(19)	(390)
Disposition of subsidiaries	(50)	(3)	(5)	–	(7)	(65)
Operating company no longer under control	–	(5)	(26)	(38)	(13)	(82)
Increase in provisions due to passage of time and changes in discount rates	1	–	–	–	–	1
Other adjustments	2	6	(1)	(3)	2	6
Balance – December 31, 2017	$ 27	$ 70	$ 243	$ 46	$ 92	$ 478
Current portion of provisions	(8)	(50)	(100)	(36)	(41)	(235)
Non-current portion of provisions	$ 19	$ 20	$ 143	$ 10	$ 51	$ 243

c) The provision for contingent consideration relates to acquisitions completed by the Company. At December 31, 2017, the estimated fair value of contingent consideration liability was primarily related to the contingent consideration associated with Carestream Health, Clarivate Analytics and Schumacher.

d) 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 2018 and 2027.

The closing balance of restructuring provisions comprised the following:

As at December 31	2017	2016
Employee termination costs	$ 51	$ 40
Lease and other contractual obligations	15	7
Facility exit costs and other	4	3
Total restructuring provisions	$ 70	$ 50

e) Self-insurance provisions are established by the operating companies for automobile, workers' compensation, healthcare coverage, 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 independent third-party 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.

f) 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.

g) 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.

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

Long-term debt of operating companies and credit strategies, without recourse to Onex Corporation, comprised the following:

As at December 31	2017	2016
Carestream Health[a]	$ 1,136	$ 1,930
Celestica[b]	187	228
Clarivate Analytics[c]	2,062	2,030
Credit Strategies – CLOs[d]	7,575	5,912
Credit Strategies – Lending Partners[e]	309	–
Emerald Expositions[f]	559	707
Flushing Town Center[g]	–	260
Jack's[h]	253	193
JELD-WEN[i]	–	1,640
Meridian Aviation[j]	82	22
Parkdean Resorts[k]	1,042	–
ResCare[l]	381	426
Save-A-Lot[m]	714	718
Schumacher[n]	659	664
sgsco[o]	604	584
SIG[p]	3,144	2,973
Survitec[q]	593	515
USI[r]	–	1,918
WireCo[s]	620	609
York[t]	956	958
ONCAP operating companies[u]	1,412	958
Other[v]	69	4
Long-term debt	22,357	23,249
Less: financing charges	(308)	(386)
	22,049	22,863
Current portion of long-term debt of operating companies	(333)	(407)
Consolidated long-term debt of operating companies	$ 21,716	$ 22,456

Onex Corporation does not guarantee the debt of its operating companies, nor are there any cross-guarantees between operating companies. Onex Corporation may hold debt as part of its investment in certain operating companies, which is eliminated in the tables that follow.

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. The financing arrangements may also require the redemption of indebtedness in the event of a change of control of an operating company. In addition, certain financial covenants must be met by those operating companies that have outstanding debt. Future changes in business conditions of an operating company may result in non-compliance with certain covenants by that 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.

The annual minimum repayment requirements for the next five years and thereafter on consolidated long-term debt are as follows:

2018	$ 333
2019	1,728
2020	500
2021	1,127
2022	4,833
Thereafter	13,836
Total	$ 22,357

a) Carestream Health

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
First lien term loan[i]	$ 1,850	LIBOR + 4.00%	Floor 1.00%	Jun 2019	**$ 770**	$ 1,464
Second lien term loan[i]	500	LIBOR + 8.50%	Floor 1.00%	Dec 2019	**372**	480
Revolving credit facility[ii][iii]	150	LIBOR + 4.00%	Floor 1.00%	Jun 2018 and Jun 2019[iv]	**–**	–
Long-term debt					**1,142**	1,944
Unamortized discount					**(6)**	(14)
Long-term debt, net of unamortized discount					**$ 1,136**	$ 1,930

Substantially all of Carestream Health's assets are pledged as collateral under the credit facility.

(i) First and second lien term loans include optional redemption provisions at a range of redemption prices plus accrued and unpaid interest.

(ii) Interest rate at an alternative base rate plus a margin of 3.00% may apply.

(iii) As amended in June 2017.

(iv) $23 of the revolving credit facility matures in June 2018 and $127 matures in June 2019.

In June 2017, Carestream Health amended its revolving credit facility to extend the maturity date to June 2019 for $127 of the facility. The remaining $23 of the revolving credit facility will mature in June 2018.

During 2017, Carestream Health repaid $758 of the company's first and second lien term loans from net proceeds from the sale of its Dental Digital business along with net proceeds from an additional transaction, as described in note 2(f).

b) Celestica

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding 2017	2016
Term loan[i]	$ 250	LIBOR + up to 3.00%	May 2020	**$ 187**	$ 213
Revolving credit facility[ii]	300	LIBOR + up to 2.4%	May 2020	**–**	15
Long-term debt				**$ 187**	$ 228

(i) Margin varies depending on the company's leverage ratio.

(ii) The revolving credit facility has an accordion feature that allows the company to increase the credit limit by an additional $150 upon satisfaction of certain terms and conditions. Celestica has pledged certain assets as security for borrowings under its revolving credit facility.

Celestica also has uncommitted bank overdraft facilities available for intraday and overnight operating requirements that totalled $74 (2016 – $70) at December 31, 2017.

c) Clarivate Analytics

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
First lien term loan[i]	$ 1,550	LIBOR + 3.25%	Floor 1.00%	Oct 2023	**$ 1,531**	$ 1,546
Revolving credit facility[ii]	175	LIBOR + up to 3.25%	n/a	Oct 2021	**30**	–
Senior unsecured notes[iii]	500	7.875%	n/a	Oct 2024	**500**	500
Long-term debt					**2,061**	2,046
Unamortized discount					**(5)**	(8)
Embedded derivative					**6**	(8)
Long-term debt, net of unamortized discount					**$ 2,062**	$ 2,030

Substantially all of Clarivate Analytics' assets are pledged as collateral under the senior secured credit facility.

(i) The term loan can be repaid in whole or in part without premium or penalty at any time prior to maturity.

(ii) Margin varies depending on the company's leverage ratio.

(iii) Interest on the senior unsecured notes is payable semi-annually beginning in April 2017. The senior unsecured notes may be redeemed by the company at any time at various premiums above face value.

During 2017, Clarivate Analytics amended its existing senior secured credit facility to reduce the rate at which borrowings under its first lien term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of 3.25%. The amendments resulted in a total interest rate reduction of 50 basis points on the company's first lien term loan.

In connection with the existing senior secured credit facility, the company has entered into a series of interest rate swap agreements totalling $300 that swap the variable rate portion of the first lien term loan for fixed rates through March 2021.

d) Credit Strategies – CLOs

As of December 31, 2017, the CLOs had notional secured notes and loans, subordinated notes and equity outstanding as follows:

	Closing date	As at December 31, 2017	As at December 31, 2016
CLO-2	November 2012	**$ 417**	$ 417
CLO-3	March 2013	**–**	512
CLO-4	October 2013	**623**	514
CLO-5	March 2014	**420**	420
CLO-6	June 2014	**1,025**	1,002
CLO-7	November 2014	**514**	514
CLO-8	April 2015	**764**	764
CLO-9	July 2015	**758**	758
CLO-10	October 2015	**512**	512
CLO-11	May 2016	**502**	502
CLO-12	October 2016	**558**	558
CLO-13	July 2017	**610**	–
CLO-14	December 2017	**611**	–
EURO CLO-1	May 2017	**433**	–
EURO CLO-2	December 2017	**524**	–
		8,271	6,473
Onex' investment at notional amounts		**(694)**	(518)
Total		**$ 7,577**	$ 5,955

The secured notes and loans and subordinated notes bear interest at a rate of LIBOR plus a margin and mature between November 2025 and January 2032. The secured notes and loans, subordinated notes and equity of the CLOs are designated at fair value through net earnings upon initial recognition. At December 31, 2017, the fair value of the secured notes, subordinated notes and equity held by investors other than Onex was $7,575 (2016 – $5,855). In addition, CLO warehouse facilities had nil outstanding at December 31, 2017 (2016 – $57).

The notes and loans of CLOs are secured by, and only have recourse to, the assets of each respective CLO. The notes and loans are subject to redemption provisions, including mandatory redemption if certain coverage tests are not met by each respective CLO. Optional redemption of the notes is available at certain periods and optional repricing of the notes is available subject to certain customary terms and conditions being met by each respective CLO.

EURO CLO-1

In May 2017, Onex closed EURO CLO-1, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and subordinated notes, as described in note 2(o). The secured notes were offered in an aggregate principal amount of €323 ($351) and are due in June 2030. The floating rate secured notes bear interest at a rate of EURIBOR plus a margin of 0.9% to 7.15%. Interest on the secured notes was payable beginning in December 2017. The secured notes and subordinated notes of EURO CLO-1 were designated at fair value through net earnings.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by EURO CLO-1. Optional redemption of the secured notes is available beginning in June 2019. Optional refinancing of certain secured obligations is available subject to certain customary terms and conditions being met by EURO CLO-1.

The secured notes of EURO CLO-1 are secured by, and only have recourse to, the assets of EURO CLO-1.

CLO-3

In June 2017, Onex redeemed its third CLO denominated in U.S. dollars, CLO-3, as described in note 2(o). Upon the redemption of CLO-3, all secured notes were repaid, including accrued interest, and the equity was settled for the residual proceeds in the CLO.

CLO-13

In July 2017, Onex closed CLO-13, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares, as described in note 2(o). The secured notes were offered in an aggregate principal amount of $552 and are due in July 2030. The floating rate secured notes bear interest at a rate of LIBOR plus a margin of 1.26% to 6.63%. Interest on the secured notes is payable beginning in January 2018. The secured notes and preference shares of CLO-13 were designated at fair value through net earnings.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-13. Optional redemption of the secured notes is available beginning in July 2019. Optional repricing of certain secured obligations is available subject to certain customary terms and conditions being met by CLO-13.

The secured notes of CLO-13 are secured by, and only have recourse to, the assets of CLO-13.

EURO CLO-2

In December 2017, Onex closed EURO CLO-2, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured notes and subordinated notes, as described in note 2(o). The secured notes were offered in an aggregate principal amount of €390 ($459) and are due in January 2032. The floating rate secured notes bear interest at a rate of EURIBOR plus a margin of 0.82% to 6.40%. Interest on the secured notes is payable beginning in July 2018. The secured notes and subordinated notes of EURO CLO-2 were designated at fair value through net earnings.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by EURO CLO-2. Optional redemption of the secured notes is available beginning in January 2020. Optional refinancing of certain secured obligations is available subject to certain customary terms and conditions being met by EURO CLO-2.

The secured notes of EURO CLO-2 are secured by, and only have recourse to, the assets of EURO CLO-2.

CLO-14

In December 2017, Onex closed CLO-14, which was funded through the issuance of collateralized loan instruments in a series of tranches of secured and subordinated notes and preference shares, as described in note 2(o). The secured notes were offered in an aggregate principal amount of $552 and are due in November 2030. The floating rate secured notes bear interest at a rate of LIBOR plus a margin of 1.15% to 5.80%. Interest on the secured notes is payable beginning in May 2018. The secured and subordinated notes and preference shares of CLO-14 were designated at fair value through net earnings.

The secured notes are subject to redemption and prepayment provisions, including mandatory redemption, if certain coverage tests are not met by CLO-14. Optional redemption of the secured notes is available beginning in November 2019. Optional repricing of certain secured obligations is available subject to certain customary terms and conditions being met by CLO-14.

The secured notes of CLO-14 are secured by, and only have recourse to, the assets of CLO-14.

e) Credit Strategies – Lending Partners

OCLP I

In June 2017, OCLP I entered into a $138 revolving credit facility. The revolving credit facility is available to finance capital calls and for other permitted uses. Borrowings drawn on the revolving credit facility bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.65%. The revolving credit facility matures in June 2020, subject to an option to extend the maturity date for up to 364 days upon satisfaction of certain conditions. The revolving credit facility is secured by, among other things, the uncalled capital committed by the limited partners of OCLP I. Onex Corporation, the parent company, is only obligated to fund capital calls based on its proportionate share as a limited partner in OCLP I.

In August 2017, OCLP I entered into a $300 asset backed financing facility. The asset backed financing facility is available to finance investments in the asset portfolio of OCLP I and for other permitted uses. Borrowings drawn on the asset backed financing facility bear interest at a base rate (subject to a floor of 0.00%) plus a margin of up to 2.50%. The asset backed financing facility matures in August 2022. The asset backed financing facility is secured by, among other things, a portion of the asset portfolio of OCLP I.

At December 31, 2017, $90 and $219 were outstanding under the revolving credit facility and the asset backed financing facility, respectively.

f) Emerald Expositions

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
Term loan[i][ii]	$ 565	LIBOR + up to 2.75%	n/a	May 2024	**$ 562**	$ 713
Revolving credit facility[i][iii]	150	LIBOR + up to 2.75%	n/a	May 2022	**–**	–
Long-term debt					**562**	713
Unamortized discount					**(3)**	(6)
Long-term debt, net of unamortized discount					**$ 559**	$ 707

Substantially all of Emerald Expositions' assets are pledged as collateral under the credit facility.

(i) As amended and restated in May 2017 and further amended in November 2017.

(ii) The term loan can be repaid in whole or in part without premium or penalty at any time before maturity.

(iii) Margin varies based on the company's leverage ratio.

Emerald Expositions repaid $159 under its term loan from the net proceeds from the sale of treasury shares in its April 2017 initial public offering, as described in note 2(d).

In May 2017, Emerald Expositions amended and restated its existing credit facility to increase the size of its revolving credit facility by $50. In addition, the rate at which the company borrows under its new term loan and revolving credit facility was reduced to LIBOR plus a margin of up to 3.00%, depending on the company's leverage ratio. The maturity dates for the new term loan and revolving credit facility were extended to May 2024 and May 2022, respectively. The amended and restated credit facility resulted in a current interest rate reduction of 75 basis points and 150 basis points on the company's prior term loan and revolving credit facility, respectively.

In November 2017, Emerald Expositions further amended its existing credit facility to reduce the rate at which borrowings under its term loan and revolving credit facility bear interest to LIBOR plus a margin of up to 2.75%. The amendment resulted in a total interest rate reduction of 25 basis points on the company's term loan and revolving credit facility.

In connection with the credit facility, the company has entered into an interest rate swap agreement with a notional amount of $100 that swaps the variable rate portion for a fixed rate through December 2018.

g) Flushing Town Center

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
Mezzanine loan[i]	$ 150	LIBOR + 8.00%	Floor 0.25%	n/a	**$ –**	$ 130
Mezzanine loan[i]	138	LIBOR + 11.00%	Floor 0.25%	n/a	**–**	130
Long-term debt					**$ –**	$ 260

(i) The second phase of condominiums constructed at Flushing Town Center was pledged as collateral under these credit facilities.

During 2017, Flushing Town Center repaid its mezzanine loans from proceeds from the sale of residential condominium units.

h) Jack's

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
Term loan[i][ii]	$ 275	LIBOR + up to 4.00%	Floor 1.00%	Apr 2024	**$ 256**	$ 195
Revolving credit facility[iii]	30	LIBOR + up to 4.25%	Floor 0.00%	Apr 2022	**–**	–
Long-term debt					**256**	195
Unamortized discount					**(3)**	(2)
Long-term debt, net of unamortized discount					**$ 253**	$ 193

Substantially all of Jack's assets, excluding specified real property owned by Jack's, are pledged as collateral under the senior secured credit facility.

(i) The term loan can be repaid in whole or in part at any time before maturity.

(ii) As amended in April 2017 and October 2017.

(iii) As amended in April 2017.

In April 2017, Jack's amended its existing credit facility to increase the size of its term loan to $275. In addition, the rate at which the company borrows under the term loan was reduced to LIBOR (subject to a floor of 1.00%) plus a margin of up to 4.25%, depending on the company's leverage ratio, and the maturity date was extended to April 2024. The rate at which the company borrows under the revolving credit facility was reduced to LIBOR (subject to a floor of 0.00%) plus a margin of up to 4.25%, depending on the company's leverage ratio, and the maturity date was extended to April 2022. The amendment resulted in a current interest rate reduction of 50 basis points on the company's term loan and revolving credit facility. The proceeds from the incremental borrowing, along with cash on hand, were used to fund a distribution of $85 to shareholders, as described in note 2(c).

In October 2017, Jack's further amended its existing credit facility to reduce the rate at which borrowings under its term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of up to 4.00%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 25 basis points on the company's term loan.

In connection with the credit facility, the company has entered into an interest rate swap agreement with a notional amount of $92 that swaps the variable rate portion for a fixed rate through June 2020.

i) JELD-WEN

At December 31, 2016, $1,612 was outstanding under JELD-WEN's term loan, which was recorded net of an unamortized discount of $8. In addition, JELD-WEN had other borrowings of $36 at December 31, 2016.

In February 2017, JELD-WEN repaid $375 under its combined term loan from a portion of its net proceeds from the sale of treasury shares in its initial public offering, as described in note 2(a).

In March 2017, JELD-WEN amended its existing credit facility to reduce the rate at which borrowings under its combined term loan bear interest to LIBOR (subject to a floor of 1.00%) plus a margin of up to 3.00%, depending on the company's leverage ratio. The amendment resulted in a total interest rate reduction of 50 basis points.

JELD-WEN's long-term debt is no longer recognized on the consolidated balance sheet as the Company no longer controls JELD-WEN, as described in note 2(a).

j) Meridian Aviation

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding	
				2017	2016
Revolving credit facility[i]	$ 150	LIBOR + 1.50%	Nov 2019	**$ 82**	$ 22
Long-term debt				**$ 82**	$ 22

(i) As amended in November 2017.

In November 2017, Meridian Aviation amended its revolving credit facility to increase the amount available under the facility to $150 and to extend the maturity date to November 2019.

k) Parkdean Resorts

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding	
					2017	
First lien term loan	£ 575	LIBOR + up to 4.25%	Floor 0.00%	March 2024	**$ 777**	**£ 575**
Second lien term loan	150	LIBOR + 8.50%	Floor 1.00%	March 2025	**203**	**150**
Revolving credit facility	100	LIBOR + up to 3.25%	n/a	March 2023	**–**	**–**
Preference shares	n/a	n/a	n/a	n/a	**47**	**35**
Other	n/a	n/a	n/a	n/a	**15**	**11**
Long-term debt					**$ 1,042**	**£ 771**

Substantially all of Parkdean Resorts' assets are pledged as collateral under the senior secured credit facility.

The Onex Partners IV Group acquired Parkdean Resorts in March 2017, as described in note 2(b). In March 2017, Parkdean Resorts entered into a secured credit facility consisting of a £575 first lien term loan, a £150 second lien term loan and a £100 revolving credit facility.

In connection with the secured credit facility, the company has entered into two interest rate swap agreements with notional amounts totalling £500 that swap the variable rate portion of the first lien term loan for fixed rates through May 2021.

l) ResCare

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding	
				2017	2016
Term loan[i]	$ 505	LIBOR + up to 2.75%	Apr 2019	**$ 381**	$ 425
Revolving credit facility	250	LIBOR + up to 2.75%	Apr 2019	**–**	–
Other	n/a	n/a	n/a	**–**	1
Long-term debt				**$ 381**	$ 426

Substantially all of ResCare's assets are pledged as collateral under the senior secured credit facility.

(i) As amended in February 2016.

m) Save-A-Lot

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
Term loan[i]	$ 740	LIBOR + 6.00%	Floor 1.00%	Dec 2023	$ 733	$ 740
Revolving credit facility[ii]	250	LIBOR + up to 2.00%	n/a	Dec 2021	–	–
Long-term debt					733	740
Unamortized discount					(19)	(22)
Long-term debt, net of unamortized discount					$ 714	$ 718

Substantially all of Save-A-Lot's assets are pledged as collateral under the senior secured credit facility.

(i) The term loan can be repaid in whole or in part without premium or penalty at any time prior to maturity.

(ii) Margin is determined based on the amount available under the revolving credit facility.

In connection with the existing senior secured credit facility, the company has entered into an interest rate cap agreement with a notional amount of $445 that sets a ceiling for the base rate of the term loan through March 2018.

n) Schumacher

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
First lien term loan[i]	$ 530	LIBOR + 4.00%	Floor 1.00%	Jul 2022	$ 519	$ 524
First lien revolving loan[ii]	75	LIBOR + up to 4.00%	Floor 0.00%	Jul 2020	–	–
Second lien term loan	135	LIBOR + 8.50%	Floor 1.00%	Jul 2023	135	135
Other	n/a	n/a	n/a	n/a	5	5
Long-term debt					$ 659	$ 664

Substantially all of Schumacher's assets are pledged as collateral under the senior secured credit facility.

(i) As amended in June 2016.

(ii) Interest rate at an alternative base rate plus a margin of 3.00% may apply.

In connection with the existing senior secured credit facility, the company has entered into an interest rate cap agreement with a notional amount of $400 that sets a ceiling for the base rate of the first lien term loan through December 2019.

o) sgsco

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
First lien and delayed draw term loans	$ 575	LIBOR + up to 3.50%	Floor 0.00%	Dec 2022	$ 495	$ –
Second lien term loan	105	LIBOR + up to 7.50%	Floor 0.00%	Dec 2023	105	–
Revolving credit facility[i]	75	LIBOR + up to 3.50%	Floor 0.00%	Mar 2022	6	–
Term loan	n/a	LIBOR + up to 3.25%	Floor 1.00%	n/a	–	380
Senior notes	n/a	8.38%	n/a	n/a	–	205
Long-term debt					606	585
Unamortized discount					(2)	(1)
Long-term debt, net of unamortized discount					$ 604	$ 584

Substantially all of sgsco's assets are pledged as collateral under the credit agreement.

(i) As amended in December 2017.

In December 2017, sgsco entered into a new secured credit facility consisting of a $495 first lien term loan, a $105 second lien term loan and an $80 delayed draw term loan. The delayed draw term loan was fully drawn in February 2018 to partially finance an acquisition completed by sgsco. In addition, sgsco amended its revolving credit facility to increase the amount available under the facility to $75. The net proceeds from the senior secured credit facility were used to repay the existing debt facilities.

p) SIG

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017		2016	
Term loan	€ 1,050	EURIBOR + 3.25%	Floor 0.00%	Mar 2022	**$ 1,225**	**€ 1,021**	$ 1,090	€ 1,032
Term loan	$ 1,225	LIBOR + 3.00%	Floor 1.00%	Mar 2022	**1,102**	**918**	1,169	1,108
Revolving credit facility	€ 260	EURIBOR or LIBOR + up to 3.00%	n/a	Mar 2021	**–**	**–**	–	–
Senior notes	€ 675	7.75%	n/a	Feb 2023	**810**	**675**	712	675
Long-term debt					**3,137**	**2,614**	2,971	2,815
Unamortized discount					**(7)**	**(6)**	(9)	(8)
Unamortized embedded derivatives[i]					**14**	**12**	11	9
Long-term debt, net of unamortized discount and embedded derivatives					**$ 3,144**	**€ 2,620**	$ 2,973	€ 2,816

Approximately 70% of SIG's assets are pledged as collateral under the senior secured credit facility and senior notes.

(i) Unamortized embedded derivatives relate to the term loans and senior notes.

In October 2017, SIG amended its senior secured credit facility to reduce the rate at which borrowings under its euro-denominated term loan bear interest to EURIBOR (subject to a floor of 0.00%) plus a margin of 3.25%. The amendment resulted in a total interest rate reduction of 50 basis points on the company's euro-denominated term loan.

In connection with the senior secured credit facility, the company has entered into a series of interest rate swap agreements that swap the variable rate portion for fixed rates through December 2019. The agreements have notional amounts of €525 for the euro-denominated term loan and $610 for the U.S. dollar-denominated term loan.

q) Survitec

As at December 31	Size of facility	Interest rate	Maturity	Gross principal outstanding 2017		2016	
Term loan[i]	£ 125	LIBOR + 4.75%	Mar 2022	**$ 169**	**£ 125**	$ 154	£ 125
Term loan[ii]	€ 175	EURIBOR + 4.25%	Mar 2022	**210**	**155**	184	149
Term loan[i][ii]	€ 133	EURIBOR + 4.25%	Mar 2022	**159**	**118**	140	113
Revolving credit facility	£ 50	LIBOR + 4.00%	Mar 2021	**15**	**11**	–	–
Acquisition facility	£ 30	LIBOR + 4.00%	Mar 2021	**20**	**15**	18	15
Term loan[i]	£ 15	LIBOR + 4.75%	Mar 2022	**20**	**15**	19	15
Long-term debt				**$ 593**	**£ 439**	$ 515	£ 417

Substantially all of Survitec's assets are pledged as collateral under the senior secured credit facility.

(i) The term loans can be repaid in whole or in part without premium or penalty at any time before maturity.

(ii) At December 31, 2017, €308 (2016 – €308) was outstanding under the euro-denominated term loans.

In connection with the senior secured credit facility, the company has entered into a series of interest rate swap agreements that swap the variable rate portion for fixed rates through June 2020. The agreements have notional amounts of £106 for the pound sterling-denominated term loan and €149 for the euro-denominated term loan, decreasing to £63 for the pound sterling-denominated term loan and €88 for the euro-denominated term loan from June 2019 through June 2020.

r) USI

At December 31, 2016, USI had $1,282 outstanding under its term loans, $630 outstanding under its senior notes, $11 outstanding under its notes payable and no amounts outstanding under its revolving credit facility. These amounts were recorded net of an amortized discount of $5.

In May 2017, the Onex Partners III Group sold its entire investment in USI, as described in note 2(e).

s) WireCo

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
First lien term loan	$ 460	LIBOR + 5.50%	Floor 1.00%	Sep 2023	**$ 454**	$ 459
Second lien term loan	135	LIBOR + 9.00%	Floor 1.00%	Sep 2024	**135**	135
Revolving credit facility	100	LIBOR + up to 2.25%	Floor 0.00%	Sep 2021	**29**	22
Other	n/a	n/a	n/a	n/a	**7**	–
Long-term debt					**625**	616
Unamortized discount					**(5)**	(7)
Long-term debt, net of unamortized discount					**$ 620**	$ 609

Substantially all of WireCo's assets are pledged as collateral under the senior secured credit facility.

t) York

As at December 31	Size of facility	Interest rate	Floor or cap on interest rate	Maturity	Gross principal outstanding 2017	2016
First lien and delayed draw term loans[i][ii]	$ 665	LIBOR + 3.75%	Floor 1.00%	Oct 2021	**$ 645**	$ 601
Revolving credit facility[iii]	100	LIBOR + up to 3.75%	n/a	Oct 2019	**8**	56
Senior unsecured notes[iv]	315	8.50%	n/a	Oct 2022	**315**	315
Long-term debt					**968**	972
Unamortized discount					**(3)**	(3)
Unamortized embedded derivatives					**(9)**	(11)
Long-term debt, net of unamortized discount and embedded derivatives					**$ 956**	$ 958

Substantially all of York's assets are pledged as collateral under the senior secured credit facility.

(i) The term loans can be repaid in whole or in part without premium or penalty at any time before maturity.

(ii) As amended in March 2017.

(iii) Margin varies depending on the company's leverage ratio.

(iv) The senior unsecured notes may be redeemed by the company at any time at various premiums at or above face value.

In March 2017, York amended its existing credit facility to increase the size of its first lien term loan to $665. All proceeds of the incremental term loan were used to repay the existing revolving credit facility.

In connection with the existing senior secured credit facility, the company has entered into two interest rate swap agreements with notional amounts totalling $300 that swap the variable rate portion of the first lien term loan for fixed rates through December 2019.

u) ONCAP operating companies

ONCAP's consolidated operating companies consist of Bradshaw, Chatters, Davis-Standard, EnGlobe, Hopkins, IntraPac (acquired in December 2017), Laces (acquired in December 2017), Pinnacle Renewable Energy, PURE Canadian Gaming and Tecta. Each has debt that is included in the Company's consolidated financial statements. There are separate arrangements for each operating company with no cross-guarantees between the operating companies, ONCAP or Onex Corporation.

Under the terms of the various credit agreements, combined borrowings at December 31, 2017 were as follows:

			Gross principal outstanding	
As at December 31	Effective interest rates[i]	Maturity	**2017**	2016
Term borrowings	4.61% to 7.46%	2020 to 2023	**$ 1,317**	$ 890
Revolving credit facilities	4.61% to 7.25%	2020 to 2023	**57**	22
Subordinated notes	12.00% to 18.00%	2021 to 2022	**37**	45
Other	n/a	n/a	**1**	1
Long-term debt			**$ 1,412**	$ 958

Senior debt is generally secured by substantially all of the assets of the respective operating company.

(i) Represents the effective interest rates as at December 31, 2017. The term borrowings and revolving credit facilities bear interest at various rates based on a base floating rate plus a margin. The subordinated notes bear interest at various fixed rates.

v) Other

ONCAP III

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. In September 2016, ONCAP III discharged the C$50 line of credit facility and increased the deemed credit risk facility to C$36. 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 under the credit facility are limited to the lesser of the amount available under the deemed credit facility, 80% of the aggregate amount of uncalled capital in the fund and the maximum amount of obligations permitted under the partnership agreement. Borrowings under the credit facility are due and payable upon demand; however, ONCAP III has 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, 2017, the amount available under the deemed risk facility was C$29 (2016 – C$21).

ONCAP IV

In January 2017, ONCAP IV entered into a $100 credit facility. The credit facility is available to finance ONCAP IV capital calls, bridge investments in ONCAP IV operating companies and to finance other uses permitted by ONCAP IV's limited partnership agreement. The credit facility includes a deemed credit risk maximum of $35 available to ONCAP IV and its operating companies for foreign exchange transactions, including foreign exchange options, forwards and swaps. Amounts under the credit facility are available in Canadian and U.S. dollars. Borrowings drawn on the credit facility bear interest at a base rate plus a margin of 1.00% or bankers' acceptance rate (subject to a floor of 0.00%) plus a margin of 3.75%. The base rate and bankers' acceptance rate vary based on the currency of the borrowings. Borrowings under the credit facility are due and payable upon demand; however, ONCAP IV has 15 business days to complete a capital call to the limited partners of ONCAP IV. Onex Corporation, the parent company, is only obligated to fund borrowings under the credit facility based on its proportionate share as a limited partner in ONCAP IV.

At December 31, 2017, $64 was outstanding under the credit facility, which was repaid in January 2018 following the capital call to the limited partners of ONCAP IV for the acquisition of Laces.

Onex Partners V

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

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

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

Onex Partners IV

In January 2018, Onex Partners IV entered into a revolving credit facility, as described in note 2(l).

15. LEASES

a) The Company as lessee

Future minimum lease payments are as follows:

	Finance Leases	Operating Leases
For the year:		
2018	$ 46	$ 335
2019	32	274
2020	27	217
2021	21	160
2022	14	124
Thereafter	1,566	613
Total future minimum lease payments	$ 1,706	$ 1,723
Less: imputed interest	(1,314)	
Balance of obligations under finance leases, without recourse to Onex Corporation	392	
Less: current portion	(32)	
Non-current obligations under finance leases, without recourse to Onex Corporation (note 18)	$ 360	

Substantially all of the lease commitments relate to the operating companies. Obligations under finance leases, without recourse to Onex Corporation, are included in other current and non-current liabilities. Operating lease expense for the year ended December 31, 2017 was $377 (2016 – $288) and primarily related to premises. Finance leases include minimum lease payments under Parkdean Resorts' long-dated sale-leaseback transactions.

b) The Company as lessor

Certain of the operating companies lease out their investment properties, machinery and/or equipment under operating leases. Future minimum lease payments receivable from lessees under non-cancellable operating leases are as follows:

For the year:	
2018	$ 87
2019	73
2020	42
2021	24
2022	18
Thereafter	16
Total minimum lease payments receivable	$ 260

Contingent rents recognized as an expense for lessees and as income for lessors were not significant to the Company's results for the years ended December 31, 2017 and 2016.

16. LIABILITIES AND ASSETS ARISING FROM FINANCING ACTIVITIES

The following tables provide an analysis of liabilities and assets arising from financing activities.

As at December 31	2017
Principal balance of debt and finance leases outstanding	**$ 22,800**
Hedging instruments	**(87)**
Accrued and imputed interest	**140**
Financing charges	**(328)**
Original issue discount on debt	**(58)**
Embedded derivatives	**9**
Cumulative change in fair value	**(2)**
Net financing obligations	**$ 22,474**

	Long-term debt	Finance leases	Gross financing obligations	Hedging assets	Net financing obligations
Balance – January 1, 2017	$ 22,955	$ 77	$ 23,032	$ 1	$ 23,031
Issuance of new debt	7,583	–	7,583	–	7,583
Finance lease additions	–	21	21	–	21
Hedging asset additions	–	–	–	1	(1)
Sale-leaseback under finance leases	–	91	91	–	91
Issuance of obligations associated with acquisitions	1,220	200	1,420	–	1,420
Repayment of existing debt on refinancing	(5,704)	–	(5,704)	–	(5,704)
Settlement of obligations associated with dispositions	(1,907)	–	(1,907)	(1)	(1,906)
Obligations of operating company no longer controlled	(1,613)	(3)	(1,616)	7	(1,623)
Repayment of non-revolving obligations	(1,488)	(22)	(1,510)	–	(1,510)
Net draw of revolving credit facilities	409	–	409	–	409
Original issue discounts and payment of financing charges	(47)	–	(47)	–	(47)
Cash interest received (paid)	(1,026)	(13)	(1,039)	7	(1,046)
Interest accrued	1,121	11	1,132	(3)	1,135
Amortization of original issue discounts and financing charges	119	–	119	–	119
Change in fair value	73	–	73	65	8
Foreign exchange	427	21	448	7	441
Other	47	9	56	3	53
Balance – December 31, 2017	$ 22,169	$ 392	$ 22,561	$ 87	$ 22,474

17. LIMITED PARTNERS' INTERESTS

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

	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests[i]	
Balance – December 31, 2015	$ 7,492	$ (503)	$ 6,989	$ 329	$ 7,318
Limited Partners' Interests charge[a]	678	(91)	587	60	647
Contributions by Limited Partners[b]	1,574	–	1,574	19	1,593
Distributions paid to Limited Partners[c]	(1,084)	38	(1,046)	(38)	(1,084)
Balance – December 31, 2016[d]	8,660	(556)	8,104	370	8,474
Limited Partners' Interests charge[a]	1,545	(215)	1,330	20	1,350
Contributions by Limited Partners[b]	560	–	560	113	673
Distributions paid to Limited Partners[c]	(2,582)	307	(2,275)	(42)	(2,317)
Limited partnership interest acquired by Onex, the parent company[e]	(156)	–	(156)	–	(156)
Balance – December 31, 2017	8,027	(464)	7,563	461	8,024
Current portion of Limited Partners' Interests[d]	(45)	4	(41)	(18)	(59)
Non-current portion of Limited Partners' Interests	$ 7,982	$ (460)	$ 7,522	$ 443	$ 7,965

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

a) The gross Limited Partners' Interests charge for the Onex Partners and ONCAP Funds is primarily due to net fair value increases of the underlying investments in the Onex Partners and ONCAP Funds. Onex' share of the change in carried interest was $84 for the year ended December 31, 2017 (2016 – $33).

b) The following tables show contributions by limited partners of the Onex Partners and ONCAP Funds.

Company	Fund	Transaction	Year ended December 31, 2017
Parkdean Resorts[i]	Onex Partners IV	Original investment	**$ 446**
IntraPac	ONCAP IV	Original investment	**72**
Management fees, partnership expenses and other	Various	Various	**42**
Contributions by Limited Partners			**$ 560**

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

Company	Fund	Transaction	Year ended December 31, 2016
Clarivate Analytics[i]	Onex Partners IV	Original investment	$ 758
Save-A-Lot	Onex Partners IV	Original investment	474
WireCo	Onex Partners IV	Original investment	194
Tecta[ii]	ONCAP III and IV	Original investment	107
Survitec	Onex Partners IV	Add-on investment	27
Management fees, partnership expenses and other	Various	Various	14
Contributions by Limited Partners			$ 1,574

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

(ii) Includes contributions returned to the limited partners of ONCAP III in January 2017 from the syndication of a portion of the Tecta investment to ONCAP IV.

c) The following tables show distributions made to limited partners of the Onex Partners and ONCAP Funds.

Company	Fund	Transaction	Year ended December 31, 2017
USI[i]	Onex Partners III	Sale of business	**$ 1,198**
JELD-WEN[i]	Onex Partners III	Initial and secondary offerings	**691**
BBAM	Onex Partners III	Distributions and partial sale of business	**109**
Emerald Expositions	Onex Partners III	Initial public offering and dividends	**92**
Jack's	Onex Partners IV	Distribution	**58**
Hopkins	ONCAP III	Distribution	**41**
Bradshaw	ONCAP III	Distribution	**34**
Tecta[ii]	ONCAP III	Syndication	**24**
Genesis Healthcare	Onex Partners I	Sale of shares	**13**
PURE Canadian Gaming	ONCAP II & III	Distribution	**6**
Other	Various	Various	**9**
Distributions to Limited Partners			**$ 2,275**

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

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

Company	Fund	Transaction	Year ended December 31, 2016
KraussMaffei	Onex Partners III	Sale of business	$ 519
JELD-WEN[i][ii]	Onex Partners III	Distributions	264
AIT	Onex Partners IV	Distributions	104
Jack's	Onex Partners IV	Repayment of promissory note	55
BBAM	Onex Partners III	Distributions	37
Cicis	ONCAP II	Sale of business	28
Meridian Aviation	Onex Partners III	Distribution	24
Other	Various	Various	15
Distributions to Limited Partners			$ 1,046

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

(ii) Includes amounts received for a purchase price adjustment.

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

At December 31, 2016, the current portion of the Limited Partners' Interests was $89, and consisted primarily of the limited partners' share of (i) the distribution received from Hopkins; (ii) the return of capital to the limited partners of the ONCAP III Group related to the syndication of a portion of the investment in Tecta to the ONCAP IV Group; and (iii) the remaining proceeds from the sale of KraussMaffei.

e) During 2017, Onex, the parent company, acquired an interest in Onex Partners IV, as described in note 2(g).

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities comprised the following:

As at December 31	2017	2016
Stock-based compensation[a]	$ 574	$ 719
Defined benefit pensions and non-pension post-retirement benefits (note 33)	364	445
Obligations under capital leases (note 15)	360	45
Unrealized carried interest due to Onex and ONCAP management[b]	324	358
Deferred revenue and other deferred items	170	176
JELD-WEN employee stock ownership plan[c]	–	107
Other[d]	259	319
Total other non-current liabilities	$ 2,051	$ 2,169

a) At December 31, 2017, the stock-based compensation liability consisted of $584 (2016 – $514) for the stock-based compensation plans at the parent company and nil (2016 – $214) for stock option and other share-based compensation plans in place at the operating companies. At December 31, 2017, $10 (2016 – $9) related to the parent company stock-based compensation liability was recorded in other current liabilities. Included in long-term investments (note 10) is $92 (2016 – $83) related to forward agreements to economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management and Director DSU Plans.

b) Unrealized carried interest due to management of Onex and ONCAP through the Onex Partners and ONCAP Funds is recognized primarily as a non-current liability and reduces the Limited Partners Interests' liability, as described in note 17. At December 31, 2017, $3 (2016 – nil) of unrealized carried interest was recorded in other current liabilities. 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 on changes in the fair values and realizations of the underlying investments in the Onex Partners and ONCAP Funds. The liability will ultimately be settled upon the realization of the limited partners' share of the underlying Onex Partners and ONCAP Fund investments.

During 2017 and 2016, the unrealized carried interest liability decreased primarily due to the payment of realized carried interest on significant transactions, as described in note 2, partially offset by an increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds.

c) JELD-WEN's employee stock ownership plan liability is no longer recognized on the consolidated balance sheet as the Company no longer controls JELD-WEN, as described in note 2(a).

d) Other includes amounts for liabilities arising from indemnifications, embedded derivatives on long-term debt, mark-to-market valuations of hedge contracts and shareholder loan notes.

19. INCOME TAXES

The reconciliation of statutory income tax rates to the Company's effective tax rate is as follows:

Year ended December 31	2017	2016
Income tax recovery at statutory rate	**$ (194)**	$ (136)
Changes related to:		
Income tax rate differential of operating companies	**130**	257
Non-taxable gains	**(261)**	(153)
Unbenefited tax losses	**298**	189
Recognition and utilization of tax loss carryforwards not previously benefited	**(44)**	(5)
Foreign exchange	**(5)**	8
Limited Partners' Interests	**29**	15
Other, including permanent differences	**(37)**	(68)
Provision for (recovery of) income taxes	**$ (84)**	$ 107
Classified as:		
Current	**$ 265**	$ 217
Deferred	**(349)**	(110)
Provision for (recovery of) income taxes	**$ (84)**	$ 107

Included in the recovery of deferred income taxes is a net recovery of $192 (2016 – nil) related to changes to the income tax rates applicable on certain deferred income tax assets and liabilities.

The Company's deferred income tax assets and liabilities, as presented in the consolidated balance sheets and in other non-current assets (note 11), are presented after taking into consideration the offsetting of balances within the same tax jurisdiction for each respective operating company. Deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, comprised the following:

Deferred Income Tax Assets	Scientific Research and Development	Provisions	Deferred Revenue	Tax Losses	Property, Plant and Equipment, and Intangibles	Other	Total
Balance – December 31, 2015	$ 1	$ 103	$ 17	$ 280	$ 57	$ 350	$ 808
Credited (charged) to net earnings	–	42	4	28	(9)	(42)	23
Credited (charged) to net earnings (discontinued operations)	–	–	(4)	(2)	141	350	485
Credited (charged) directly to equity	–	–	–	(14)	–	8	(6)
Recognition of previously unrecognized benefits (discontinued operations)	–	–	–	–	–	166	166
Exchange differences	–	(1)	(1)	2	3	5	8
Acquisition of subsidiaries	–	8	1	23	42	37	111
Other adjustments	–	–	–	–	2	(2)	–
Balance – December 31, 2016	$ 1	$ 152	$ 17	$ 317	$ 236	$ 872	$ 1,595
Credited (charged) to net earnings	**–**	**(1)**	**6**	**(46)**	**(5)**	**17**	**(29)**
Charged directly to equity	**–**	**(2)**	**–**	**(2)**	**–**	**(5)**	**(9)**
Recognition of previously unrecognized benefits	**–**	**–**	**–**	**5**	**2**	**–**	**7**
Exchange differences	**2**	**4**	**1**	**7**	**4**	**5**	**23**
Acquisition of subsidiaries	**–**	**(6)**	**–**	**10**	**(26)**	**(4)**	**(26)**
Disposition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**(118)**	**(118)**
Operating company no longer controlled	**–**	**–**	**–**	**(82)**	**(151)**	**(534)**	**(767)**
Balance – December 31, 2017	**$ 3**	**$ 147**	**$ 24**	**$ 209**	**$ 60**	**$ 233**	**$ 676**

Deferred Income 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 – December 31, 2015	$ 44	$ 44	$ 1,822	$ 32	$ 159	$ 2,101
Credited to net earnings	(2)	(2)	(49)	(4)	(30)	(87)
Charged to net earnings (discontinued operations)	–	–	301	–	166	467
Credited directly to equity	–	(10)	(10)	–	(2)	(22)
Exchange differences	–	–	(8)	–	5	(3)
Acquisition of subsidiaries	–	–	282	–	24	306
Disposition of subsidiaries	–	–	(40)	–	–	(40)
Other adjustments	–	(1)	–	–	(7)	(8)
Balance – December 31, 2016	$ 42	$ 31	$ 2,298	$ 28	$ 315	$ 2,714
Charged (credited) to net earnings	**(30)**	**(1)**	**(368)**	**(2)**	**30**	**(371)**
Charged directly to equity	**–**	**4**	**–**	**–**	**–**	**4**
Exchange differences	**(1)**	**2**	**68**	**–**	**12**	**81**
Acquisition of subsidiaries	**–**	**–**	**216**	**(1)**	**2**	**217**
Disposition of subsidiaries	**–**	**–**	**(277)**	**–**	**–**	**(277)**
Operating company no longer controlled	**–**	**–**	**(468)**	**–**	**(198)**	**(666)**
Other adjustments	**–**	**–**	**1**	**–**	**1**	**2**
Balance – December 31, 2017	**$ 11**	**$ 36**	**$ 1,470**	**$ 25**	**$ 162**	**$ 1,704**

At December 31, 2017, Onex and its investment holding companies had $1,356 of non-capital loss carryforwards and $104 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. At December 31, 2017, deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognized were $5,381 (2016 – $6,253), of which $2,238 (2016 – $1,783) had no expiry, $468 (2016 – $609) was available to reduce future income taxes between 2018 and 2024 (2016 – 2017 and 2023), inclusive, and $2,675 (2016 – $3,861) was available with expiration dates of 2025 through 2037 (2016 – 2024 through 2036).

At December 31, 2017, the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries, joint ventures and associates was $5,072 (2016 – $4,246).

20. 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 SVS, 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 Company's 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 SVS 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 SVS or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the Company's Directors and otherwise will cease to have any general voting rights. The SVS would then carry 100% of the general voting rights and be entitled to elect 80% of the Company's Directors.

iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Company's Directors are empowered to fix the rights to be attached to each series.

b) At December 31, 2017, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2016 – 100,000) and 101,532,181 SVS (December 31, 2016 – 102,787,628). The Multiple Voting Shares have a nominal paid-in value in these consolidated financial statements.

There were no issued and outstanding Senior and Junior Preferred shares at December 31, 2017 or December 31, 2016.

The Company increased its quarterly dividend by 9% to C$0.075 per SVS beginning with the dividend declared by the Board of Directors in May 2017. Previously, the Company increased its quarterly dividend by 10% to C$0.06875 per SVS beginning with the dividend declared by the Board of Directors in May 2016.

c) During 2017, under the Dividend Reinvestment Plan, the Company issued 7,581 SVS (2016 – 8,447) at an average cost of C$96.23 per share (2016 – C$81.02). During 2017, 10,181 SVS (2016 – nil) were issued upon the exercise of stock options at an average cost of C$93.33 per share.

Onex renewed its Normal Course Issuer Bid in April 2017 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its SVS. The 10% limit represents approximately 8.4 million shares.

During 2017, the Company repurchased and cancelled 1,273,209 of its SVS at a cost of $93 (C$121). The excess of the purchase cost of these shares over the average paid-in amount was $89 (C$116), which was charged to retained earnings. The shares repurchased were comprised of: (i) 523,209 SVS repurchased under the Normal Course Issuer Bids for a total cost of $39 (C$50) or an average cost per share of $75.06 (C$95.03); and (ii) 750,000 SVS repurchased in a private transaction for a total cost of $53 (C$71) or an average cost per share of $71.24 (C$94.98). As at December 31, 2017, the Company had the capacity under the current Normal Course Issuer Bid to repurchase approximately 7,936,070 shares.

During 2016, the Company repurchased and cancelled 3,114,397 of its SVS at a cost of $184 (C$249). The excess of the purchase cost of these shares over the average paid-in amount was $175 (C$237), which was charged to retained earnings. The shares repurchased were comprised of: (i) 2,114,397 SVS repurchased under the Normal Course Issuer Bids for a total cost of $125 (C$165) or an average cost per share of $59.04 (C$78.25); and (ii) 1,000,000 SVS repurchased in a private transaction for a total cost of $59 (C$84) or an average cost per share of $58.85 (C$84.12).

d) The Company has a Director DSU Plan and a 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 December 31, 2015	626,481		684,515	
Granted	27,712	C$ 79.30	–	–
Exercised	–	–	(95,641)	C$ 80.77
Additional units issued in lieu of compensation and cash dividends	11,678	C$ 83.18	46,452	C$ 85.18
Outstanding at December 31, 2016	665,871		635,326	
Granted	**27,720**	**C$ 100.74**	**–**	**–**
Additional units issued in lieu of compensation and cash dividends	**10,445**	**C$ 96.69**	**30,595**	**C$ 88.00**
Outstanding at December 31, 2017	**704,036**		**665,921**	
Hedged with a counterparty financial institution at December 31, 2017	**(582,373)**		**(665,921)**	
Outstanding at December 31, 2017 – Unhedged	**121,663**		**–**	

e) The Company has a 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 SVS 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 SVS for the five previous business days exceeds the exercise price of the options or the share appreciation rights by at least 25% (the "hurdle price"). At December 31, 2017, 15,598,750 SVS (2016 – 15,612,000) were reserved for issuance under the Plan, against which options representing 12,318,442 shares (2016 – 12,883,183) were outstanding, of which 7,251,092 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 6,775,000 options, which vest at a rate of 15% per year during the first four years and 40% in the fifth 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.

In addition to the options outstanding under the Plan, in January 2015, the Company issued 60,000 options to Onex Credit's chief executive officer in connection with acquiring control of the Onex Credit asset management platform. The options vest at a rate of 20% per year from the grant date. The options are subject to the same terms and conditions as the Company's existing Plan; however, the options are also subject to an additional performance threshold specific to the Onex Credit asset management platform.

The details of the options outstanding were as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2015	12,628,033	C$ 52.37
Granted	898,500	C$ 93.40
Surrendered	(509,700)	C$ 31.97
Expired	(73,650)	C$ 59.44
Outstanding at December 31, 2016	12,943,183	C$ 55.98
Granted	**170,000**	**C$ 100.90**
Surrendered	**(597,641)**	**C$ 28.97**
Exercised	**(13,250)**	**C$ 23.35**
Expired	**(123,850)**	**C$ 68.31**
Outstanding at December 31, 2017	**12,378,442**	**C$ 57.81**

During 2017 and 2016, the total cash consideration paid on options surrendered was $30 (C$40) and $21 (C$28), respectively. This amount represents the difference between the market value of the SVS at the time of surrender and the exercise price, both as determined under the Plan. The weighted average share price at the date of exercise was C$95.54 per share (2016 – C$87.44).

Options outstanding at December 31, 2017 consisted of the following:

Exercise Prices	Number of Options Outstanding	Number of Options Exercisable	Hurdle Prices	Weighted Average Remaining Life (years)
C$ 15.95 – C$ 29.99	1,051,142	1,043,142	C$ 19.94 – C$ 36.61	2.2
C$ 30.00 – C$ 49.99	1,276,200	1,276,200	C$ 41.39 – C$ 50.44	4.6
C$ 50.00 – C$ 69.99	8,148,750	4,381,750	C$ 71.15 – C$ 79.41	6.1
C$ 70.00 – C$ 89.99	868,350	–	C$ 93.59 – C$ 102.20	7.9
C$ 90.00 – C$ 101.62	1,034,000	–	C$ 117.43 – C$ 127.03	9.0
Total	12,378,442	6,701,092		

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

21. NON-CONTROLLING INTERESTS

The Company's material non-controlling interests at December 31, 2017 and 2016 were associated with Celestica and Clarivate Analytics. There were no dividends paid by Celestica or Clarivate Analytics during 2017 or 2016. Summarized balance sheet information based on those amounts included in these consolidated financial statements for Celestica and Clarivate Analytics is as follows:

	Celestica		Clarivate Analytics	
As at December 31	**2017**	2016	**2017**	2016
Non-controlling interest	**87%**	87%	**28%**	28%
Current assets	**$ 2,456**	$ 2,346	**$ 459**	$ 531
Non-current assets	**489**	476	**3,576**	3,676
	2,945	2,822	**4,035**	4,207
Current liabilities	**$ 1,267**	$ 1,246	**$ 670**	$ 636
Non-current liabilities	**327**	338	**2,067**	2,076
	1,594	1,584	**2,737**	2,712
Net assets	**$ 1,351**	$ 1,238	**$ 1,298**	$ 1,495
Accumulated non-controlling interests	**$ 1,171**	$ 1,071	**$ 369**	$ 419

Financial information in the statements of earnings for Celestica (electronics manufacturing services segment) is presented in note 35. Summarized income statement information for Clarivate Analytics for the years ended December 31, 2017 and 2016 (since acquisition in October 2016) is as follows:

	Clarivate Analytics	
Year ended December 31	**2017**	2016
Revenue	**$ 920**	$ 202
Net loss	**242**	137

Summarized cash flows for Celestica and Clarivate Analytics (since acquisition in October 2016) are as follows:

	Celestica		Clarivate Analytics	
Year ended December 31	**2017**	2016	**2017**	2016
Cash flows from operating activities	**$ 127**	$ 173	**$ 111**	$ 76
Cash flows used in financing activities	**(80)**	(97)	**(94)**	(22)
Cash flows used in investing activities	**(89)**	(64)	**(42)**	(18)

22. EXPENSES BY NATURE

The nature of expenses in cost of sales and operating expenses, which excludes amortization of property, plant and equipment, intangible assets and deferred charges, consisted of the following:

Year ended December 31	2017	2016
Cost of inventory, raw materials and consumables used	**$ 11,871**	$ 8,010
Employee benefit expense[i]	**5,595**	4,368
Professional fees	**1,447**	1,374
Repairs, maintenance and utilities	**698**	489
Transportation	**476**	333
Operating lease payments	**377**	288
Provisions	**186**	134
Other expenses	**1,491**	945
Total cost of sales and operating expenses	**$ 22,141**	$ 15,941

(i) 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.

23. INTEREST EXPENSE OF OPERATING COMPANIES AND CREDIT STRATEGIES

Year ended December 31	2017	2016
Interest on long-term debt of operating companies and credit strategies	**$ 1,053**	$ 794
Interest on obligations under finance leases of operating companies	**11**	4
Other financing charges[i]	**148**	84
Total interest expense of operating companies and credit strategies	**$ 1,212**	$ 882

(i) Other includes debt prepayment expense of $20 (2016 – $16).

24. STOCK-BASED COMPENSATION EXPENSE

Year ended December 31	2017	2016
Parent company[a]	**$ 102**	$ 118
Celestica	**30**	33
Clarivate Analytics	**18**	–
Other	**28**	43
Total stock-based compensation expense	**$ 178**	$ 194

a) Parent company stock-based compensation primarily relates to Onex' stock option plan, as described in note 20, and the MIP, as described in note 32(d). The expense is determined based on the fair value of the liability at the end of each reporting period.

The fair value of Onex' stock option plan is determined using an option valuation model. The significant inputs into the model were the share price at December 31, 2017 of C$92.19 (2016 – C$91.38), the exercise price of the options, the remaining life of each option issuance, the volatility of each option issuance ranging from 15.35% to 15.46%, an average dividend yield of 0.45% and an average risk-free rate of 2.28%. The volatility is measured as the historical volatility based on the remaining life of each respective option issuance.

The fair values of 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 1.86% and an industry comparable historical volatility for each investment.

25. OTHER GAINS

Year ended December 31	2017	2016
Gain on sales by Carestream Health[a]	**$ 731**	$ –
Gain on sale of Cicis[b]	**–**	28
Other[c]	**–**	8
Total other gains	**$ 731**	$ 36

a) During 2017, Carestream Health completed the sale of its Dental Digital business along with an additional transaction, as described in note 2(f).

b) In August 2016, the ONCAP II Group sold its investment in Cicis, as described in note 3(g).

c) Other includes gains from the sale of certain non-core businesses by the operating companies. Net proceeds from these transactions during 2016 were $10.

26. OTHER EXPENSE (INCOME)

Year ended December 31	2017	2016
Transition, integration and other[a]	$ 186	$ 72
Carried interest charge due to Onex and ONCAP management[b]	147	59
Restructuring[c]	130	84
Losses (gains) on investments and long-term debt in credit strategies, net[d]	111	(222)
Foreign exchange losses, net[e]	103	54
Transaction costs[f]	62	86
Change in fair value of other Onex Partners investments, net	42	(11)
Derivatives losses (gains), net[g]	(22)	28
Change in fair value of contingent consideration, net[h]	(29)	(39)
Other	(23)	(90)
Total other expense	$ 707	$ 21

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

Transition, integration and other expenses for 2017 and 2016 were primarily due to Clarivate Analytics and Carestream Health.

b) Carried interest charge reflects the change in the amount of carried interest due to Onex and ONCAP management through the Onex Partners and ONCAP Funds. Unrealized carried interest is calculated based on the current fair values of the Funds' investments and the overall unrealized gains in each respective Fund in accordance with the limited partnership agreements. The unrealized carried interest liability is recorded primarily in other non-current liabilities and reduces the Limited Partners' Interests, as described in note 17. The liability will ultimately be settled upon the realization of the underlying investments in each respective Onex Partners and ONCAP Fund.

During 2017, a charge of $147 (2016 – $59) was recorded in the consolidated statements of earnings for an increase in management's share of the carried interest primarily due to an increase in the fair value of certain of the investments in the Onex Partners and ONCAP Funds.

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

Restructuring charges recorded at the operating companies were:

Year ended December 31	2017	2016
Save-A-Lot[i]	$ 63	$ –
Celestica[ii]	29	32
SIG[iii]	22	20
ResCare[iv]	5	11
Carestream Health[v]	1	20
Other	10	1
	$ 130	$ 84

i) Save-A-Lot's restructuring charges during 2017 primarily related to costs associated with the closure of certain facilities.

ii) Celestica's restructuring charges for 2017 primarily related to the organizational changes as a result of corporate initiatives. The charges recorded by Celestica in 2016 primarily related to costs to exit its solar panel manufacturing operations.

iii) SIG's restructuring charges during 2017 primarily related to the reorganization of certain corporate functions. SIG's restructuring charges for 2016 primarily related to costs to improve production processes and the establishment of a central support location.

iv) ResCare's restructuring charge for 2017 and 2016 primarily related to exiting the skilled line of business in the HomeCare segment and severance costs.

v) The charges recorded by Carestream Health in 2016 primarily related to the reorganization of certain businesses and operations, including sales and services functions at the company.

d) Losses on investments and long-term debt in credit strategies during 2017 were primarily driven by unrealized losses on long-term debt recorded at fair value in the CLOs, partially offset by realized and unrealized gains on investments.

During 2016, gains on investments and long-term debt in credit strategies were primarily unrealized and driven by a recovery in the leveraged loan market.

e) For the year ended December 31, 2017, foreign exchange losses were primarily due to losses recognized by SIG. For the year ended December 31, 2016, foreign exchange losses were primarily due to Survitec and WireCo.

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

Transaction costs for 2017 were primarily due to the acquisition of Parkdean Resorts and the acquisitions completed by the operating companies. Transaction costs for 2016 were primarily due to the acquisitions of Clarivate Analytics, Save-A-Lot, Tecta and WireCo, in addition to acquisitions completed by the operating companies.

g) Derivatives losses and gains for the years ended December 31, 2017 and 2016 primarily related to embedded derivatives associated with debt agreements and foreign exchange hedges.

h) During 2017, a net recovery of $29 (2016 – $39) was recognized in relation to the change in estimated fair value of contingent consideration related to acquisitions completed by the Company. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and realized internal rates of return.

The total estimated fair value of contingent consideration liabilities at December 31, 2017 was $27 (December 31, 2016 – $127).

27. IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS, NET

Year ended December 31	2017	2016
Schumacher[a]	$ 106	$ –
Parkdean Resorts[b]	56	–
York[c]	–	226
Other, net[d]	25	6
Total	$ 187	$ 232

a) During 2017, Schumacher recorded a non-cash goodwill impairment charge of $106, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to changes in customer mix related to the implementation of the Affordable Care Act. The impairment was calculated on a fair value less costs to sell basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

b) During the fourth quarter of 2017, Parkdean Resorts recorded a non-cash goodwill impairment charge of $56, measured in accordance with IAS 36, *Impairment of Assets*, due to weaker than expected performance since acquisition, driven primarily by lower caravan sales. The impairment was calculated on a fair value less costs to sell basis. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the other segment.

c) During 2016, York recorded a non-cash goodwill impairment charge of $226, measured in accordance with IAS 36, *Impairment of Assets*, primarily due to a decrease in projected future earnings from its claims management business. The impairment was calculated on a fair value less costs to sell basis using the discounted cash flow method using a discount rate of 9.8%. The recoverable amount was a Level 3 measurement in the fair value hierarchy as a result of significant unobservable inputs used in determining the recoverable amount. The impairment charge was recorded in the insurance services segment.

d) Other in 2017 included net impairments related to Emerald Expositions, Jack's and ResCare. Other in 2016 included impairment charges related to Carestream Health and Emerald Expositions.

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 segment basis in note 35.

In measuring the recoverable amounts for goodwill and intangible assets at December 31, 2017, significant estimates include the growth rate and discount rate, which range from 0.5% to 20.0% and 9.5% to 17.0% (2016 – 0.5% to 10.2% and 9.3% to 16.4%), respectively.

28. NET EARNINGS (LOSS) PER SUBORDINATE VOTING SHARE

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

Year ended December 31	2017	2016
Weighted average number of shares outstanding *(in millions)*:		
Basic	102	104
Diluted	102	104

29. FINANCIAL INSTRUMENTS

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

	Fair Value through Net Earnings		Available-for-Sale	Loans and Receivables	Derivatives Used for Hedging	Total
	Recognized	Designated				
December 31, 2017						
Assets as per balance sheet						
Cash and cash equivalents	$ –	$ 3,376	$ –	$ –	$ –	$ 3,376
Short-term investments	247	–	11	–	–	258
Accounts receivable	–	–	–	3,306	–	3,306
Other current assets	2	150	–	171	31	354
Long-term investments	4,039	7,516	77	10	92	11,734
Other non-current assets	110	67	–	115	7	299
Total	$ 4,398	$ 11,109	$ 88	$ 3,602(i)	$ 130	$ 19,327

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

	Fair Value through Net Earnings		Available-for-Sale	Loans and Receivables	Derivatives Used for Hedging	Total
	Recognized	Designated				
December 31, 2016						
Assets as per balance sheet						
Cash and cash equivalents	$ –	$ 2,371	$ –	$ –	$ –	$ 2,371
Short-term investments	147	–	7	–	–	154
Accounts receivable	–	–	–	3,868	–	3,868
Other current assets	9	314	–	292	13	628
Long-term investments	1,979	6,221	71	–	83	8,354
Other non-current assets	94	197	–	94	9	394
Total	$ 2,229	$ 9,103	$ 78	$ 4,254(i)	$ 105	$ 15,769

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

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

	Fair Value through Net Earnings		Financial Liabilities at Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
December 31, 2017					
Liabilities as per balance sheet					
Accounts payable and accrued liabilities	$ –	$ –	$ 4,388	$ –	$ 4,388
Provisions	26	–	18	–	44
Other current liabilities	11	19	127	10	167
Long-term debt[i]	–	7,575	14,782	–	22,357
Obligations under finance leases	–	–	392	–	392
Other non-current liabilities	386	11	135	14	546
Limited Partners' Interests	–	8,024	–	–	8,024
Total	$ 423	$ 15,629	$ 19,842	$ 24	$ 35,918

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

	Fair Value through Net Earnings		Financial Liabilities at Amortized Cost	Derivatives Used for Hedging	Total
	Recognized	Designated			
December 31, 2016					
Liabilities as per balance sheet					
Accounts payable and accrued liabilities	$ –	$ –	$ 4,089	$ –	$ 4,089
Provisions	117	–	18	–	135
Other current liabilities	43	21	270	59	393
Long-term debt[i]	–	5,855	17,394	–	23,249
Obligations under finance leases	–	–	77	–	77
Other non-current liabilities	550	30	113	17	710
Limited Partners' Interests	–	8,474	–	–	8,474
Total	$ 710	$ 14,380	$ 21,961	$ 76	$ 37,127

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

Long-term debt recorded at fair value through net earnings at December 31, 2017 of $7,575 (2016 – $5,855) has contractual amounts due on maturity of $7,577 (2016 – $5,953).

The gains (losses) recognized by the Company related to financial assets and liabilities were as follows:

Year ended December 31	2017		2016	
	Earnings (Loss)	Comprehensive Earnings (Loss)[i]	Earnings (Loss)	Comprehensive Earnings (Loss)[i]
Fair value through net earnings (loss)	$ (722)[a]	$ n/a	$ (157)[a]	$ n/a
Available-for-sale				
Fair value adjustments	n/a	4	n/a	–
Interest income	2	n/a	1	n/a
Impairments	–	n/a	–	n/a
Loans and receivables				
Provisions and other	(69)	n/a	(30)	n/a
Financial liabilities at amortized cost				
Interest expense of operating companies and credit strategies	(1,212)	n/a	(882)	n/a
Other	–	n/a	1	n/a
Derivatives used for hedging	9	58	20	(9)
Total gains (losses) recognized	$ (1,992)	$ 62	$ 1,047	$ (9)

(i) Amounts recognized in comprehensive earnings (loss) are presented gross of the income tax effect.

a) Primarily consists of a Limited Partners' Interests charge of $1,350 (2016 – $647), a carried interest charge of $147 (2016 – $59) and an increase in value of investments in joint ventures and associates at fair value of $760 (2016 – $180).

30. FAIR VALUE MEASUREMENTS

Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2017 and December 31, 2016 are based on relevant market prices and information available at those dates. The carrying values of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate the fair values of these financial instruments due to the short maturity of these instruments. The fair value of consolidated long-term debt at December 31, 2017 was $22,258 (December 31, 2016 – $23,176) compared to a carrying value of $22,049 (December 31, 2016 – $23,863). The fair value of consolidated long-term debt that is measured at amortized cost is substantially a Level 2 measurement in the fair value hierarchy and is calculated by discounting the expected future cash flows using an observable discount rate for instruments of similar maturity and credit risk. For certain operating companies, an adjustment is made by management for that operating company's own credit risk, resulting in a Level 3 measurement in the fair value hierarchy. The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustment by the Company and is a Level 3 measurement in the fair value hierarchy. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs.

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. During the first quarter of 2017, the liability for JELD-WEN's employee stock ownership plan was transferred from a Level 3 measurement to a Level 1 measurement as a result of JELD-WEN's initial public offering. The Company ceased to consolidate JELD-WEN, including the liability for JELD-WEN's employee stock ownership plan, after losing control of JELD-WEN in May 2017, as described in note 2(a). There were no additional significant transfers between the three levels of the fair value hierarchy during 2017 and 2016. 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, 2017 was as follows:

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

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, at December 31, 2016 was as follows:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings				
Investments in debt	$ –	$ 7,472	$ –	$ 7,472
Investments in equities	23	96	–	119
Investments in joint ventures and associates	–	–	751	751
Restricted cash and other	482	136	1	619
Available-for-sale financial assets				
Investments in debt	–	56	–	56
Investments in equities	22	–	–	22
Total financial assets at fair value	$ 527	$ 7,760	$ 752	$ 9,039

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

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests for Onex Partners and ONCAP Funds	$ –	$ –	$ 7,563	$ 7,563
Limited Partners' Interests for credit strategies	–	–	461	461
Unrealized carried interest due to Onex and ONCAP management	–	–	327	327
Long-term debt of credit strategies	–	–	7,575	7,575
Contingent consideration and other	23	48	55	126
Total financial liabilities at fair value	$ 23	$ 48	$ 15,981	$ 16,052

The allocation of financial liabilities in the fair value hierarchy at December 31, 2016 was as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through net earnings				
Limited Partners' Interests for Onex Partners and ONCAP Funds	$ –	$ –	$ 8,104	$ 8,104
Limited Partners' Interests for credit strategies	–	–	370	370
Unrealized carried interest due to Onex and ONCAP management	–	–	366	366
Long-term debt of credit strategies	–	–	5,855	5,855
Contingent consideration and other	22	134	239	395
Total financial liabilities at fair value	$ 22	$ 134	$ 14,934	$ 15,090

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3), excluding investments in joint ventures and associates designated at fair value through earnings (note 10(b)) and Limited Partners' Interests designated at fair value (note 17), are as follows:

	Financial Assets at Fair Value through Net Earnings	Long-Term Debt of Credit Strategies at Fair Value through Net Earnings	Other Financial Liabilities at Fair Value through Net Earnings
Balance – December 31, 2015	$ 1	$ 4,870	$ 766
Change in fair value recognized in net earnings	–	133	9
Additions	61	1,571	–
Acquisition of subsidiaries	–	–	38
Settlements	(61)	(719)	(214)
Other	–	–	6
Balance – December 31, 2016	1	5,855	605
Change in fair value recognized in net earnings	**12**	**97**	**127**
Transfer to (from) Level 3	**4**	**–**	**(86)**
Additions	**76**	**6,357**	**5**
Acquisition of subsidiaries	**–**	**–**	**14**
Settlements	**(63)**	**(4,785)**	**(214)**
Disposition of subsidiaries	**–**	**–**	**(58)**
Foreign exchange	**–**	**51**	**1**
Other	**12**	**–**	**(12)**
Balance – December 31, 2017	**$ 42**	**$ 7,575**	**$ 382**
Unrealized change in fair value of assets and liabilities held at the end of the reporting period	**$ 10**	**$ 53**	**$ 125**

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

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

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

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

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

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

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

Valuation Technique	Significant Unobservable Inputs	Inputs at December 31, 2017	Inputs at December 31, 2016
Market comparable companies	Adjusted EBITDA multiple	7.5x – 11.3x	7.5x – 13.0x
Discounted cash flow	Weighted average cost of capital	10.6% – 15.2%	9.8% – 18.0%
	Exit multiple	6.5x – 12.5x	6.0x – 11.0x

In addition, at December 31, 2017 and December 31, 2016, the Company has an investment that was valued using market comparable transactions.

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

The long-term debt issued by the CLOs is recognized at fair value using third-party pricing models without adjustments by the Company. The valuation methodology is based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs. During 2017, the Company recorded a loss of \$53 (2016 – \$122) attributable to changes in the credit risk of the long-term debt of the CLOs at December 31, 2017.

31. 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 and cash equivalents consist of investments in debt securities. In addition, the long-term investments of CLOs and Onex Credit Lending Partners are included in the long-term 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 CLOs and Onex Credit Lending Partners is included in note 10(a).

At December 31, 2017, Onex, the parent company, had $628 of cash on hand and $1,319 of near-cash items at market value. Cash and cash equivalents are held with financial institutions having a current Standard & Poor's rating of A-1+ or above. Near-cash items include short- and long-term investments managed by third-party investment managers, as described below, $181 invested in a segregated unlevered fund managed by Onex Credit and $107 in management fees receivable from limited partners of its private equity platforms. The short- and long-term investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments.

Accounts receivable are also subject to credit risk. At December 31, 2017, the aging of consolidated accounts receivable was as follows:

	Accounts Receivable
Current	**$ 2,493**
1–30 days past due	**386**
31–60 days past due	**124**
>60 days past due	**303**
Total	**$ 3,306**

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, to do so. 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 company's financial condition and prospects, is debt of 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 are disclosed in notes 14 and 15. Onex Corporation, the ultimate parent company, has no debt and does not guarantee 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 rates associated with the Canadian and U.S. dollars, the pound sterling and the euro, as well as fluctuations in LIBOR, EURIBOR and the U.S. prime interest rate.

Foreign currency exchange rates

Onex' operating companies operate autonomously as self-sustaining companies. The functional currency of the majority of Onex' operating companies is the U.S. dollar. However, certain operating companies conduct business outside the United States and as a result are exposed to currency risk on the portion of business that is not based on the U.S. dollar. To manage foreign currency risk, certain operating companies use forward contracts to hedge all or a portion of forecasted revenues and/or costs outside their functional currencies. Additionally, where possible, Onex and its operating companies aim to reduce the exposure to foreign currency fluctuations through natural hedges by transacting in local currencies.

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, 2017, 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.

Onex, the parent company, has exposure to interest rate risk primarily through its short- and long-term investments managed by third-party investment managers. As interest rates change, the fair values of fixed income investments are inversely impacted. Investments with shorter durations are less impacted by changes in interest rates compared to investments with longer durations. At December 31, 2017, Onex' short- and long-term investments included $833 of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 1.4 years. Other factors, including general economic conditions and political conditions, may also affect the value of fixed income securities. These risks are monitored on an ongoing basis and the short- and long-term investments may be repositioned in response to changes in market conditions.

The operating companies' results are also affected by changes in interest rates. A change in the interest rate (including the LIBOR, EURIBOR and U.S. prime interest rate) may 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, 2017, excluding credit strategies, approximately 38% (2016 – 42%) of the operating companies' long-term debt had a fixed interest rate or an interest rate that 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.

Commodity risk

Certain of Onex' operating companies have exposure to commodities. In particular, silver is a significant commodity used in Carestream Health's manufacturing of x-ray film. The company's management continually monitors movements 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.

Resin and aluminum are significant commodities used by SIG. The company generally purchases commodities at spot market prices and actively uses derivative instruments to hedge the exposure in relation to the cost of resin (and its components) and aluminum. Due to this approach, the company has been able to fix the prices one year forward for approximately 80% of its expected resin and aluminum purchases, which substantially minimizes the exposure to the price fluctuations of the commodities over that period.

Rod, polymers and synthetic fibres are significant commodities used by WireCo in its manufacturing operations, in addition to certain energy sources, principally electricity, natural gas and propane. The company monitors the cost of raw materials and passes along price increases and decreases accordingly. The company does not enter into commodity contracts to manage the exposure on forecasted purchases of raw materials.

Regulatory risk

Certain of Onex' operating companies and investment advisor affiliates may be subject to extensive government regulations and oversight with respect to their business activities. Failure to comply with applicable regulations, obtain applicable regulatory approvals or maintain those approvals may subject the applicable operating company to civil penalties, suspension or withdrawal of any regulatory approval obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on Onex' consolidated financial position.

Capital disclosures

Onex considers the capital it manages to be the amounts it has in cash and cash equivalents, near-cash investments, short- and long-term investments managed by third-party investment managers and the investments made in the operating businesses, credit strategies and other investments. Onex also manages the capital of other investors in the Onex Partners, ONCAP and credit strategies. 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 funds are available to pursue new acquisitions and growth opportunities as well as support expansion of its existing businesses. Onex generally does not 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 assumed risk;
- 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 companies and each operating company is required to support its own debt. Onex Corporation does not 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 limited partners' capital available to invest along with Onex' capital. This allows 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 limited partners' capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of limited partners.

A portion of Onex, the parent company's, cash and cash equivalents is managed by third-party investment managers. At December 31, 2017, the fair value of investments, including cash yet to be deployed, managed by third-party investment managers was $1,031. The investments are managed in a mix of short- and long-term portfolios. Short-term investments consist of liquid investments including money market instruments and commercial paper with original maturities of three months to one year. Long-term investments consist of securities that include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. The investments are managed to maintain an overall weighted average duration of two years or less.

At December 31, 2017, Onex had access to uncalled committed limited partner capital for acquisitions through Onex Partners IV ($921), Onex Partners V ($5,313) and ONCAP IV ($555). The uncalled committed limited partner capital for ONCAP IV excludes capital related to the Laces acquisition, which was contributed by the limited partners of ONCAP IV in January 2018. The uncalled committed limited partner capital for Onex Partners IV excludes capital related to the SMG acquisition, which was contributed by the limited partners of Onex Partners IV in January 2018.

The strategy for risk management of capital has not changed significantly since December 31, 2016.

32. COMMITMENTS AND RELATED PARTY TRANSACTIONS

a) Letters of credit, letters of guarantee and other commitments

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, 2017, the amounts potentially payable in respect of these guarantees totalled $279.

At December 31, 2016, Onex had a commitment of $75 to Incline Aviation Fund. In February 2017, Mr. Gerald W. Schwartz assumed $25 of Onex' commitment to Incline Aviation Fund, reducing the amount committed by Onex to $50. At December 31, 2017, Onex' uncalled commitment to Incline Aviation Fund was $45 (2016 – $60).

In addition, commitments at December 31, 2017 include $1,000 related to an acquisition completed in January 2018.

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 operating leases, which are disclosed in note 15.

The aggregate commitments for capital assets at December 31, 2017 amounted to $160, with the majority expected to be incurred between 2018 and 2019.

b) Legal contingencies

Onex and its operating companies are or may become parties to legal, product liability and warranty claims arising in 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, as described in note 13. 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) Environmental contingencies

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 previous 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 would not reasonably be expected to have a material adverse effect on the Company's consolidated financial condition.

d) Management Investment Plan

Under the terms of the MIP, management members of the Company invest in all of the operating entities acquired or invested in 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. The investment rights to acquire the remaining ⅚ths vest equally over 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, the investment rights related to a particular acquisition are exercisable only if the Company realizes in cash the full return of its investment and earns a minimum 15% internal rate of return for the investment after giving effect to the investment rights.

Realizations under the MIP distributed in 2017 were $34 (2016 – $7).

In addition, management of ONCAP has an incentive program related to Onex' co-investment in ONCAP operating companies.

e) Commitments to Onex Partners I

In February 2004, Onex completed the closing of Onex Partners I with 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, 2017, $1,475 (2016 – $1,475) has been invested of the $1,655 of total capital committed. Onex has invested $346 (2016 – $346) of its $400 commitment. Onex controls the General Partner and Manager of Onex Partners I. The total amount invested at cost in Onex Partners I's remaining investments by Onex management and Directors at December 31, 2017 was $3 (2016 – $11). There were no additional amounts invested by Onex management and Directors in Onex Partners I investments during 2017 or 2016.

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 Onex Partners fund, Onex Partners II. As a result of previously approved extensions, the term of Onex Partners I was extended to February 4, 2019 and management fees are no longer being earned for Onex Partners I as of February 4, 2016. 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 by Onex Partners I investors.

Onex is allocated 40% of the carried interest with 60% allocated to Onex management. Carried interest received from Onex Partners I has fully vested for Onex management. For the years ended December 31, 2017 and 2016, no amounts were received by Onex or Onex management with respect to the carried interest.

f) Commitments to Onex Partners II

In August 2006, Onex completed the closing of Onex Partners II with 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, 2017, $2,944 (2016 – $2,944) has been invested of the $3,450 of total capital committed. Onex has invested $1,164 (2016 – $1,164) of its $1,407 commitment. Onex controls the General Partner and Manager of Onex Partners II. The total amount invested at cost in Onex Partners II's remaining investment by Onex management and Directors at December 31, 2017 was $18 (2016 – $18). There were no additional amounts invested by Onex management and Directors in Onex Partners II investments during 2017 and 2016.

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 Onex Partners fund, Onex Partners III. In July 2016, the term of Onex Partners II was extended to August 1, 2017 and in July 2017 the term was extended to August 1, 2018. 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.

Consistent with Onex Partners I, Onex is allocated 40% of the carried interest with 60% allocated to Onex management. Carried interest received from Onex Partners II has fully vested for Onex management. During 2017, no amounts were received as carried interest related to Onex Partners II. For the year ended December 31, 2016, less than $1 was received by Onex as carried interest while Onex management received less than $1 with respect to carried interest.

g) Commitments to Onex Partners III

In December 2009, Onex completed the closing of Onex Partners III with commitments totalling $4,700 as of December 31, 2017. Onex Partners III provided committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP or previous Onex Partners Funds. In October 2017, the term of Onex Partners III was extended to April 29, 2020. As at December 31, 2017, $4,215 (2016 – $4,215) has been invested, including capitalized costs, of which Onex' share was $929 (2016 – $929). Onex' commitment to Onex Partners III has been $1,200 since May 15, 2012. Onex controls the General Partner and Manager of Onex Partners III. The total amount invested at cost in Onex Partners III's remaining investments by Onex management and Directors at December 31, 2017 was $104 (2016 – $126). There were no additional amounts invested by Onex management or Directors in Onex Partners III investments during 2017 (2016 – less than $1).

Prior to December 2013, Onex received 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 was reduced to 1% of the net funded commitments at the end of the initial fee period in December 2013. Onex obtained approval for an extension of the commitment period for Onex Partners III into 2014 to enable further amounts to be invested through the Fund. The October 2014 investment in York was the final new investment made by Onex Partners III. 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 on all investments made through Onex Partners III, with the result that the initial carried interest 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 previous Onex Partners Funds, Onex will be allocated 40% of the carried interest with 60% allocated to Onex management. Carried interest received from Onex Partners III has fully vested for Onex management. For the year ended December 31, 2017, $121 (2016 – $14) was received by Onex as carried interest while Onex management received $181 (2016 – $22) with respect to the carried interest.

h) Commitments to Onex Partners IV

In May 2014, Onex completed the closing of Onex Partners IV with commitments totalling $5,660 as of December 31, 2017. Onex Partners IV is to provide committed capital for future Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP or previous Onex Partners Funds. The term of Onex Partners IV, unless further extended, ends in May 2024. Onex had a $1,200 commitment for the period from the date of the first closing to June 2, 2015, and a $1,700 commitment from June 3, 2015 to September 29, 2017, when Onex acquired an additional interest of $220 in Onex Partners IV from a limited partner, as described in note 2(g). As at December 31, 2017, $3,789 (2016 – $3,362) has been invested, including capitalized costs and $64 of bridge financing, of which Onex' share was $1,152 (2016 – $884), including capitalized acquisition costs and bridge financing of $21. Adjusting for the additional interest acquired in Onex Partners IV during 2017, Onex' share of the amount invested, including capitalized costs, increases to $1,011 as of December 31, 2016. Onex controls the General Partner and Manager of Onex Partners IV. Onex management has committed, as a group, to invest a minimum of 2% of Onex Partners IV, which may be adjusted annually up to a maximum of 8%. At December 31, 2017, Onex management and Directors had committed 6%. The total amount invested in Onex Partners IV's investments by Onex management and Directors at December 31, 2017 was $277 (2016 – $259), of which $18 (2016 – $130) was invested in the year ended December 31, 2017, including bridge financing of $3.

Onex is entitled to receive annual management fees based on 1.7% of the capital committed to Onex Partners IV 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 when management fees begin to accrue for a successor Onex Partners Fund. Carried interest is received on the overall gains achieved by Onex Partners IV 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 IV over the life of Onex Partners IV. The investment by Onex Partners IV investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners IV investors.

The returns to Onex Partners IV investors, other than Onex and Onex management, are based on all investments made through Onex Partners IV, with the result that the initial carried interest achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners IV investments do not exceed the overall target return level of 8%. Consistent with previous Onex Partners Funds, Onex will be allocated 40% of the carried interest with 60% allocated to Onex management. Carried interest received from Onex Partners IV for Onex management will vest equally over six years from August 2014. As at December 31, 2017 and 2016, no amounts had been received as carried interest related to Onex Partners IV.

i) Commitments to Onex Partners V

In November 2017, Onex completed the closing of Onex Partners V with commitments totalling $7,150, including Onex' commitment of $2,000. Onex Partners V is to provide committed capital for future Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP or previous Onex Partners Funds. The term of Onex Partners V, unless further extended, ends 12 years from the earlier of the date of the first capital call, the date of the closing of the first operating company investment or the date upon which the commitment period of Onex Partners IV ends. Onex controls the General Partner and Manager of Onex Partners V. Onex management has committed, as a group, to invest a minimum of 2% of Onex Partners V, which may be adjusted annually up to a maximum of 10%. At December 31, 2017, Onex management and Directors had committed 6%. As at December 31, 2017, no amount of the total committed capital has been invested.

When management fees begin to accrue, Onex is entitled to receive annual management fees based on 1.7% of the capital committed to Onex Partners V by investors other than Onex and management of Onex and ONCAP. 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 Onex Partners fund. Following the tenth anniversary of the date upon which management fees begin to accrue, the management fee is reduced to 0.5% of the net funded commitments. Following the eleventh anniversary of the date upon which management fees begin to accrue, no management fee will be payable unless approved in accordance with the terms of the partnership agreement. Carried interest is received on the overall gains achieved by Onex Partners V 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 V over the life of Onex Partners V. The investment by Onex Partners V investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners V investors.

The returns to Onex Partners V investors, other than Onex and Onex management, are based on all investments made through Onex Partners V, with the result that the initial carried interest achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners V investments do not exceed the overall target return level of 8%. Consistent with previous Onex Partners Funds, Onex will be allocated 40% of the carried interest with 60% allocated to Onex management. Carried interest received from Onex Partners V for Onex management will vest equally over six years, beginning on the date the fund begins to accrue management fees. As at December 31, 2017, no amounts had been received as carried interest related to Onex Partners V.

j) Commitments to ONCAP II

In May 2006, Onex completed the closing of ONCAP II with commitments totalling C$574. ONCAP II provided committed capital for acquisitions of small and medium-sized businesses requiring between C$20 and C$75 of initial equity capital. As at December 31, 2017, C$483 (2016 – C$483) has been invested of the C$574 of total capital committed. Onex has invested C$221 (2016 – C$221) of its C$252 commitment. Onex controls the General Partner and Manager of ONCAP II. The total amount invested at cost in ONCAP II's remaining investments by management of Onex and ONCAP and Directors at December 31, 2017 was C$22 (2016 – C$22). There were no additional amounts invested by management of Onex and ONCAP and Directors in ONCAP II investments during 2017 and 2016.

Prior to July 2011, Onex 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 investment amount at the end of the initial fee period in July 2011, when Onex established a successor ONCAP fund, ONCAP III. As a result of previously approved extensions, the term of ONCAP II was extended to November 22, 2018. Carried interest is received on the overall gains achieved by ONCAP II investors, other than management of 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 by ONCAP II investors.

The returns to ONCAP II investors, other than management of ONCAP, are based on 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%. Onex is allocated 40% of the carried interest realized on limited partners' capital in ONCAP II. ONCAP management is allocated 60% of the carried interest on limited partners' and Onex capital. Carried interest received from ONCAP II has fully vested for ONCAP management. For the year ended December 31, 2017, ONCAP management received $1 (C$1) (2016 – $1 (C$2)) with respect to the carried interest.

k) Commitments to ONCAP III

In September 2011, Onex completed the closing of ONCAP III with commitments totalling C$800, excluding commitments from management of Onex and ONCAP. ONCAP III provides committed capital for acquisitions of small and medium-sized businesses requiring less than $125 of initial equity capital. The term of ONCAP III, unless further extended, ends in July 2021. As at December 31, 2017, C$632 (2016 – C$632) has been invested of the total capital committed. Onex has invested C$186 (2016 – C$186) of its C$252 commitment. Onex controls the General Partner and Manager of ONCAP III. The total amount invested at cost in ONCAP III's investments by management of Onex and ONCAP and Directors at December 31, 2017 was C$60 (2016 – C$60), none of which was invested in the year ended December 31, 2017 (2016 – C$8).

Prior to August 2016, Onex received 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 was reduced to 1.5% of the net funded commitments at the end of the commitment period marked by the August 2016 investment in Tecta. Carried interest is received on the overall gains achieved by ONCAP III investors, other than management of 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 by ONCAP III investors.

The returns to ONCAP III investors, other than management of ONCAP, are based on all investments made through ONCAP III, with the result that the initial carried interest achieved by ONCAP on gains could be recovered if subsequent ONCAP III investments do not exceed the overall target return level of 8%. Onex is allocated 40% of the carried interest realized on limited partners' capital in ONCAP III. ONCAP management is allocated 60% of the carried interest on limited partners' and Onex capital. Carried interest received from ONCAP III has fully vested for ONCAP management. For the year ended December 31, 2017, ONCAP management received $4 (C$6) (2016 – nil) with respect to the carried interest.

l) Commitments to ONCAP IV

In November 2016, Onex completed the closing of ONCAP IV with commitments totalling $1,107. ONCAP IV provides committed capital for acquisitions of small and medium-sized businesses requiring less than $200 of initial equity capital. The term of ONCAP IV, unless further extended, ends in December 2028. As at December 31, 2017, $282 (2016 – $62) has been invested of the total capital committed. Onex has invested $111 (2016 – $25) of its $480 commitment. Onex controls the General Partner and Manager of ONCAP IV. ONCAP management has committed, as a group, to invest a minimum of 2% of ONCAP IV. The commitment from management of Onex and ONCAP and Directors may be increased up to a maximum of 10% of ONCAP IV. At December 31, 2017, management of Onex and ONCAP and Directors have committed 10% to ONCAP IV. The total amount invested at cost in ONCAP IV's investments by management of Onex and ONCAP and Directors at December 31, 2017 was $29 (2016 – $6), of which $23 was invested in the year ended December 31, 2017 (2016 – $6).

Beginning in November 2016, Onex is entitled to receive annual management fees based on 2% of the capital committed to ONCAP IV 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 Onex establishes a successor ONCAP fund. Carried interest is received on the overall gains achieved by ONCAP IV investors, other than management of ONCAP, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in ONCAP IV over the life of ONCAP IV. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases to 25% of the overall gains. The investment by ONCAP IV investors for this purpose takes into consideration management fees and other amounts paid by ONCAP IV investors.

The returns to ONCAP IV investors, other than management of ONCAP, are based on all investments made through ONCAP IV, with the result that the initial carried interest achieved by ONCAP on gains could be recovered if subsequent ONCAP IV investments do not exceed the lesser of the overall target return level of 8% and two times their aggregate capital contributions. Onex is allocated 40% of the carried interest realized on limited partners' capital in ONCAP IV. ONCAP management is allocated 60% of the carried interest on limited partners' and Onex capital. Carried interest received from ONCAP IV will vest equally over five years ending in November 2021 for ONCAP management. As at December 31, 2017 and 2016 no amount had been received as carried interest related to ONCAP IV.

m) OCLP I

During 2017, Onex raised $314 for OCLP I, including $100 from Onex, as described in note 2(o). At December 31, 2017, Onex has remaining uncalled committed capital of $82 to OCLP I. Onex controls the General Partner and Manager of OCLP I.

n) Management investment in Onex Credit

The Onex management team may invest in strategies managed by Onex Credit. At December 31, 2017, investments at market held by the Onex management team in Onex Credit strategies were approximately $355 (2016 – $275).

o) Management and Directors' investment in Incline Aviation Fund

In December 2016, the Onex management team committed $10 to Incline Aviation Fund.

In February 2017, the Onex management team increased its commitment to invest in Incline Aviation fund by $30, which includes the $25 commitment by Mr. Gerald W. Schwartz, as described in note 32(a).

At December 31, 2017, the total amount invested by the Onex management team in Incline Aviation Fund at cost, including the amounts invested under the minimum investment requirement of the MIP, was $2 (2016 – less than $1).

p) Management reinvestment of MIP and carried interest

Members of Onex management are required to reinvest 25% of the proceeds received related to their share of the MIP investment rights and carried interest to acquire Onex SVS in the market and/or management DSUs until they individually own at least one million Onex SVS and/or management DSUs. During 2017, Onex management reinvested C$33 (2016 – C$5) to acquire Onex SVS and/or management DSUs.

q) Loans to operating company directors or officers

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, 2017 was $1 (2016 – $3).

r) Onex Credit management fees

Onex Credit earns management fees on other investors' capital. Management fees earned on the capital invested by Onex, the parent company, are eliminated in the consolidated financial statements.

In addition, Onex Credit is entitled to incentive fees on certain other investors' capital. Incentive fees range between 5% and 20%. Certain incentive fees (including incentive fees on CLOs) are subject to a hurdle or minimum preferred return to investors.

During the year ended December 31, 2017, gross management and incentive fees earned by the credit strategies segment, including management and incentive fees from Onex Credit Funds and CLOs consolidated by Onex, were $43 and $2 (2016 – $39 and $4), respectively. The management and incentive fees from Onex Credit Funds and CLOs consolidated by Onex, the parent company, were $39 and $2 (2016 – $35 and $4), respectively. Credit strategies segment revenues for 2017, net of management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, were $4 (2016 – $4).

s) Tax loss transactions with a related party

During 2017 and 2016, Onex entered into the sale of entities, the sole assets of which were certain tax losses, to companies controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex has significant 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 these losses. In connection with these transactions, 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 from a financial point of view. Onex' Audit and Corporate Governance Committee, all the members of which are independent Directors, unanimously approved the transactions. The following transactions were completed during 2017 and 2016:

- In 2017, Onex received $5 in cash for tax losses of $48. The entire $5 was recorded as a gain and included in other income (expense) in the consolidated statements of earnings.
- In 2016, Onex received $14 in cash for tax losses of $142. The entire $14 was recorded as a gain and included in other income (expense) in the consolidated statements of earnings.

t) Private share repurchase

In March 2017, Onex repurchased in a private transaction 750,000 (January 2016 – 1,000,000) of its SVS that were held indirectly by Mr. Gerald W. Schwartz. The private transaction was approved by the disinterested directors of the Board of Directors of the Company. The shares were repurchased at a cash cost of $71.24 (C$94.98) (2016 – $58.85 (C$84.12)) per share or a total cost of $53 (C$71) (2016 – $59 (C$84)), which represents a slight discount to the trading price of Onex shares at that date.

u) Remuneration to key management

The Company's key management consists of the senior executives of Onex, ONCAP, Onex Credit and its operating companies. Also included are the Directors of Onex Corporation. Carried interest and MIP payments to former senior executives of Onex and ONCAP are excluded from the aggregate payments below. Aggregate payments to the Company's key management were as follows:

Year ended December 31	2017	2016
Short-term employee benefits and costs	$ 167	$ 149
Post-employment benefits	2	1
Other long-term benefits	–	1
Termination benefits	6	5
Share-based payments[i]	236	94
Total	$ 411	$ 250

(i) Share-based payments include $24 (2016 – $18) paid on the exercise of Onex stock options (note 20), $148 (2016 – $19) of carried interest paid to Onex management and $26 (2016 – $6) of amounts paid under the MIP to Onex management. During 2017, Onex, the parent company, received carried interest of $121 (2016 – $14).

33. 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 in other plans. The benefit payments from the plans are typically made from trustee-administered funds; however, there are certain unfunded plans, primarily related to non-pension post-retirement benefits, that are funded as benefit payment obligations are required. Onex Corporation, the ultimate parent company, does not provide pension, other retirement or post-retirement benefits to the employees of the operating companies.

The plans are exposed to market risks, such as changes in interest rates, inflation and fluctuations in investment values. The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if the plan assets fail to achieve this yield, this will create or further a plan deficit. A decrease in corporate bond yields would have the effect of increasing the benefit obligations; however, this would be partially offset by a fair value increase in the value of debt securities held in the plans' assets. For certain plans, the benefit obligations are linked to inflation, and higher inflation will result in a greater benefit obligation.

The plans are also exposed to non-financial risks such as the membership's mortality and demographic changes, as well as regulatory changes. An increase in the life expectancy will result in an increase in the benefit obligations.

The total costs during 2017 for defined contribution pension plans and multi-employer plans were $84 (2016 – $115).

Accrued benefit obligations and the fair value of 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 were in 2017, and the next required valuations will be in 2018. The Company estimates that in 2018 the minimum funding requirement for the defined benefit pension plans will be $11.

In 2017, 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 $108 (2016 – $153). Included in the total was $6 (2016 – $18) contributed to multi-employer plans.

For 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	**2017**	2016	**2017**	2016	**2017**	2016
Accrued benefit obligations:						
Opening benefit obligations	**$ 848**	$ 876	**$ 737**	$ 696	**$ 74**	$ 63
Current service cost	**7**	8	**9**	12	**2**	3
Interest cost	**12**	16	**7**	24	**3**	3
Contributions by plan participants	**2**	2	**–**	–	**–**	–
Benefits paid	**(42)**	(56)	**(13)**	(28)	**(4)**	(4)
Actuarial (gain) loss from demographic assumptions	**13**	(6)	**–**	(1)	**–**	(6)
Actuarial loss from financial assumptions	**2**	99	**1**	36	**3**	6
Foreign currency exchange rate changes	**58**	(78)	**34**	(7)	**5**	1
Acquisition of subsidiaries	**–**	–	**106**	8	**–**	1
Disposition of subsidiaries	**–**	–	**(14)**	–	**–**	–
Operating company no longer under control	**(12)**	–	**(425)**	–	**–**	–
Plan amendments	**(12)**	–	**(6)**	(6)	**(2)**	–
Other	**1**	(13)	**14**	3	**3**	7
Closing benefit obligations	**$ 877**	$ 848	**$ 450**	$ 737	**$ 84**	$ 74
Plan assets:						
Opening plan assets	**$ 1,053**	$ 1,061	**$ 365**	$ 360	**$ –**	$ –
Interest income	**15**	19	**2**	14	**–**	–
Actual return on plan assets in excess of interest income	**34**	114	**2**	9	**–**	–
Contributions by employer	**2**	7	**11**	14	**2**	2
Contributions by plan participants	**2**	2	**–**	–	**–**	–
Benefits paid	**(42)**	(56)	**(12)**	(27)	**(2)**	(2)
Foreign currency exchange rate changes	**70**	(93)	**7**	–	**–**	–
Acquisition of subsidiaries	**–**	–	**87**	–	**–**	–
Disposition of subsidiaries	**–**	–	**(1)**	–	**–**	–
Operating company no longer under control	**(14)**	–	**(296)**	–	**–**	–
Settlements/curtailments	**(12)**	–	**(1)**	(2)	**(2)**	–
Other	**(2)**	(1)	**5**	(3)	**2**	–
Closing plan assets	**$ 1,106**	$ 1,053	**$ 169**	$ 365	**$ –**	$ –

	Percentage of Plan Assets	
Asset Category	**2017**	2016
Quoted Market Prices:		
Equity investment funds	**17%**	17%
Debt investment funds	**41%**	38%
Other investment funds	**–**	2%
Equity securities	**2%**	10%
Debt securities	**5%**	11%
Non-Quoted Market Prices:		
Other investment funds	**14%**	14%
Real estate	**2%**	–
Other	**19%**	8%
	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 funded status of the plans of the operating 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	**2017**	2016	**2017**	2016	**2017**	2016
Deferred benefit amount:						
Plan assets, at fair value	**$ 1,106**	$ 1,053	**$ 169**	$ 365	**$ –**	$ –
Accrued benefit obligation	**(877)**	(848)	**(450)**	(737)	**(84)**	(74)
Plan surplus (deficit)	**229**	205	**(281)**	(372)	**(84)**	(74)
Valuation allowance	**(9)**	(7)	**–**	–	**–**	–
Deferred benefit amount – asset (liability)	**$ 220**	$ 198	**$ (281)**	$ (372)	**$ (84)**	$ (74)

The deferred benefit asset of $220 (2016 – $198) is included in the Company's consolidated balance sheets within other non-current assets (note 11). The total deferred benefit liabilities of $365 (2016 – $446) are included in the Company's consolidated balance sheets within other non-current liabilities (note 18) and other current liabilities. Of the total deferred benefit liabilities, $1 (2016 – $1) was recorded as a current liability.

The following assumptions were used to account for the plans:

	Pension Benefits		Non-Pension Post-Retirement Benefits	
Year ended December 31	**2017**	2016	**2017**	2016
Accrued benefit obligation				
Weighted average discount rate[i]	**0.6%–3.5%**	0.5%–6.3%	**3.6%**	0.2%–3.9%
Weighted average rate of compensation increase	**1.0%–4.0%**	1.4%–3.9%	**4.6%**	1.7%–4.6%

(i) Weighted average discount rate includes inflation, where applicable to a benefit plan.

Assumed healthcare cost trend rates	**2017**	2016
Initial healthcare cost rate	**5.8%**	5.9%
Cost trend rate declines to	**4.5%**	4.5%
Year that the rate reaches the rate it is assumed to remain at	**2030**	2030

The assumptions underlying the discount rates, rates of compensation increase and healthcare cost trend rates have a significant effect on the amounts reported for the pension and post-retirement benefit plans. A 1% change in these assumed rates would increase (decrease) the benefit obligations 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, 2017	**1% Increase**	**1% Decrease**	**1% Increase**	**1% Decrease**	**1% Increase**	**1% Decrease**
Discount rate	**$ (73)**	**$ 99**	**$ (57)**	**$ 64**	**$ (9)**	**$ 12**
Rate of compensation increase	**$ 4**	**$ (3)**	**$ 16**	**$ (16)**	**$ 2**	**$ (2)**
Healthcare cost trend rate	**n/a**	**n/a**	**n/a**	**n/a**	**$ 9**	**$ (7)**

	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, 2016	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	$ (70)	$ 93	$ (95)	$ 109	$ (8)	$ 10
Rate of compensation increase	$ 5	$ (4)	$ 15	$ (9)	$ 2	$ (1)
Healthcare cost trend rate	n/a	n/a	n/a	n/a	$ 7	$ (6)

The sensitivity analysis above is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in certain assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in significant actuarial assumptions, the same method used for calculating the benefit obligation liabilities in the consolidated financial statements has been applied.

34. SUBSEQUENT EVENTS

a) Acquisition of SMG

In January 2018, the Onex Partners IV Group completed the acquisition of SMG, as described in note 2(l).

b) Initial public offering by Pinnacle Renewable Energy

In February 2018, Pinnacle Renewable Energy completed an initial public offering, as described in note 2(m).

c) Repayment of loan note by Parkdean Resorts

In February 2018, Parkdean Resorts repaid a portion of the loan note held by the Onex Partners IV Group, with the remaining balance being converted into additional equity of Parkdean Resorts, as described in note 2(b).

35. INFORMATION BY INDUSTRY AND GEOGRAPHIC SEGMENTS

Onex' reportable segments operate through autonomous companies and strategic partnerships. Operating companies are aggregated into one reportable segment based on the nature of the products and services, production process, customer base, distribution model and regulatory environment at the operating companies, as well as key financial metrics such as gross margin and projected long-term revenue growth.

The Company had nine reportable segments in 2017 (2016 – ten). In May 2017, the Onex Partners III Group sold its entire investment in USI, as described in note 2(e). The results of operations of USI, which were previously included in the insurance services segment, are presented in the other segment as a discontinued operation. In addition, in May 2017, the Onex Partners III Group sold approximately 15.7 million shares of JELD-WEN, resulting in a loss of control by the Company, as described in note 2(a). The results of operations of JELD-WEN up to the sale in May 2017, which were previously included in the building products segment, are presented in the other segment as a discontinued operation. The remaining interest in JELD-WEN held by the Company has been recorded as a long-term investment at fair value through earnings at December 31, 2017. Comparative results have been restated to reflect these changes.

The information by segment is presented in the chronological order in which the operating segments become reportable. The Company's reportable segments at December 31, 2017 consisted of:

Electronics Manufacturing Services	• **Celestica,** a global provider of electronics manufacturing services.
Healthcare Imaging	• **Carestream Health,** a global provider of medical and dental imaging and healthcare information technology solutions.
Health and Human Services	• **ResCare,** a leading provider of residential, training, educational and support services for people with disabilities and special needs in the United States.
Insurance Services	• **York,** an integrated provider of insurance solutions to property, casualty and workers' compensation specialty markets primarily in the United States.
Packaging Products and Services	• **sgsco,** a global leader in providing fully integrated marketing solutions, digital imaging and design-to-print graphic services to branded consumer products companies, retailers and the printers that service them. • **SIG,** a world-leading provider of aseptic carton packaging solutions for beverages and liquid food. • **IntraPac** (since December 2017), a designer and manufacturer of specialty rigid packaging solutions.
Business and Information Services	• **Clarivate Analytics** (since October 2016), owner and operator of a collection of leading subscription-based businesses focused on scientific and academic research, patent analytics and regulatory standards, pharmaceutical and biotech intelligence, trademark protection, domain brand protection and intellectual property management. • **Emerald Expositions,** a leading operator of business-to-business trade shows in the United States.
Food Retail and Restaurants	• **Jack's,** a regional premium quick-service restaurant operator based in the United States. • **Save-A-Lot** (since December 2016), one of the largest hard-discount grocery retailers for value-seeking shoppers in the United States.
Credit Strategies	• **Onex Credit Manager** specializes in managing credit-related investments, including event-driven, long/short, long-only, par, stressed, distressed and market dislocation strategies. • **Onex Credit Collateralized Loan Obligations,** leveraged structured vehicles that hold a widely diversified collateral asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity. • **Onex Credit Funds,** investment funds, other than the CLOs, providing exposure to the performance of actively managed, diversified portfolios. • **Onex Credit Lending Partners,** a private debt fund which focuses on providing credit to middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe.

Other	• **Meridian Aviation,** an aircraft investment company managed by BBAM and established by Onex Partners III.
	• **Schumacher,** a leading provider of emergency and hospital medicine physician practice management services in the United States.
	• **Survitec,** a market-leading provider of mission-critical marine, defence and aerospace survival equipment.
	• **Parkdean Resorts** (since March 2017), a leading operator of caravan holiday parks in the United Kingdom.
	• **WireCo** (since September 2016), a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products.
	• **Operating companies of ONCAP II:** EnGlobe, Cicis (up to August 2016), Pinnacle Renewable Energy and PURE Canadian Gaming.
	• **Operating companies of ONCAP III:** Hopkins, PURE Canadian Gaming, Davis-Standard, Bradshaw, Mavis Discount Tire, Venanpri Group, Chatters and Tecta (since August 2016).
	• **Operating companies of ONCAP IV:** Tecta (since August 2016) and Laces (since December 2017). The other segment excludes IntraPac, which is included in the packaging products and services operating segment.
	• **Joint ventures and associates at fair value:**
	  • *AIT,* a leading provider of automation, factory integration and tooling dedicated to the global aerospace, defence and space launch industries.
	  • *BBAM,* the world's largest dedicated manager of leased aircraft.
	  • *Incline Aviation Fund* (since February 2016), an aircraft investment fund managed by BBAM and focused on investments in leased commercial jet aircraft.
	  • *Venanpri Group,* a global leader in the manufacturing of consumable wear components that are embedded into agricultural soil preparation and seeding equipment implements.
	  • *Mavis Discount Tire,* a leading regional tire retailer operating in the tire and light vehicle service industry.
	  • *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.
	• **Onex Real Estate:**
	  • *Flushing Town Center,* a three million-square-foot development located on approximately 14 acres in Flushing, New York.
	• **Onex Corporation,** the parent company.
	• **Discontinued operations:** USI (up to May 2017), JELD-WEN (up to May 2017) and KraussMaffei (up to April 2016).

A number of operating companies, by the nature of their businesses, individually serve major customers that account for a large portion of their revenues. During 2017 and 2016, no customers represented more than 10% of the Company's consolidated revenues.

2017 Industry Segments

	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Revenues	$ 6,111	$ 1,862	$ 1,767	$ 775	$ 2,391	$ 1,262	$ 4,724	$ 4	$ 5,601	$ 24,497
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(5,614)	(1,068)	(1,340)	–	(1,525)	(517)	(3,984)	–	(3,873)	(17,921)
Operating expenses	(209)	(507)	(304)	(696)	(302)	(418)	(572)	(64)	(1,148)	(4,220)
Interest income	2	2	–	–	2	–	1	346	23	376
Amortization of property, plant and equipment	(68)	(62)	(30)	(6)	(199)	(8)	(105)	–	(164)	(642)
Amortization of intangible assets and deferred charges	(9)	(47)	(16)	(46)	(150)	(253)	(18)	(5)	(134)	(678)
Interest expense of operating companies and credit strategies	(12)	(145)	(21)	(72)	(223)	(176)	(82)	(211)	(270)	(1,212)
Increase in value of investments in joint ventures and associates at fair value, net	–	–	–	–	–	–	–	–	760	760
Stock-based compensation expense	(30)	(4)	(3)	(3)	(1)	(20)	(6)	–	(111)	(178)
Other gains	–	731	–	–	–	–	–	–	–	731
Other expense	(39)	(9)	(4)	(3)	(107)	(77)	(69)	(111)	(288)	(707)
Impairment of goodwill, intangible assets and long-lived assets, net	–	–	(8)	–	(2)	(7)	(5)	–	(165)	(187)
Limited Partners' Interests charge	–	–	–	–	–	–	–	(20)	(1,330)	(1,350)
Earnings (loss) before income taxes and discontinued operations	132	753	41	(51)	(116)	(214)	(116)	(61)	(1,099)	(731)
Recovery of (provision for) income taxes	(27)	(61)	17	60	18	49	32	–	(4)	84
Earnings (loss) from continuing operations	105	692	58	9	(98)	(165)	(84)	(61)	(1,103)	(647)
Earnings from discontinued operations[(a)]	–	–	–	–	–	–	–	–	3,042	3,042
Net earnings (loss)	$ 105	$ 692	$ 58	$ 9	$ (98)	$ (165)	$ (84)	$ (61)	$ 1,939	$ 2,395
Net earnings (loss) attributable to:										
Equity holders of Onex Corporation	$ 14	$ 630	$ 57	$ 7	$ (99)	$ (116)	$ (85)	$ (61)	$ 2,047	$ 2,394
Non-controlling interests	91	62	1	2	1	(49)	1	–	(108)	1
Net earnings (loss)	$ 105	$ 692	$ 58	$ 9	$ (98)	$ (165)	$ (84)	$ (61)	$ 1,939	$ 2,395

(in millions of U.S. dollars) As at December 31, 2017	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Total assets	$ 2,945	$ 1,321	$ 982	$ 1,524	$ 6,800	$ 5,652	$ 2,094	$ 10,048	$ 13,313	$ 44,679
Long-term debt[(b)]	$ 187	$ 1,132	$ 379	$ 939	$ 3,770	$ 2,566	$ 943	$ 7,877	$ 4,256	$ 22,049
Property, plant and equipment additions[(c)]	$ 95	$ 64	$ 24	$ 6	$ 269	$ 8	$ 48	$ 1	$ 237	$ 752
Intangible assets with indefinite life	$ –	$ 8	$ 221	$ 148	$ 443	$ 458	$ 436	$ –	$ 343	$ 2,057
Goodwill additions from acquisitions	$ –	$ –	$ 2	$ 1	$ –	$ 72	$ –	$ –	$ 493	$ 568
Goodwill	$ 23	$ 227	$ 278	$ 616	$ 2,327	$ 2,304	$ 230	$ 62	$ 2,156	$ 8,223

(a) Represents the after-tax results of JELD-WEN (up to May 2017) and USI (up to May 2017), as described in note 8.

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

(c) Amounts for 2017 include JELD-WEN (up to May 2017) and USI (up to May 2017), which are discontinued operations, as described in note 8.

2016 Industry Segments

	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Revenues	$ 6,016	$ 1,990	$ 1,785	$ 745	$ 2,414	$ 525	$ 689	$ 4	$ 3,637	$ 17,805
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(5,510)	(1,127)	(1,358)	–	(1,541)	(180)	(578)	–	(2,614)	(12,908)
Operating expenses	(211)	(527)	(310)	(655)	(296)	(176)	(60)	(38)	(760)	(3,033)
Interest income	15	2	–	–	1	–	–	313	18	349
Amortization of property, plant and equipment	(66)	(64)	(30)	(9)	(190)	(2)	(15)	–	(71)	(447)
Amortization of intangible assets and deferred charges	(10)	(74)	(16)	(42)	(149)	(104)	(3)	(5)	(115)	(518)
Interest expense of operating companies	(11)	(148)	(23)	(68)	(218)	(92)	(20)	(164)	(138)	(882)
Increase in value of investments in joint ventures and associates at fair value, net	–	–	–	–	–	–	–	–	180	180
Stock-based compensation expense	(33)	(5)	(3)	(3)	(1)	(3)	(1)	–	(145)	(194)
Other gains	–	–	8	–	–	–	–	–	28	36
Other income (expense)	(29)	24	(10)	3	(23)	(70)	(18)	222	(120)	(21)
Impairment of goodwill, intangible assets and long-lived assets, net	–	(2)	–	(226)	–	(4)	–	–	–	(232)
Limited Partners' Interests charge	–	–	–	–	–	–	–	(60)	(587)	(647)
Earnings (loss) before income taxes and discontinued operations	161	69	43	(255)	(3)	(106)	(6)	272	(687)	(512)
Recovery of (provision for) income taxes	(25)	(30)	(15)	23	(41)	(7)	13	–	(25)	(107)
Earnings (loss) from continuing operations	136	39	28	(232)	(44)	(113)	7	272	(712)	(619)
Earnings from discontinued operations[a]	–	–	–	–	–	–	–	–	583	583
Net earnings (loss)	$ 136	$ 39	$ 28	$ (232)	$ (44)	$ (113)	$ 7	$ 272	$ (129)	$ (36)
Net earnings (loss) attributable to:										
Equity holders of Onex Corporation	$ 18	$ 42	$ 27	$ (204)	$ (44)	$ (75)	$ 6	$ 272	$ (172)	$ (130)
Non-controlling interests	118	(3)	1	(28)	–	(38)	1	–	43	94
Net earnings (loss)	$ 136	$ 39	$ 28	$ (232)	$ (44)	$ (113)	$ 7	$ 272	$ (129)	$ (36)

(in millions of U.S. dollars) As at December 31, 2016	Electronics Manufacturing Services	Healthcare Imaging	Health and Human Services	Insurance Services	Packaging Products and Services	Business and Information Services	Food Retail and Restaurants	Credit Strategies	Other	Consolidated Total
Total assets	$ 2,822	$ 1,473	$ 995	$ 1,545	$ 6,144	$ 5,765	$ 2,185	$ 7,624	$ 14,360	$ 42,913
Long-term debt[b]	$ 226	$ 1,920	$ 421	$ 939	$ 3,447	$ 2,667	$ 886	$ 5,912	$ 6,445	$ 22,863
Property, plant and equipment additions	$ 77	$ 58	$ 28	$ 10	$ 222	$ 2	$ 26	$ –	$ 189	$ 612
Intangible assets with indefinite life	$ –	$ 8	$ 222	$ 148	$ 422	$ 441	$ 436	$ –	$ 624	$ 2,301
Goodwill additions from acquisitions	$ 4	$ 15	$ 1	$ –	$ 5	$ 1,313	$ 23	$ –	$ 560	$ 1,921
Goodwill	$ 23	$ 338	$ 283	$ 615	$ 2,077	$ 2,203	$ 225	$ 62	$ 3,348	$ 9,174

(a) Represents the after-tax results of JELD-WEN, KraussMaffei (up to April 2016), Sitel Worldwide and USI, as described in note 8.

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

Geographic Segments

	2017						2016					
	Canada	**U.S.**	**Europe**	**Asia and Oceania**	**Other[a]**	**Total**	Canada	U.S.	Europe	Asia and Oceania	Other[a]	Total
Revenue[b]	**$ 787**	**$ 14,043**	**$ 3,647**	**$ 4,535**	**$ 1,485**	**$ 24,497**	$ 758	$ 9,956	$ 2,745	$ 2,984	$ 1,362	$ 17,805
Property, plant and equipment[c]	**$ 389**	**$ 1,226**	**$ 2,589**	**$ 779**	**$ 343**	**$ 5,326**	$ 316	$ 1,845	$ 961	$ 792	$ 361	$ 4,275
Intangible assets[c]	**$ 508**	**$ 3,489**	**$ 3,580**	**$ 170**	**$ 140**	**$ 7,887**	$ 287	$ 5,029	$ 3,603	$ 239	$ 128	$ 9,286
Goodwill[c]	**$ 357**	**$ 4,982**	**$ 2,079**	**$ 658**	**$ 147**	**$ 8,223**	$ 210	$ 5,572	$ 2,685	$ 570	$ 137	$ 9,174

(a) Other consists primarily of operations in Central and South America, Mexico and Africa.

(b) Revenues exclude discontinued operations, as described in note 8. Revenues are attributed to geographic areas based on the destinations of the products and/or services.

(c) Amounts for 2017 exclude USI and JELD-WEN, which are discontinued operations, as described in note 8.

SHAREHOLDER INFORMATION

Year-End Closing Share Price

As at December 31 *(in Canadian dollars)*	**2017**	2016	2015	2014	2013
Toronto Stock Exchange	**$ 92.19**	$ 91.38	$ 84.82	$ 67.46	$ 57.35

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

Share Symbol
ONEX

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, 2017, the indicated dividend rate for each Subordinate Voting Share was C$0.30 per annum. Registered shareholders can elect to receive dividend payments in U.S. dollars by submitting a completed currency election form to AST Trust Company (Canada) five business days before the record date of the dividend. Non-registered shareholders who wish to receive dividend payments in U.S. dollars should contact their broker to submit their currency election.

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

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

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

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

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

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

Website
www.onex.com

Auditors
PricewaterhouseCoopers LLP
Chartered Professional Accountants

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

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

Annual Meeting of Shareholders
Onex Corporation's Annual Meeting of Shareholders will be held on May 10, 2018 at 10:00 a.m. (Eastern Daylight Time) at the Hockey Hall of Fame, 30 Yonge Street, Toronto, Ontario.

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