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, 2019 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, consolidated statement of equity 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 using accounting policies that are consistent with International Financial Reporting Standards ("IFRS") to provide information about Onex and should not be considered as providing sufficient information to make an investment or lending decision in regard to any particular Onex operating business, private equity fund, credit strategy or other investments.

The following MD&A is the responsibility of management and is as of February 27, 2020. Preparation of the MD&A includes the review of the disclosures by senior management 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, composed 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:

Onex Corporation's financial filings, including the 2019 Annual Report, 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. Onex management believes these financial measures provide helpful information to investors. Reconciliations of the non-GAAP financial measures to information contained in the consolidated financial statements have been presented where practical.

References

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

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

A glossary of terms commonly used within the MD&A is included on page 67.

COMPANY OVERVIEW

Onex is a public company, the shares of which trade on the Toronto Stock Exchange under the symbol ONEX. The Company manages and invests capital in its private equity, credit and wealth management platforms on behalf of shareholders, institutional investors and high net worth families from its offices in Toronto, New York, New Jersey and London.

Onex is an investor first and foremost, with $7.2 billion of shareholder capital ($69.47 or C$90.23 per fully diluted share) at December 31, 2019, primarily invested in or committed to its private equity and credit platforms. As at December 31, 2019, Onex also managed $31.2 billion of invested and committed capital on behalf of institutional investors and high net worth families from around the world, including public and private pension plans, sovereign wealth funds, insurance companies and family offices that have chosen to invest alongside us. Onex' policy is to maintain a financially strong parent company with funds available to meet capital commitments to its investing platforms and to support the growth of its asset and wealth management businesses.

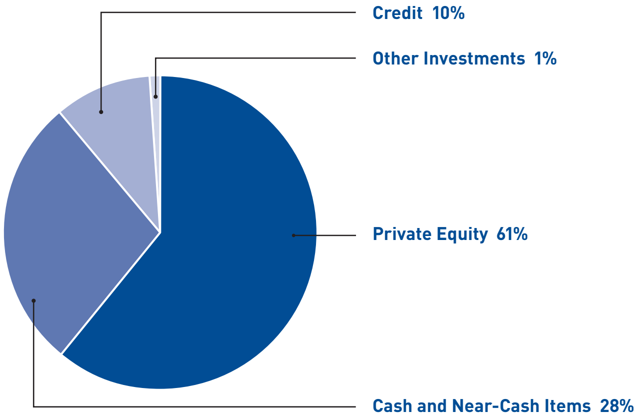
Critical to Onex' success is the strong alignment of interests between shareholders, limited partners, clients and the Onex management team. Onex' distinctive ownership culture is evidenced by the Onex management team's $1.9 billion investment in Onex shares, DSUs and various Onex funds.

With an experienced management team, significant financial resources and no external debt, Onex is well-positioned to continue building shareholder value through its investment activities and its asset and wealth management platforms.

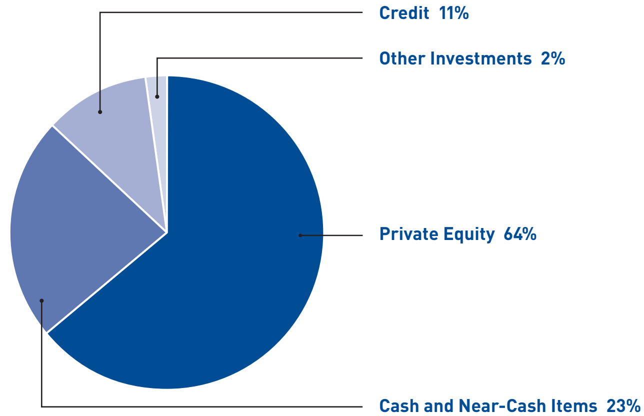
INVESTING

At December 31, 2019, substantially all of Onex' shareholder capital was invested in or committed to its private equity and credit platforms.

Onex' Investment Allocation at December 31, 2019



Onex' Investment Allocation at December 31, 2018



Private Equity

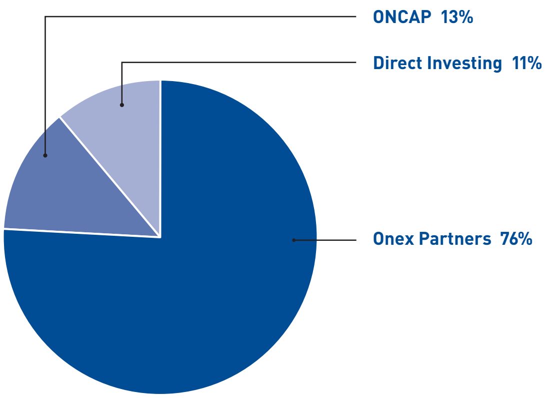
Founded in 1984, Onex is one of the oldest and most successful private equity firms. Today, the Company primarily invests in its two private equity platforms: Onex Partners for larger transactions and ONCAP for middle-market and smaller transactions. Onex' private equity funds acquire and build high-quality businesses in partnership with talented management teams and focus on execution theses rather than macro-economic or industry trends. Onex has always been the largest limited partner in each of its private equity funds.

Onex' private equity funds typically acquire control positions, which allow the funds to drive important strategic decisions and effect change at the operating businesses. The Onex management team and Onex private equity funds do not get involved in the daily decisions of the operating businesses.

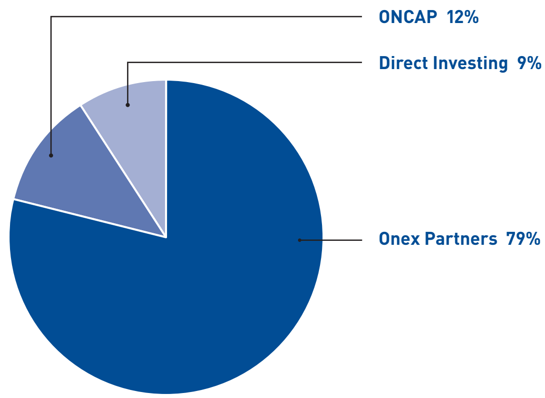
Over 35 years, Onex has built more than 105 operating businesses, completing about 655 acquisitions with a total value of $81 billion. Since inception, Onex has generated a Gross MOC of 2.5 times, resulting in a 27% Gross IRR on realized, substantially realized and publicly traded investments.

As at December 31, 2019, Onex' investments in private equity totalled $4.0 billion (2018 – $4.0 billion).

Onex' $4.0 billion Investment in Private Equity at December 31, 2019



Onex' $4.0 billion Investment in Private Equity at December 31, 2018



Credit

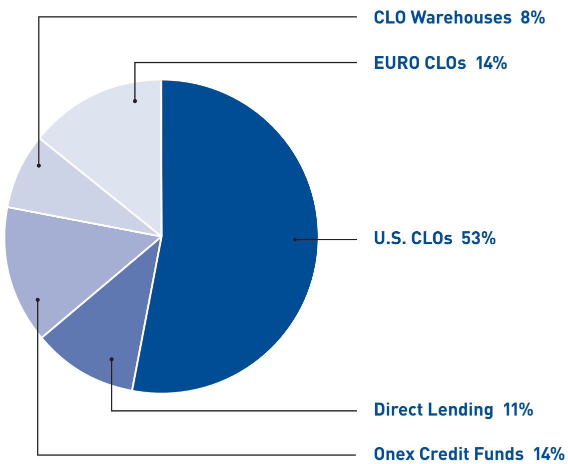
Established in 2007, Onex Credit invests primarily in non-investment grade debt through collateralized loan obligations ("CLOs"), direct lending and other credit strategies. Onex Credit practises value-oriented investing, employing a bottom-up, fundamental and structural analysis of the underlying borrowers. Stringent oversight of portfolio profile and construction risk, along with liquidity management, complement Onex Credit's approach to investment research. The Onex Credit team maintains disciplined risk management, with a focus on capital preservation across all strategies, and targets strong risk-adjusted and absolute returns across market cycles. Onex is a significant investor across its private credit strategies.

Onex Credit's senior loan strategies, which represent the vast majority of its assets under management, have generated strong risk-adjusted returns, low defaults and low loan losses. Since December 2007 and up to December 2019, Onex Credit has invested $32 billion across more than 920 borrowers in North America and, selectively, in Europe. During this period, those strategies experienced very few defaults, representing an annualized principal default rate of 0.36%[1], well below the leveraged loan market default rate of 2.88%[1] over the same period.

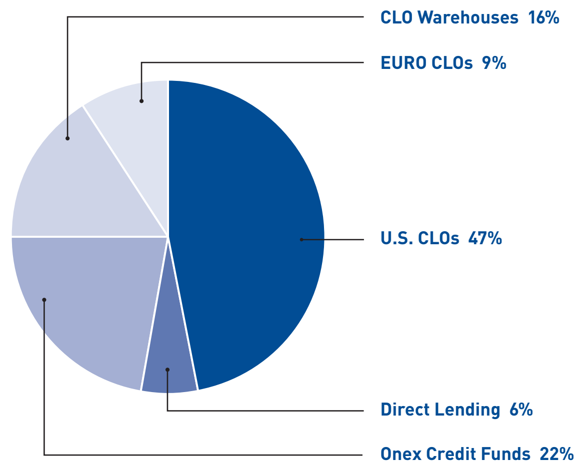
(1) The annualized principal and leveraged loan market default rates are calculated as the average default rate for each 12-month period since December 2007. The leveraged loan market default rate is based on historical default rates reported by J.P. Morgan's U.S. High-Yield and Leveraged Loan Strategy.

As at December 31, 2019, Onex' investments in Onex Credit strategies totalled $649 million (2018 – $726 million). In addition, Onex had $97 million (2018 – $89 million) invested in an Onex Credit strategy included in cash and near-cash items.

Onex' $649 million Investment in Onex Credit Strategies at December 31, 2019



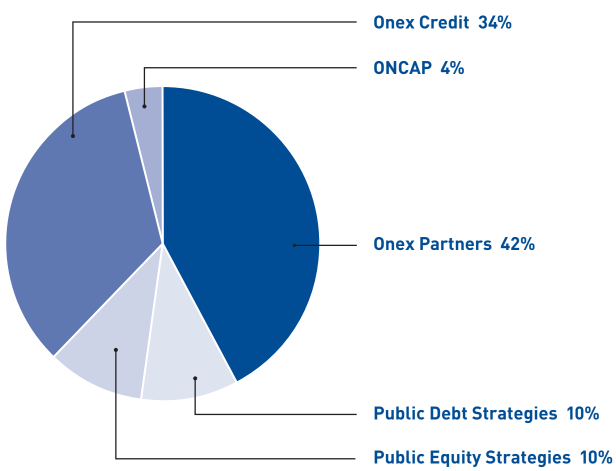
Onex' $726 million Investment in Onex Credit Strategies at December 31, 2018



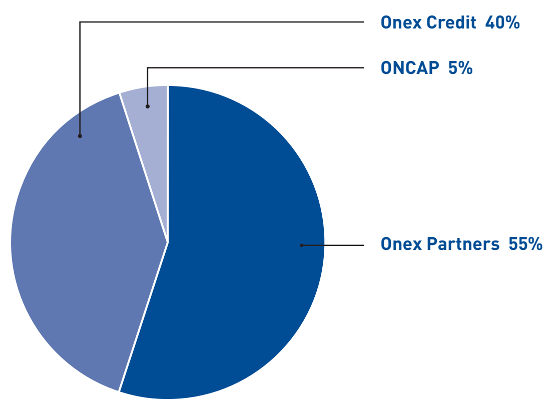
ASSET MANAGEMENT

As of December 31, 2019, Onex managed $31.2 billion (2018 – $23.2 billion) of invested and committed capital on behalf of institutional investors and high net worth families from around the world.

Onex' $31.2 billion of Investor Capital at December 31, 2019



Onex' $23.2 billion of Investor Capital at December 31, 2018



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

Managing investor capital provides Onex with two significant financial benefits: (i) a committed stream of annual management fees and (ii) the opportunity to share in investors' gains. Onex has run-rate management fees from investor capital of $256 million, consisting of $134 million from private equity, $69 million from public equity and public debt strategies and $53 million from private credit. Onex had $25.7 billion of assets under management subject to carried interest or performance fees at December 31, 2019.

Private Equity

In private equity, Onex has raised nine Onex Partners and ONCAP Funds since 1999 and is currently investing Onex Partners V, a $7.15 billion fund, and ONCAP IV, a $1.1 billion fund.

During the initial fee period of the Onex Partners and ONCAP Funds, Onex receives a management fee based on limited partners' committed capital. At December 31, 2019, the management fees of Onex Partners V and ONCAP IV were determined on this basis, with management fee rates of 1.7% and 2.0%, respectively.

Following the termination of the initial fee period, Onex is entitled to a management fee based on limited partners' net funded commitments. At December 31, 2019, management fees were determined on this basis for Onex Partners III (1.0%), Onex Partners IV (1.0%), ONCAP II (2.0%) and ONCAP III (1.5%). As realizations occur in these funds, the management fees earned by Onex will decrease.

Onex is entitled to 40% of the carried interest realized from limited partners in the Onex Partners and ONCAP Funds, while Onex, Onex Partners and ONCAP management are entitled to the remaining 60%. Carried interest is calculated as 20% of the realized net gains of the limited partners in each Fund, provided the limited partners have achieved a minimum 8% net compound annual return on their investment. For ONCAP IV, carried interest participation increases from 20% to 25% of the realized net gains in ONCAP IV once investors achieve a net return of two times their aggregate capital contributions. The following table presents carried interest received by Onex since 2015.

($ millions)	Carried Interest Received
2015	$ 1
2016	14
2017	121
2018	37
2019	43
Total	$ 216

The amount of carried interest ultimately received by Onex is based on realizations, the timing of which can vary significantly from year to year.

Onex' ability to raise new private equity capital is primarily dependent on the general fundraising environment and Onex' investment track record. The following table summarizes the performance of the Onex Partners and ONCAP Funds from their inception up to December 31, 2019. The Net IRR and Net MOC represent the performance for fee-paying limited partners of the Onex Partners and ONCAP Funds.

		Performance Returns[1]			
	Vintage	Gross IRR	Net IRR[2]	Gross MOC	Net MOC[2]
Onex Partners Funds – Invested					
Onex Partners I[3]	2003	55%	38%	4.0x	3.1x
Onex Partners II	2006	17%	13%	2.2x	1.9x
Onex Partners III	2009	18%	12%	2.2x	1.8x
Onex Partners IV	2014	9%	5%	1.3x	1.2x
Total Onex Partners Funds – Invested[4]		26%	n/a	2.0x	n/a
ONCAP Funds – Invested					
ONCAP I[3][5]	1999	43%	33%	4.1x	3.1x
ONCAP II[5]	2006	30%	21%	4.1x	2.8x
ONCAP III[5]	2011	24%	18%	3.0x	2.2x
Total ONCAP Funds – Invested[4][5]		39%	n/a	3.5x	n/a
Onex Partners and ONCAP Funds – Investing					
Onex Partners V[6]	2018	–	–	1.1x	1.0x
ONCAP IV	2016	12%	2%	1.1x	1.0x

(1) Performance returns are non-GAAP financial measures. Onex management believes that performance returns are useful to investors since Onex' ability to raise capital in new funds may be materially impacted by the performance returns of current and prior funds.

(2) 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.

(3) Onex Partners I is substantially realized and ONCAP I has been fully realized.

(4) Represents the aggregate performance returns for all invested Onex Partners and ONCAP Funds. Invested funds are those funds that do not have uncalled commitments that can be used for future Onex-sponsored investments. Net IRR and Net MOC are not calculable across the aggregate Onex Partners and ONCAP Funds.

(5) Performance returns are calculated in Canadian dollars, the functional currency of these ONCAP Funds.

(6) Performance returns reflect the short operating period of Onex Partners V. Cash outflows occurred in November 2018 to fund the first investment made by the Fund. The Gross IRR and Net IRR are not presented as they are not meaningful. The Net MOC is 1.0x for an Onex Partners V limited partner that elected to participate in the credit facility of Onex Partners V.

Private Credit

Onex Credit continues to grow the product lines and distribution channels for its non-investment grade credit investing. To date, Onex Credit has closed 20 CLOs, raised its first direct lending fund with an investing capacity of $1.1 billion and has several other active credit strategies.

As of December 31, 2019, Onex Credit earns run-rate management fees of $53 million on $10.5 billion of fee-generating assets under management:

As at December 31, 2019	Fee-Generating Assets Under Management	Management Fee Basis	Management Fee %
CLOs	$ 8,990	Collateral principal balance	up to 0.50%
Onex Credit Funds	$ 969	Net asset value or	0.45% to 1.50%
		Gross invested assets	0.55%
Direct lending	$ 532	Funded commitments	up to 1.25%
		Unfunded commitments	up to 0.50%

Onex Credit is also entitled to performance fees on $9.5 billion of assets under management as at December 31, 2019. Performance fees range between 15% and 20% of net gains and are generally subject to a hurdle or minimum preferred return to investors.

WEALTH MANAGEMENT

In June 2019, Onex acquired Gluskin Sheff, a Canadian wealth management firm serving high net worth families and institutional investors, as described on page 29 of this MD&A. Gluskin Sheff invests the capital of its clients mainly across a number of public debt and public equity strategies and earns revenue primarily from base management fees and performance fees. As at December 31, 2019, Gluskin Sheff had total fee-generating client capital of $6.4 billion (C$8.3 billion).

As of December 31, 2019, Gluskin Sheff earns base management fees of up to 1.50% on assets under management, with run-rate management fees of $69 million (C$90 million). Gluskin Sheff is also entitled to performance fees on $5.1 billion (C$6.7 billion) of assets under management, which range between 10% and 25% and may be subject to performance hurdles.

FIRM RESOURCES

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 155 years of investing experience and have worked at Onex for an average of 28 years. Onex' stability results from its ownership culture, rigorous recruiting standards and highly collegial environment.

Onex' 130 investment professionals are each dedicated to a separate investment platform: Onex Partners (63), ONCAP (21), Onex Credit (27) and Wealth Management (19). These investment teams are supported by approximately 175 professionals dedicated to Onex' corporate functions and investment platforms.

Substantial financial resources available for future growth

Onex seeks to maintain a financially strong parent company with funds available to meet its capital commitments to its investing platforms and to support the growth of its asset and wealth management businesses. Onex' financial strength comes from both its own capital as well as the capital committed by its investors. Today, Onex has substantial financial resources available to support its investing platforms with:

- approximately $1.8 billion of cash and near-cash items and no external debt;
- $4.0 billion of limited partner uncalled capital available for future Onex Partners V investments; and
- $235 million of limited partner uncalled capital available for future ONCAP IV investments.

Strong alignment of interests

Critical to Onex' success is the strong alignment of interests between shareholders, 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 its private credit platform, the Company's distinctive ownership culture requires the Onex management team to have a significant ownership in Onex shares and to invest meaningfully in each private equity investment. At December 31, 2019, the Onex management team:

- was the largest shareholder in Onex, with a combined holding of approximately 15.8 million shares, or 16% of outstanding shares, and 0.7 million DSUs;
- had a total investment in Onex' private equity investments at market value of approximately $500 million;
- had a total investment in Onex Credit strategies at market value of approximately $280 million; and
- had a total investment managed by Gluskin Sheff at market value of approximately $65 million.

Onex and Onex Partners management are also required to reinvest up to 25% of all Onex Partners carried interest and MIP distributions in Onex shares and must hold these shares for at least three years.

OUR OBJECTIVE

Onex works to create long-term value for shareholders and to have that value reflected in its share price. Onex delivers this value by (i) investing Onex' shareholder capital primarily in Onex' private equity funds and Onex Credit strategies and (ii) managing and growing the third-party capital invested in and committed to its private equity, public equity and credit platforms. Onex believes it has the investment philosophy, talent, financial resources and track record to continue to deliver on this objective.

2019 ACTIVITY

PRIVATE EQUITY INVESTING

Capital Deployment

The table below presents the significant private equity investments made since January 1, 2019.

Fund	Company	Transaction	Period	Onex' Share *($ millions)*
Onex Partners V	WestJet	Original investment	Dec '19	$ 261
Onex Partners V	Convex	Original investment	Apr '19	124
ONCAP IV	Enertech	Original investment	Nov '19	39
Direct investment	RSG	Add-on investment	Mar '19	25
Onex Partners IV	PowerSchool	Add-on investment	Nov '19	13
ONCAP IV	ILAC	Original investment	Aug '19	7
Total				$ 469

In March 2019, Onex invested an additional $25 million in common equity of RSG to support the company's acquisition activities.

In April 2019, Onex invested $124 million in Onex Partners V as its share of the fund's investment in Convex, a de novo specialty property and casualty insurance company.

In August 2019, Onex invested $7 million in ONCAP IV as its share of the fund's investment in ILAC, an English language school in Canada.

In November 2019, Onex invested $39 million in ONCAP IV as its share of the fund's investment in Enertech, a provider of wireless infrastructure services to telecommunications carriers and tower owners in the United States.

In November 2019, Onex invested an additional $13 million in Onex Partners IV to support PowerSchool's acquisition activities.

In December 2019, Onex invested $261 million in Onex Partners V as its share of the fund's investment in WestJet, a Canadian airline based in Calgary, Alberta.

At December 31, 2019, Onex had uncalled committed capital of $1.5 billion to Onex Partners V and $162 million to ONCAP IV.

Realizations

The table below presents the significant private equity realizations and distributions during the year ended December 31, 2019.

Fund	Company	Transaction	Period	Onex' Share[1] ($ millions)
Onex Partners IV	Clarivate Analytics	Secondary offerings and distribution	Various	$ 441
Onex Partners IV	SIG	Secondary offerings and dividend	Various	296
Onex Partners IV	Jack's	Sale of business and distributions	Various	231
Onex Partners I	BrightSpring Health	Sale of business	Mar '19	99
Onex Partners III	BrightSpring Health	Sale of business	Mar '19	92
Direct investment	RSG	Distributions	Various	19
ONCAP II	PURE Canadian Gaming	Distribution	Jul '19	14
ONCAP III	PURE Canadian Gaming	Distribution	Jul '19	3
Onex Partners III	BBAM	Distributions	Various	10
Total				$ 1,205

(1) Includes carried interest received by Onex and is reduced for amounts paid under management incentive programs, if applicable. Includes Onex' share of proceeds as a co-investor, if applicable.

In March 2019, the Onex Partners I and Onex Partners III Groups sold BrightSpring Health (formerly ResCare), a provider of residential, training, educational and support services for people with disabilities and special needs in the United States, for an enterprise value of approximately $1.3 billion. Onex' share of the net proceeds from Onex Partners I and Onex Partners III was $99 million and $92 million, respectively, including carried interest of $39 million and net of the MIP distribution of $12 million. The investment in BrightSpring Health generated a Gross MOC of 5.7 times and a Gross IRR of 17%.

In August 2019, the Onex Partners IV Group sold Jack's, a regional quick-service restaurant operator. Onex' share of the net proceeds from Onex Partners IV as a result of this sale was $224 million, net of the MIP distribution of $12 million. The investment in Jack's generated a Gross MOC of 3.6 times and a Gross IRR of 38%.

In September 2019, the Onex Partners IV Group sold approximately 30.0 million shares of SIG at a price of CHF 12.00 per share and in November 2019, the Onex Partners IV Group sold approximately 31.4 million shares of SIG at a price of CHF 13.30 per share. SIG is a leading systems and solutions provider for aseptic carton packaging. Onex' combined share of the net proceeds from the Onex Partners IV Group was CHF 273 million ($276 million). No amounts were paid on account of the MIP as the required realized investment return hurdle for Onex was not met on realizations to date.

In September 2019, the Onex Partners IV Group sold approximately 27.5 million ordinary shares of Clarivate Analytics at a price of $16.00 per share and in December 2019, the Onex Partners IV Group sold approximately 49.7 million ordinary shares of Clarivate Analytics at a price of $17.25 per share. Clarivate Analytics is a global analytics provider. Onex' combined share of the net proceeds from the Onex Partners IV Group was $387 million. No amounts were paid on account of the MIP as the required realized investment return hurdle for Onex was not met on realizations to date.

In November 2019, the Onex Partners IV Group received a distribution from Clarivate Analytics in relation to the settlement of a tax receivable agreement that was entered into with the company in connection with Clarivate Analytics' initial public offering in January 2019. The agreement entitled the Onex Partners IV Group to a portion of the tax benefits realized by Clarivate Analytics relating to tax attributes that were present at the time of the initial public offering. Onex' share of the distribution was $54 million.

Fund-level Developments

During the year ended December 31, 2019, the Onex Partners and ONCAP operating businesses continued to execute on their investment theses:

- completing follow-on acquisitions for total consideration of approximately $545 million;
- collectively raising or refinancing approximately $3.2 billion of debt;
- paying down debt totalling approximately $385 million;
- in Onex Partners III, York was acquired by Sedgwick Claims Management Services in exchange for equity in the combined business;
- in Onex Partners IV, Clarivate Analytics merged with Churchill Capital Corp and publicly listed its shares on the New York Stock Exchange under the symbol CCC. Additionally, in early October 2019, SMG merged with AEG Facilities to form ASM Global; and
- in Onex Partners IV and Onex Partners V, KidsFoundation completed in January 2020 its acquisition of Partou Holding B.V., the second-largest childcare provider in the Netherlands.

Performance

During the year ended December 31, 2019, Onex' investment segment had net gains from private equity investments of $683 million, which included a decrease of $66 million in the fair value of corporate investments related to changes to the Onex management team's participation, as described on page 62 of this MD&A. The following table presents the recent gross performance of Onex' private equity investments:

	Year Ended December 31, 2019
Increase in value of Onex' private equity investments in U.S. dollars[1]:	
Onex Partners	**25%**
ONCAP	**3%**
Direct investments	**12%**
Total private equity investments	**21%**

(1) Adjusted for capital deployed, realizations and distributions. Performance results are gross of management incentive programs and an allocation of management fees and carried interest on Onex' capital.

PRIVATE CREDIT INVESTING

Capital Deployment

During 2019, Onex invested $197 million in Onex Credit strategies, including the following:

Strategy	Transaction	Period	Amount Invested *($ millions)*
Direct lending	OCLP I and origination investments	Various	**$ 45**
EURO CLO-3	Equity investment	May '19	**40**[1]
CLO-18 warehouse	Warehouse investments	Various	**30**
CLO-17 warehouse	Warehouse investments	Various	**24**
CLO-17	Equity investment	Jul '19	**23**
EURO CLO-4 warehouse	Warehouse investments	Various	**22**[1]
CLO-16	Equity investment	Mar '19	**13**
Total			**$ 197**

(1) The investments made by Onex in EURO CLO-3 and the warehouse for EURO CLO-4 were made in euros and totalled €35 million and €20 million, respectively.

On closing, Onex received approximately $50 million and $24 million plus interest for the investments that supported the warehouse facilities for CLO-16 and CLO-17, respectively, and €55 million ($61 million) plus interest for the investment that supported the warehouse facility for EURO CLO-3.

At December 31, 2019, Onex had a net investment of $503 million in its CLOs, including $52 million in two warehouse facilities.

Realizations

Onex receives regular quarterly distributions from its CLO investments, including $85 million during the year ended December 31, 2019 (2018 – $59 million). Additionally, Onex received distributions of $4 million from CLO-2, which was redeemed in November 2018, and distributions totalling $25 million from direct lending.

During the fourth quarter of 2019, Onex received distributions totalling $71 million from the Onex Debt Opportunity Fund. The distributions received were in connection with the dissolution of the Fund, which is expected to be completed during 2020.

Performance

During the year ended December 31, 2019, Onex had net gains of $64 million on its Onex Credit strategies investments, representing a 7% increase in value.

Onex primarily invests in the equity tranches of its 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' long-term target Net IRR for its CLO equity investments is 12%.

Onex had mark-to-market net gains of $9 million on its CLO investments during the three months ended December 31, 2019 (2018 – net losses of $69 million) and generated mark-to-market net gains of $41 million during the year ended December 31, 2019 (2018 – net losses of $76 million). All of the Onex Credit CLOs remain onside with their various coverage tests and Onex remains a long-term investor in its CLOs. To date, Onex has fully realized three CLOs, generating a Net IRR of approximately 12%.

INVESTMENT SEGMENT EARNINGS

During the three months ended December 31, 2019, Onex' investing segment generated net earnings of $160 million ($1.55 per fully diluted share), which was primarily driven by $145 million of net gains from private equity investments. Onex' investing segment net earnings for the three months ended December 31, 2019 were reduced by an allocation to the asset and wealth management segment of $16 million, representing management fees and carried interest that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees and carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These allocations were made in accordance with IFRS 8, *Operating segments* ("IFRS 8") as this presentation of segmented results is used by management, in part, to assess the performance of Onex.

During the year ended December 31, 2019, Onex' investing segment generated net earnings of $756 million ($7.33 per fully diluted share), which was primarily driven by $683 million of net gains from private equity investments. Onex' investing segment net earnings for the year ended December 31, 2019 were reduced by a net allocation to the asset and wealth management segment of $57 million, representing management fees and a net reversal of carried interest, as described above.

ASSET AND WEALTH MANAGEMENT

In June 2019, Onex acquired Gluskin Sheff for C$445 million ($329 million). Gluskin Sheff is a pre-eminent Canadian wealth management firm serving high net worth families and institutional investors with fee-generating client capital of C$8.3 billion ($6.4 billion) at December 31, 2019. Gluskin Sheff invests the capital of its clients primarily across a number of public debt and public equity strategies and earns its revenue mainly from base management fees, calculated as a percentage of fee-generating assets under management, and performance fees.

At December 31, 2019, Onex' third-party assets under management totalled $31.2 billion (2018 – $23.2 billion), of which $27.5 billion was fee-generating (2018 – $20.6 billion). The increase in fee-generating investor capital under management was primarily driven by the acquisition of Gluskin Sheff.

Investor Capital Under Management[1][2]

($ millions)	Total			Fee-Generating		
	December 31, 2019	December 31, 2018	**Change in Total**	**December 31, 2019**	December 31, 2018	**Change in Total**
Onex Partners Funds	**$ 13,077**	$ 12,681	**3 %**	**$ 10,038**	$ 10,534	**(5)%**
Onex Credit Strategies	**10,689**	9,230	**16 %**	**10,491**	9,010	**16 %**
Public Debt Strategies[3]	**3,225**	–	**n/a**	**3,149**	–	**n/a**
Public Equity Strategies[3]	**2,977**	–	**n/a**	**2,775**	–	**n/a**
ONCAP Funds[4]	**1,247**	1,269	**(2)%**	**1,039**	1,057	**(2)%**
Total	**$ 31,215**	$ 23,180	**35 %**	**$ 27,492**	$ 20,601	**33 %**

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

(2) Invested amounts included in investor capital under management are presented at fair value and include investor co-investments and capital invested by the Onex management team, as applicable.

(3) Capital under management for Gluskin Sheff's public debt and public equity strategies is in Canadian dollars and has been converted to U.S. dollars using the exchange rate on December 31, 2019.

(4) Capital under management for ONCAP II and III is in Canadian dollars and has been converted to U.S. dollars using the exchange rates on December 31, 2019 and December 31, 2018, respectively.

Since the June 2019 acquisition, Gluskin Sheff clients have been provided access to Onex' private equity and credit strategies. Gluskin Sheff clients had invested their capital across the following strategies:

Gluskin Sheff Client Capital				
($ millions)	Total		Fee-Generating	
	December 31, 2019	December 31, 2018[1]	**December 31, 2019**	December 31, 2018[1]
Public Debt Strategies	**$ 3,225**	$ 3,088	**$ 3,149**	$ 3,067
Public Equity Strategies	**2,977**	3,095	**2,775**	2,936
Onex Credit Strategies	**383**	–	**382**	–
Onex Private Equity	**53**	–	**52**	–
Total	**$ 6,638**	$ 6,183	**$ 6,358**	$ 6,003

(1) Gluskin Sheff client capital at December 31, 2018 does not represent Onex' assets under management as Gluskin Sheff was acquired by Onex in June 2019.

During the three months and year ended December 31, 2019, Onex' asset and wealth management segment generated net earnings of $51 million ($0.49 per fully diluted share) and $80 million ($0.76 per fully diluted share), respectively, as described on pages 31 and 32 of this MD&A. These amounts include contributions of $21 million and $34 million during the three months and year ended December 31, 2019, respectively, from Wealth Management since the acquisition of Gluskin Sheff on June 1, 2019. Onex' asset and wealth management segment would have generated net earnings of approximately $94 million ($0.90 per fully diluted share) for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019.

Onex' asset and wealth management segment net earnings for the three months ended December 31, 2019 included allocations from the investing segment of $15 million (2018 – $13 million) of management fees and a net increase in carried interest of $1 million (2018 – net reversal of $12 million) that would have been recognized by the asset and wealth management segment had Onex' capital been subject to management fees and carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. For the year ended December 31, 2019, these management fee and carried interest allocations from the investing segment were $61 million (2018 – $46 million) and a net reversal of $4 million (2018 – $9 million), respectively. These allocations were made in accordance with IFRS 8 as this presentation of segmented results is used by management, in part, to assess the performance of Onex.

Segment management and advisory fees during the year ended December 31, 2019 totalled $302 million (2018 – $199 million). A net reversal of segment carried interest of $5 million (2018 – $46 million) was recognized during the year ended December 31, 2019 primarily as a result of changes in fair value of certain underlying investments in Onex Partners II, Onex Partners III and ONCAP IV.

Segment Management and Advisory Fees

($ millions)	**Three Months Ended December 31, 2019**	Three Months Ended December 31, 2018	**Change in Total**	**Year Ended December 31, 2019**	Year Ended December 31, 2018	**Change in Total**
Onex Partners Funds[1]	**$ 43**	$ 37	**$ 6**	**$ 179**	$ 120	**$ 59**
Onex Credit Strategies	**13**	13	**–**	**52**	50	**2**
ONCAP Funds[2]	**8**	7	**1**	**28**	29	**(1)**
Public Debt Strategies[3]	**10**	–	**10**	**25**	–	**25**
Public Equity Strategies[3]	**8**	–	**8**	**18**	–	**18**
Total	**$ 82**	$ 57	**$ 25**	**$ 302**	$ 199	**$ 103**

(1) Includes advisory fees from the Onex Partners operating businesses.
(2) Includes advisory fees from the ONCAP operating businesses.
(3) Management and advisory fees for the public debt and public equity strategies include the results of Gluskin Sheff since its acquisition by Onex in June 2019, as described on page 29 of this MD&A.

The increase in management and advisory fees for Onex Partners was driven by Onex Partners V beginning to accrue management fees in late 2018. Management and advisory fees also increased as a result of the acquisition of Gluskin Sheff in June 2019.

Carried interest is typically received only on the realization of underlying fund investments. During the year ended December 31, 2019, Onex received $43 million of carried interest primarily from the sale of BrightSpring Health, as described on page 13 of this MD&A. The General Partner of Onex Partners IV elected to defer the receipt of carried interest related to the sale of Jack's and the secondary offerings by Clarivate Analytics and SIG, as described on page 13 of this MD&A. At December 31, 2019, unrealized carried interest outstanding totalled $66 million (2018 – $110 million).

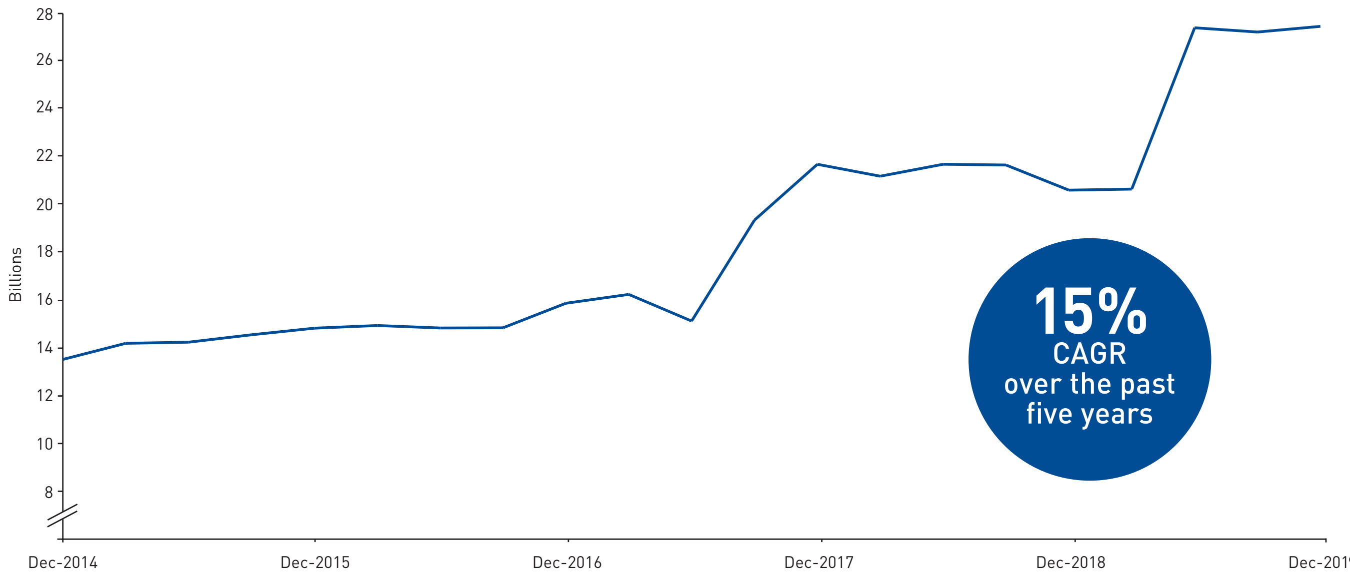
Unrealized Carried Interest[1]

($ millions)	As at December 31, 2018	**Realizations**	**Change in Fair Value**	**As at December 31, 2019**
Onex Partners Funds	$ 89	**$ (41)**	**$ –**	**$ 48**
ONCAP Funds	21	**(2)**	**(1)**	**18**
Total	$ 110	**$ (43)**	**$ (1)**	**$ 66**

(1) Excludes unrealized carried interest related to Onex' capital. The actual amount of carried interest earned by Onex will depend on the ultimate performance of each underlying fund.

Over the past five years, fee-generating capital under management has increased at a compound annual growth rate ("CAGR") of 15%, which includes the fee-generating capital of Gluskin Sheff acquired in June 2019.

Fee-Generating Capital Under Management (December 31, 2014 to December 31, 2019)



SHARE PRICE

Onex' objective is to have the value of its investing and asset and wealth management activities reflected in its share price. These efforts are supported by a long-standing quarterly dividend and an active stock buyback program. In May 2019, Onex increased its quarterly dividend by 14% to C$0.10 per SVS beginning in July 2019. This increase follows similar increases in the previous six years and reflects Onex' continued growth and ongoing commitment to its shareholders.

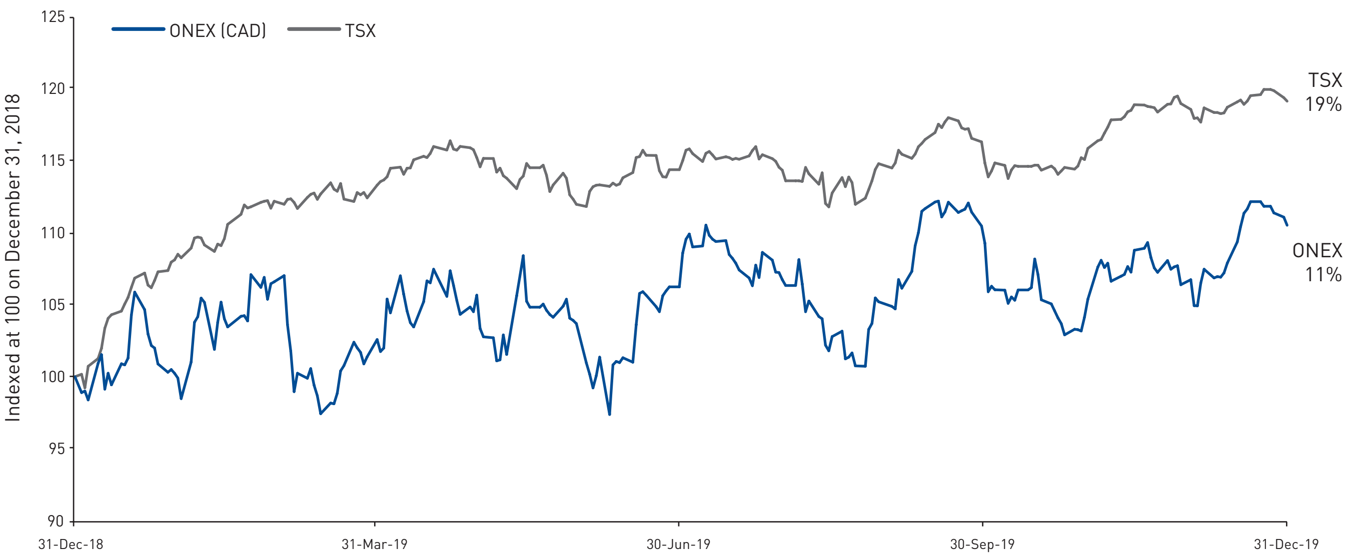
Onex has had an active share repurchase program for more than 20 years and has reduced its shares outstanding by nearly half of the original share count when it launched the program in 1997. During the year ended December 31, 2019, $28 million was returned to shareholders through dividends and Onex repurchased and cancelled 629,027 SVS at a total cost of $34 million (C$46 million), or an average purchase price of $54.80 (C$73.59) per share.

Through its dividends and share repurchase program, Onex has returned more than C$2.2 billion to shareholders since 1997.

At December 31, 2019, Onex' SVS closed at C$82.17, an 11% increase from December 31, 2018. This compares to a 19% increase in the S&P/TSX Composite Index ("TSX").

The following chart shows the performance of Onex' SVS in Canadian dollars during the year ended December 31, 2019 relative to the TSX.

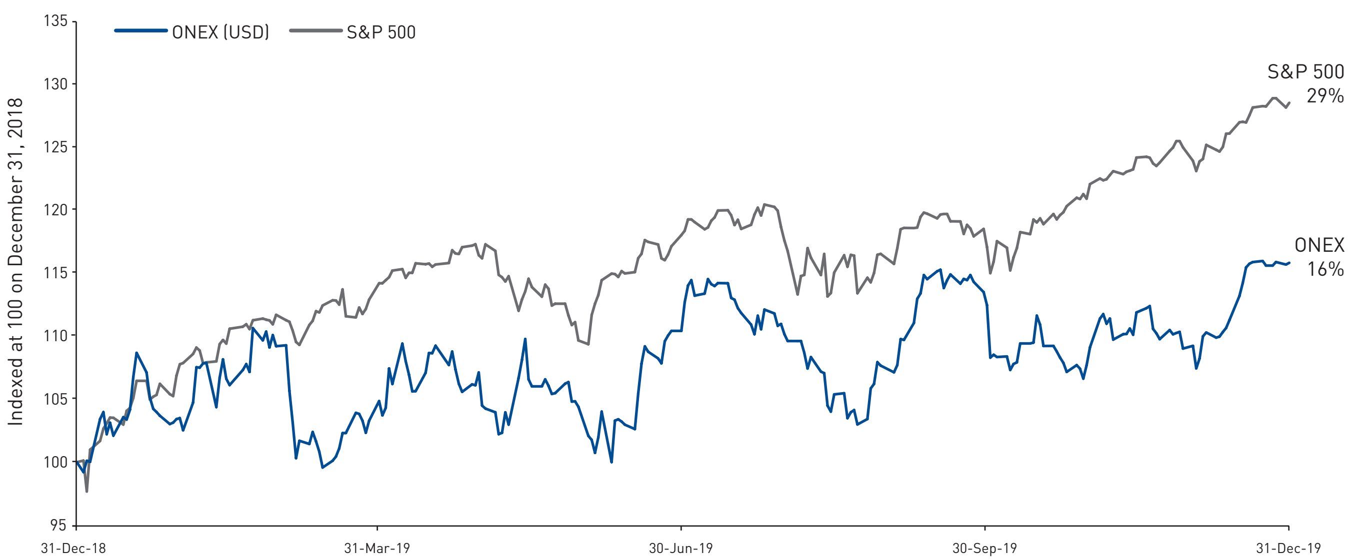
Onex Relative Performance (CAD) (December 31, 2018 to December 31, 2019)



As a substantial portion of Onex' investments and management fees are denominated in U.S. dollars, Onex' Canadian dollar share price will also be impacted by the change in the exchange rate between the U.S. dollar and Canadian dollar. During the year ended December 31, 2019, the value of Onex' SVS increased by 16% in U.S. dollars compared to a 29% increase in the Standard & Poor's 500 Index ("S&P 500").

The chart below shows the performance of Onex' SVS in U.S. dollars during the year ended December 31, 2019 relative to the S&P 500.

Onex Relative Performance (USD) (December 31, 2018 to December 31, 2019)



FINANCIAL REVIEW

This section discusses the significant changes in Onex' consolidated statement of earnings, consolidated balance sheet and consolidated statement of cash flows for the fiscal year ended December 31, 2019 compared to those for the year ended December 31, 2018 and, in selected areas, to those for the year ended December 31, 2017.

In simple terms, Onex is an investor and asset manager. As discussed below, Onex' financial and operating information for the year ended December 31, 2019 is presented in a manner that more closely reflects its business and activities.

Investments and investing activity refer to the investment of Onex' shareholder capital primarily in its private equity funds, Onex Credit strategies and certain investments held outside the private equity funds and credit strategies. These investments are held directly or indirectly through wholly-owned subsidiaries of Onex, which are referred to as **Investment Holding Companies**. While there are a number of Investment Holding Companies, substantially all of these companies are direct or indirect subsidiaries of Onex Private Equity Holdings LLC, Onex CLO Holdings LLC or Onex Credit Holdings LLC. These three companies, which are referred to as the **Primary Investment Holding Companies**, are wholly-owned subsidiaries of Onex and are the holding companies for substantially all of Onex' investments, excluding intercompany loans receivable from Onex and the Asset Managers.

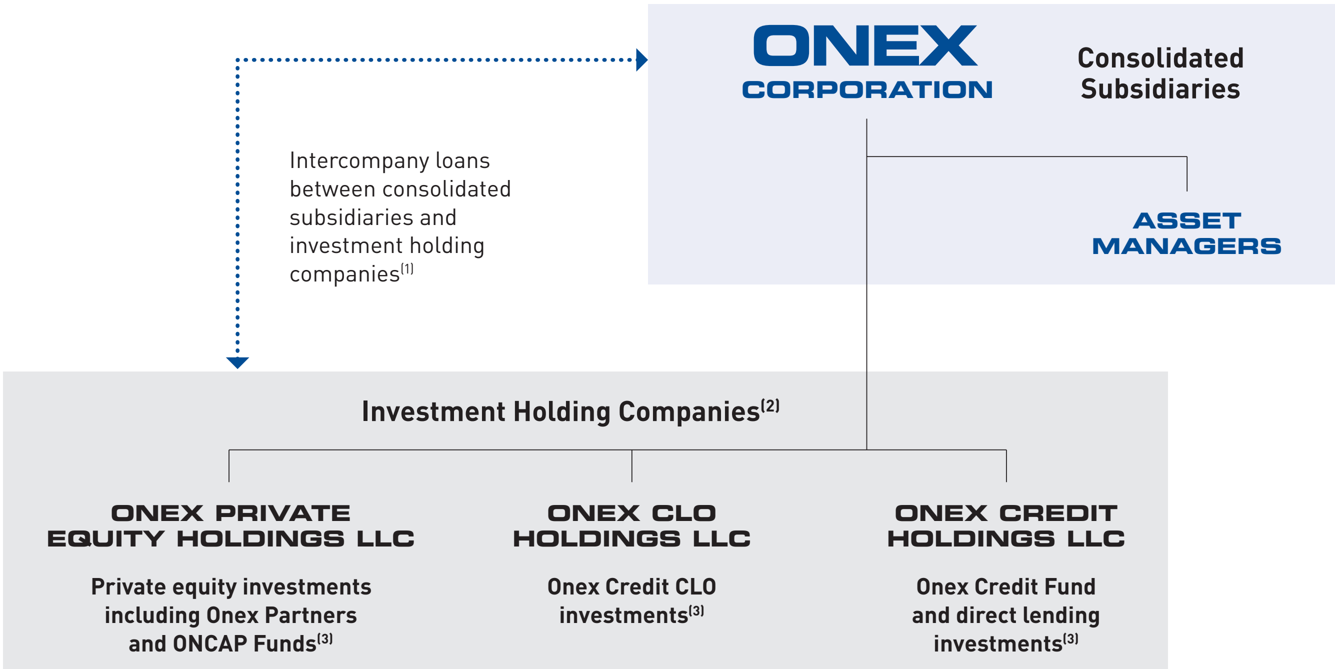
Asset management refers to the activity of managing capital in Onex' private equity funds, private credit strategies, public debt strategies and public equity strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and Gluskin Sheff strategies. These subsidiaries are referred to as Onex' **Asset Managers** and are consolidated by Onex.

Users of the consolidated financial statements may note detailed line-item disclosures relating to **intercompany loans**. IFRS requires specific disclosures and presentation of intercompany loans between Onex and the Asset Managers, and the Investment Holding Companies. Specifically, IFRS requires that:

- intercompany loans payable by Onex and the Asset Managers to the Investment Holding Companies are recognized as liabilities in Onex' consolidated balance sheet. A corresponding and offsetting amount is recognized within corporate investments in Onex' consolidated balance sheet, representing the related loan receivable from Onex and the Asset Managers; and
- intercompany loans payable by Investment Holding Companies to Onex and the Asset Managers are part of the fair value measurement of Onex' corporate investments in the consolidated balance sheet, which reduces the fair value of Onex' corporate investments. Onex classifies the corresponding loan receivable from Investment Holding Companies within corporate investments in its consolidated balance sheet, which increases the value of Onex' corporate investments by the same amount as the related loans payable.

There is no impact to net assets or net earnings from these intercompany loans in Onex' consolidated financial statements.

The simplified diagram below illustrates the types of subsidiaries included within Onex' corporate structure and the basis on which they are accounted for following the change in Onex' investment entity status on January 1, 2019.



(1) Onex Corporation and the consolidated asset management subsidiaries enter into intercompany loans that, in aggregate, have no net effect on Onex' financial position. Intercompany loans payable by Onex and the consolidated subsidiaries to the Investment Holding Companies are recognized as liabilities in the consolidated balance sheet, with the corresponding loans receivable classified as an asset within corporate investments in the consolidated balance sheet.

(2) Onex' investments in the Investment Holding Companies are recorded as corporate investments at fair value through net earnings.

(3) Onex' investments in private equity, direct lending, CLOs and Onex Credit Funds are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies identified above.

As discussed in the investment entity status section on the following page, on January 1, 2019, Onex determined that it met the definition of an investment entity, as defined by IFRS 10, *Consolidated financial statements* ("IFRS 10"). While this does not represent a change in accounting standards, this change in status has fundamentally altered how Onex prepares, presents and discusses its financial results relative to periods ending on or before December 31, 2018. **Accordingly, users of this MD&A and the consolidated financial statements to which it relates should exercise significant caution in reviewing, considering and drawing conclusions from period-to-period comparisons and changes.** Onex is required to provide comparative financial statements and to discuss in the accompanying MD&A both the current and prior period information and the changes therein. However, the change in Onex' investment entity status and, as a result, the presentation of its financial results can cause direct comparisons between dates or across periods to be inappropriate or not meaningful if not carefully considered in this context. Prior periods have not been restated to reflect the change in Onex' investment entity status.

CONSOLIDATED OPERATING RESULTS

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

INVESTMENT ENTITY STATUS

On January 1, 2019, Onex determined that it met the definition of an investment entity, as defined by IFRS 10. This change in status resulted from the change in how Onex measures and evaluates the performance of its investments, which are now performed on a fair value basis for substantially all of Onex' investments. This change was driven primarily by the following factors: (i) performance metrics reviewed by Onex management have evolved over time and now primarily focus on the fair value of Onex' investments; (ii) growth of Onex' investment in Onex Credit strategies ($815 million as at January 1, 2019), for which the measurement and evaluation have always been performed on a fair value basis; and (iii) Onex' disposition of certain investments that were not measured and evaluated on a fair value basis.

As a result of this change in status, the assets and liabilities of Onex' subsidiaries that do not provide investment-related services are no longer included in Onex' consolidated balance sheet, and Onex' investments in these subsidiaries are instead presented as corporate investments at fair value totalling $9.2 billion as at January 1, 2019, including intercompany loans receivable from Investment Holding Companies. Onex recorded a net gain on the transition to investment entity status of $3.5 billion on January 1, 2019, including items reclassified from accumulated other comprehensive loss, reflecting the difference between the corporate investments' fair values and their previous carrying values. These corporate investments are subsequently measured at fair value through net earnings. The change in investment entity status has been accounted for prospectively from January 1, 2019 in accordance with IFRS 10.

In June 2019, Onex management updated its assessment of whether Onex, the parent company, met the definition of an investment entity under IFRS 10 following the acquisition of Gluskin Sheff, as described on page 29 of this MD&A. Onex management concluded that Onex, the parent company, remained an investment entity as defined by IFRS 10 subsequent to its acquisition of Gluskin Sheff.

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new accounting standard, along with any consequential amendments, effective January 1, 2019. This change was made in accordance with applicable transitional provisions.

IFRS 16 – Leases

IFRS 16, *Leases* ("IFRS 16") supersedes IAS 17, *Leases* ("IAS 17") and requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. On January 1, 2019, Onex adopted IFRS 16 on a modified retrospective basis and has chosen to not restate comparative information in accordance with the transitional provisions in IFRS 16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

On adoption of IFRS 16, Onex recognized lease liabilities totalling $72 million in relation to leases which had previously been classified as operating leases under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using Onex' incremental borrowing rates as at January 1, 2019. Onex' weighted-average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.20%.

The associated right-of-use assets recognized at January 1, 2019 totalled $71 million and were measured at an amount equal to the recognized lease liabilities, adjusted for previously recognized lease accruals, in accordance with the transitional provisions of IFRS 16, and consist entirely of real estate premises. There was no impact to retained earnings on January 1, 2019 as a result of adopting IFRS 16.

In applying IFRS 16, the Company used the following practical expedients as permitted by the standard:

- Previous assessments were relied on to determine whether leases were onerous;
- Operating leases with a remaining lease term of less than 12 months at January 1, 2019 were treated as short-term leases under IFRS 16;
- Initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application; and
- Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of earnings.

The Company also elected to not reassess whether a contract is or contains a lease as at January 1, 2019, as permitted by IFRS 16.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets or leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. For leases recognized in the consolidated balance sheet, each lease payment is allocated between the repayment of the lease liability and the finance cost. The finance cost is charged to the consolidated statement of earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are included within property and equipment in the consolidated balance sheet at December 31, 2019.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Corporate investments

Corporate investments include Onex' investments in its subsidiaries, primarily consisting of Investment Holding Companies, that meet the investment entity exception to consolidation criteria in IFRS 10. These subsidiaries primarily invest Onex' shareholder capital in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. Corporate investments are measured at fair value through net earnings, in accordance with IFRS 9, *Financial instruments* ("IFRS 9"). The fair value of corporate investments includes the fair value of both intercompany loans receivable from and payable to Onex and the Asset Managers. In addition, the fair value of corporate investments includes Onex' portion of the carried interest earned on investments made by the Onex Partners and ONCAP Funds and the liability associated with management incentive programs, including the Management Investment Plan (the "MIP").

At December 31, 2019, substantially all of the Company's corporate investments, excluding intercompany loans, consisted of investments made in the Primary Investment Holding Companies and investments made in operating businesses directly by Onex.

Intercompany loans with Investment Holding Companies

Intercompany loans payable to Investment Holding Companies represent financial liabilities that are payable to subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Intercompany loans receivable from Investment Holding Companies are classified as corporate investments and represent loans receivable from subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Onex has elected to measure these financial instruments at fair value through net earnings, in accordance with IFRS 9.

Revenue recognition

The Company's significant revenue streams during the year ended December 31, 2019 were as follows:

Management and advisory fees

Onex earns management and advisory fees for managing investor capital through its private equity funds, private credit strategies, public debt strategies and public equity strategies, and for services provided directly to certain underlying operating businesses. Onex accounts for management and advisory fees as revenue from contracts with customers using the five-step model outlined in note 1 to the 2019 annual consolidated financial statements. Asset management services are provided over time and the amount earned is generally calculated based on a percentage of limited partners' committed capital, limited partners' net funded commitments, unfunded commitments, the collateral principal balance, gross invested assets or net asset value of the respective strategies. Revenues earned from management and advisory fees are recognized over time as the services are provided.

Reimbursement of expenses from investment funds and operating businesses

Certain deal investigation, research and other expenses incurred by the Asset Managers are recoverable from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and certain operating businesses of the Onex Partners and ONCAP Funds. These expense reimbursements are recognized as revenue in accordance with IFRS 15, *Revenue from contracts with customers* ("IFRS 15").

Performance fees

Onex accounts for performance fees as revenue from contracts with customers using the five-step model outlined in note 1 to the 2019 annual consolidated financial statements. Performance fees are recognized as revenue to the extent the fees are highly probable to not reverse, which is typically at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

Performance fees associated with the management of the Gluskin Sheff Funds include both performance fees and performance allocations. Performance fees are determined by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. Performance allocations are allocated to the Company as a General Partner of certain Gluskin Sheff Funds. Performance fees associated with the Gluskin Sheff Funds range between 10% and 25% and may be subject to performance hurdles.

Onex is also entitled to performance fees on investor capital it manages within the Onex Credit strategies. Performance fees for these strategies range between 15% and 20% of net gains and are generally subject to a hurdle or minimum preferred return to investors.

Significant accounting estimates and judgements

Onex prepares its consolidated financial statements in accordance with IFRS. 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, expenses and gains (losses) on financial instruments 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:

Investment entity status

Judgement was required when determining whether Onex, the parent company, meets the definition of an investment entity, which IFRS 10 defines as an entity that: (i) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. When determining whether Onex met the definition of an investment entity under IFRS 10, Onex management applied significant judgement when assessing whether the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

Onex conducts its business primarily through controlled subsidiaries, which consist of entities providing asset management services, investment holding companies and General Partners of private equity funds, credit funds and limited partnerships. Certain of these subsidiaries were formed for legal, regulatory or similar reasons by Onex and share a common business purpose. The assessment of whether Onex, the parent company, meets the definition of an investment entity was performed on an aggregate basis with these subsidiaries.

Corporate investments

The measurement of corporate investments is significantly impacted by the fair values of the investments held by the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. The fair value of corporate investments is assessed at each reporting date with changes in fair value recognized through net earnings.

The valuation of non-public investments requires significant judgement 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 since, 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 the fair value. A variety of additional factors are reviewed, 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 the underlying private equity 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 fair value of underlying investments in Onex Credit strategies that are not quoted in an active market may be determined by 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. Judgement and estimates are exercised to determine the quantity and quality of the pricing sources used. Where no market data is available, positions may be valued using models that 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 estimates to be made. Changes in assumptions about these factors could affect the reported fair value of the underlying investments in Onex Credit strategies.

The MIP is included in the fair value of corporate investments and is determined 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 the same critical assumptions and estimates previously described.

The changes in fair value of corporate investments are further described on page 34 of this MD&A.

The Company assessed whether its underlying subsidiaries met the definition of an investment entity, as defined under IFRS 10. In certain circumstances, this assessment was performed together with other entities that were formed in connection with each other for legal, regulatory or similar reasons. Similarly, where a subsidiary's current business purpose is to facilitate a common purpose with a group of entities, the assessment of whether those subsidiaries met the definition of an investment entity was performed on an aggregated basis.

Certain subsidiaries were formed for various business purposes that, in certain circumstances, have evolved since their formation. When the Company assessed whether these subsidiaries met the definition of an investment entity, as defined under IFRS 10, professional judgement was exercised to determine the primary business purpose of these subsidiaries and the measurement basis, which were significant factors in determining their investment entity status.

Business combination

In June 2019, Onex acquired 100% of Gluskin Sheff and accounted for this acquisition as a business combination in accordance with IFRS 3, *Business combinations*. Substantially all of Gluskin Sheff's identifiable assets and liabilities were recorded at their respective fair values on the date of acquisition. One of the most significant areas of judgement and estimation related to the determination of the fair value of these assets and liabilities. Investments were valued at market prices while intangible assets that were identified were valued by an independent external valuation expert using appropriate valuation techniques, which were 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.

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 cash-generating unit ("CGU") 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. Likewise, whenever property, 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.

Income taxes

The Company operates and earns income in various 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 uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with corporate investments, 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.

Legal provisions and contingencies

The Company in the normal course of operations can become involved in various legal proceedings. 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 an 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.

VARIABILITY OF RESULTS

Onex' consolidated operating results may vary substantially from quarter to quarter and year to year for a number of reasons. Those reasons may be significant with respect to (i) Onex' asset and wealth management activities and the fees and carried interest associated therewith; (ii) the aggregate fair value of its investments in and related to the private equity funds, including the underlying private equity operating businesses, and credit strategies as the result of not only changes in specific underlying values but also new investments or realizations by those funds; or (iii) Onex' cash position or the amount and value of its treasury investments. More broadly, Onex' results may be materially affected by such factors as changes in the economic or political environment, foreign exchange and interest rates, the value of stock-based compensation, and tax and trade legislation or its application, for example. Given the diversity of Onex' asset and wealth management businesses and of the Onex Partners and ONCAP Funds' operating businesses and Onex Credit investments, the exposures, risks and contingencies that could impact Onex' investments may be many, varied and material. Certain of those matters are discussed under the heading "Risk Factors" in Onex' 2019 Annual Information Form.

In addition, the fair values of Onex' underlying investments in Onex Credit strategies 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.

ACQUISITION OF GLUSKIN SHEFF

In June 2019, Onex acquired 100% of Gluskin Sheff for C$445 million ($329 million). Gluskin Sheff is a Canadian wealth management firm serving high net worth families and institutional investors. The Company acquired Gluskin Sheff to diversify and expand its distribution channels and to grow its fee-generating assets under management. As part of the acquisition, certain members of the Gluskin Sheff management team exchanged their Gluskin Sheff common shares for Onex SVS and limited partnership units from a subsidiary of Onex. In connection with this transaction, Onex issued 247,359 SVS with a fair value of $13 million (C$18 million) and limited partnership units of an Onex consolidated subsidiary with a fair value of $8 million (C$11 million), in addition to cash consideration paid of $308 million (C$416 million). Gluskin Sheff's revenues and expenses are substantially denominated in Canadian dollars.

Onex determined that Gluskin Sheff and the wholly-owned subsidiaries that were formed to acquire the company did not meet the definition of an investment entity under IFRS 10 and that the entities' primary business purpose, as a whole, is to provide investment-related services. As such, Onex consolidates the financial results of Gluskin Sheff and the wholly-owned subsidiaries that were formed to acquire the company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND FOURTH QUARTER RESULTS

The discussions that follow identify those material factors that affected Onex' consolidated financial results for the year ended December 31, 2019. As a result of the change in Onex' investment entity status, Onex has two reportable segments as of January 1, 2019, and most financial statement line items are not comparable to the financial results for the years ended December 31, 2018 and 2017 following the change in Onex' investment entity status, as described on page 24 of this MD&A.

Consolidated net earnings (loss)

Onex recorded consolidated net earnings of $4.3 billion and diluted net earnings per share of $42.74 during the year ended December 31, 2019, which included a non-recurring net gain of $3.5 billion as a result of the derecognition of previously consolidated corporate investments following the change in Onex' investment entity status, as described on page 24 of this MD&A. During the same period in 2018, Onex recorded a consolidated net loss of $796 million and the net loss attributable to equity holders of Onex was $663 million ($6.57 diluted net loss per share).

Tables 1 and 2 present the segmented results for the three months and year ended December 31, 2019. Onex' segmented results include allocations of management fees and carried interest that would have been recognized on Onex' capital in the Onex Partners and ONCAP Funds had Onex' capital been subject to the same terms as third-party limited partners. These allocations are made as this presentation of segmented results is used by Onex management, in part, to assess Onex' performance. During 2019, these allocations, on a net basis, reduced Onex' investing segment income and increased Onex' asset and wealth management segment income, with no net impact to total segment net earnings.

Onex' segmented results exclude revenues and expenses associated with recoverable expenses from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the operating businesses of Onex Partners and ONCAP. Onex management excludes these amounts when assessing Onex' performance given the nature of these expenses, which are recoverable at cost.

TABLE 1	($ millions) Three months ended December 31, 2019	Investing	Asset and Wealth Management[a]	Total
Net gains on corporate investments (including an increase in carried interest)		$ 156[b][c]	$ 10[b]	$ 166[b][c]
Management and advisory fees		–	82[c]	82[c]
Interest and net treasury investment income		4	–	4
Performance fees		–	23	23
Other income		–	1	1
Total segment income		160	116	276
Compensation		–	(48)	(48)
Amortization of right-of-use assets		–	(2)	(2)
Other expense		–	(15)	(15)
Segment net earnings		$ 160	$ 51	$ 211
Stock-based compensation				(7)
Amortization of property, equipment and intangible assets, excluding right-of-use assets				(13)
Integration expenses				(5)
Earnings before income taxes				186
Recovery of income taxes				1
Net earnings				$ 187
Segment net earnings per share[d]				$ 2.04
Net earnings per share – diluted				$ 1.86

(a) The asset and wealth management segment includes the costs of Onex' corporate functions.

(b) The asset and wealth management segment includes an allocation of $1 million from the investing segment, representing carried interest that would have been recognized by the asset and wealth management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(c) The asset and wealth management segment includes an allocation of $15 million from the investing segment, representing management fees that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(d) Calculated on a fully diluted basis.

Net earnings in the investing segment for the three months ended December 31, 2019 were primarily driven by net gains on corporate investments of $156 million. Net earnings in the asset and wealth management segment for the three months ended December 31, 2019 were primarily driven by management and advisory fees of $82 million along with performance fees of $23 million, substantially all from Gluskin Sheff managed funds, partially offset by $48 million of compensation expense.

TABLE 2	($ millions) Year ended December 31, 2019	Investing	Asset and Wealth Management[a]	Total
Net gains (losses) on corporate investments (including a decrease in carried interest)		$ 743[b][c]	$ (5)[b]	$ 738[b][c]
Management and advisory fees		–	302[c]	302[c]
Interest and net treasury investment income		14	–	14
Performance fees		–	24	24
Other income		–	3	3
Total segment income		757	324	1,081
Compensation		–	(178)	(178)
Amortization of right-of-use assets		–	(9)	(9)
Other expense		(1)	(57)	(58)
Segment net earnings		$ 756	$ 80	$ 836
Stock-based compensation				(60)
Amortization of property, equipment and intangible assets, excluding right-of-use assets				(36)
Acquisition and integration expenses[d]				(50)
Gain on derecognition of previously consolidated corporate investments				3,719
Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments				(170)
Earnings before income taxes				4,239
Recovery of income taxes				38
Net earnings				$ 4,277
Segment net earnings per share[e]				$ 8.09
Net earnings per share – diluted				$ 42.74

(a) The asset and wealth management segment includes the costs of Onex' corporate functions.

(b) The asset and wealth management segment includes an allocation of $4 million from the investing segment, representing a net reversal of carried interest that would have been recognized by the asset and wealth management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(c) The asset and wealth management segment includes an allocation of $61 million from the investing segment, representing management fees that would have been earned by the asset and wealth management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. This allocation was made in accordance with IFRS 8 as this presentation is used by management, in part, to assess the performance of Onex.

(d) Primarily relates to expenses associated with the retirement of the Onex Credit chief executive officer, as described on page 39 of this MD&A.

(e) Calculated on a fully diluted basis.

Net earnings in the investing segment for the year ended December 31, 2019 were primarily driven by net gains on corporate investments of $743 million. Net earnings in the asset and wealth management segment for the year ended December 31, 2019 were primarily driven by management and advisory fees of $302 million, partially offset by $178 million of compensation expense. Onex' asset and wealth management segment would have generated net earnings of approximately $94 million ($0.90 per fully diluted share) for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019, and the investing segment net earnings would have remained unchanged. Total segment net earnings would have been $850 million ($8.23 per fully diluted share) for the year ended December 31, 2019 had Gluskin Sheff been acquired on January 1, 2019.

Net earnings (loss) for the three and twelve months ended December 31, 2018 are not comparable to the results in tables 1 and 2 following the change in Onex' investment entity status, as described on page 24 of this MD&A. Net earnings (loss) for the year ended December 31, 2018 are presented by industry segment in note 58 to the consolidated financial statements. The statements of earnings for the three months and year ended December 31, 2018 are as follows:

TABLE 3 *($ millions)*	Three Months Ended December 31, 2018	Year Ended December 31, 2018
Revenues	$ 6,090	$ 23,785
Cost of sales (excluding amortization of property, plant and equipment, intangible assets and deferred charges)	(4,567)	(17,563)
Operating expenses	(1,037)	(4,077)
Interest income	149	538
Amortization of property, plant and equipment	(162)	(643)
Amortization of intangible assets and deferred charges	(192)	(744)
Interest expense	(459)	(1,439)
Decrease in value of investments in joint ventures and associates at fair value, net	(384)	(585)
Stock-based compensation recovery	118	58
Other gains	261	343
Other expense	(452)	(517)
Impairment of goodwill, intangible assets and long-lived assets, net	(324)	(627)
Limited Partners' Interests recovery	947	714
Loss before income taxes and discontinued operations	(12)	(757)
Recovery of (provision for) income taxes	85	(89)
Earnings (loss) from continuing operations	73	(846)
Earnings from discontinued operations	15	50
Net Earnings (Loss)	$ 88	$ (796)

Table 4 presents the net earnings (loss) attributable to equity holders of Onex Corporation and non-controlling interests.

Net Earnings (Loss)

TABLE 4 *($ millions)* Year ended December 31	**2019**	2018	2017
Net earnings (loss) attributable to:			
Equity holders of Onex Corporation	**$ 4,277**	$ (663)	$ 2,401
Non-controlling interests	**–**	(133)	3
Net earnings (loss) for the year	**$ 4,277**	$ (796)	$ 2,404

During the year ended December 31, 2019, basic and diluted earnings per share were $42.78 and $42.74, respectively. Basic and diluted earnings per share during the years ended December 31, 2018 and 2017 are presented in table 5.

Net Earnings (Loss) per SVS of Onex Corporation

TABLE 5 *($ per share)* Year ended December 31	2018	2017
Basic and Diluted:		
Continuing operations	$ (7.05)	$ (7.51)
Discontinued operations	0.48	31.05
Net earnings (loss) per SVS for the year	$ (6.57)	$ 23.54

Note 58 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 year ended December 31, 2018.

Consolidated income for the three and twelve months ended December 31, 2019

Consolidated income for the three and twelve months ended December 31, 2019 primarily consisted of: (i) net gains on corporate investments, which primarily consisted of Onex' share of the net gains (losses) in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies; and (ii) management and advisory fees, which Onex earns primarily from managing client and limited partner capital through its private equity funds, private credit strategies, public debt strategies and public equity strategies. During the three and twelve months ended December 31, 2018, Onex did not recognize any income for gains (losses) on corporate investments in its consolidated statement of earnings given its investment entity status during this time, as described on page 24 of this MD&A.

Net gains on corporate investments in the investing segment of $156 million and $743 million for the three and twelve months ended December 31, 2019, respectively, were primarily attributable to the following private equity investments and Onex Credit strategies:

TABLE 6 | *($ millions)* | **Net Gains (Losses) on Corporate Investments**

	Three Months Ended December 31, 2019	Year Ended December 31, 2019
Onex Partners Funds[a]		
Onex Partners I	$ –	$ 1
Onex Partners II	(27)	(48)
Onex Partners III	45	24
Onex Partners IV	108	793
Onex Partners V	46	48
Management incentive programs	(88)	(136)
Total net gains from Onex Partners Funds	84	682
ONCAP Funds[a]		
ONCAP II	17	10
ONCAP III	12	8
ONCAP IV	15	(4)
Management incentive programs	(6)	–
Total net gains from ONCAP Funds	38	14
Net gains from other private equity investments	39	44
Management fees on Onex' capital[b]	(15)	(61)
Carried interest on Onex' capital[c]	(1)	4
Total net gains from private equity	$ 145	$ 683
Onex Credit Strategies		
U.S. CLOs	$ 7	$ 33
EURO CLOs	2	–
CLO warehouses	–	8
Direct lending	2	7
OCP Senior Floating Income Fund	1	8
Onex Debt Opportunity Fund	(2)	–
Onex Senior Credit Fund	2	8
Total net gains from Onex Credit Strategies	$ 12	$ 64

(a) Onex' investments in the Onex Partners and ONCAP Funds include co-investments, where applicable.

(b) Represents management fees that would have been incurred had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the periods and increase Onex' asset and wealth management segment income.

(c) Represents carried interest that would have been recognized had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. The carried interest allocations increase (decrease) Onex' investing segment income in the periods, with a corresponding decrease (increase) in Onex' asset and wealth management segment income.

During the three and twelve months ended December 31, 2019, net gains on corporate investments were primarily driven by the net increase in fair value of Onex' investment in Onex Partners IV, partially offset by a decrease in fair value related to changes to the Onex management team's participation, as described on page 62 of this MD&A. The net increase in the fair value of Onex' investment in Onex Partners IV during the three months ended December 31, 2019 was primarily driven by an increase in the underlying fair value of SIG. The net increase in the fair value of Onex' investment in Onex Partners IV during the year ended December 31, 2019 was primarily driven by increases in the underlying fair values of Clarivate Analytics, Jack's and SIG, partially offset by a decrease in the fair values of Save-A-Lot and Survitec.

Management and advisory fees for the three and twelve months ended December 31, 2019 were generated from the following sources:

TABLE 7 | *($ millions)*

	Management and Advisory Fees	
	Three Months Ended December 31, 2019	**Year Ended December 31, 2019**
Source of management and advisory fees		
Onex Partners Funds[a]	$ 31	$ 129
Onex Credit Strategies	13	52
Public Debt Strategies[b]	10	25
Public Equity Strategies[b]	8	18
ONCAP Funds[c]	5	17
Total management and advisory fees earned	67	241
Management fees on Onex' capital[d]	15	61
Total segment management and advisory fees	$ 82	$ 302

(a) Includes advisory fees earned from Onex Partners operating businesses.

(b) Includes management fees earned from Gluskin Sheff since June 2019, when Onex acquired the company, as described on page 29 of this MD&A.

(c) Includes advisory fees earned from ONCAP operating businesses.

(d) Represents management fees that would have been earned had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the period and increase Onex' asset and wealth management segment income.

Certain deal investigation, research and other costs incurred by the Asset Managers are recoverable from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the operating businesses of Onex Partners and ONCAP. These cost reimbursements are recognized as revenue in accordance with IFRS 15. During the three and twelve months ended December 31, 2019, Onex recognized $8 million and $24 million, respectively, in revenues and expenses associated with these reimbursements.

Onex also receives performance fees from investor capital it manages within the Onex Credit strategies and Gluskin Sheff Funds. During the three and twelve months ended December 31, 2019, Onex recognized $23 million and $24 million of performance fees, which were realized from the public debt and public equity strategies of Gluskin Sheff.

Consolidated revenues and cost of sales for the three and twelve months ended December 31, 2018 and 2017

Consolidated revenues and cost of sales for the three and twelve months ended December 31, 2018 and 2017 were primarily derived from products sold and services rendered by the controlled operating companies of the Onex Partners and ONCAP Funds. During the three and twelve months ended December 31, 2019, Onex did not recognize any revenues or cost of sales from the controlled operating companies of the Onex Partners and ONCAP Funds in its consolidated statement of earnings following the change in the Company's investment entity status on January 1, 2019, as described on page 24 of this MD&A.

Tables 8 and 9 provide revenues and cost of sales by industry segment for the three and twelve months ended December 31, 2018 and 2017.

Revenues and Cost of Sales by Industry Segment for the Three Months Ended December 31, 2018 and 2017

TABLE 8 *($ millions)*	Revenues			Cost of Sales		
Three months ended December 31	2018	2017	Change	2018	2017	Change
Electronics Manufacturing Services	$ 1,727	$ 1,570	10 %	$ 1,585	$ 1,448	9 %
Healthcare Imaging	421	470	(10)%	257	266	(3)%
Insurance Services[a]	197	201	(2)%	–	–	n/a
Packaging Products and Services[b]	844	714	18 %	565	445	27 %
Business and Information Services[c]	404	285	42 %	166	118	41 %
Food Retail and Restaurants[d]	1,096	1,139	(4)%	979	961	2 %
Credit Strategies[e]	–	1	(100)%	–	–	n/a
Other[f]	1,401	1,464	(4)%	1,015	1,011	–
Total	$ 6,090	$ 5,844	4 %	$ 4,567	$ 4,249	7 %

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

(a) The insurance services segment consisted of York, which reported its costs in operating expenses.

(b) The packaging products and services segment consisted of IntraPac, Precision, sgsco and SIG. IntraPac began to be consolidated in December 2017, after the business was acquired by the ONCAP IV Group. Precision began to be consolidated in August 2018, after the business was acquired by the ONCAP IV Group.

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

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

(e) The credit strategies segment consisted of (i) Onex Credit Manager, (ii) Onex Credit CLOs, (iii) Onex Credit Funds and (iv) Direct Lending. Costs of the credit strategies segment were recorded in operating expenses.

(f) 2018 other included Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. 2017 other included Flushing Town Center, Meridian Aviation, Parkdean Resorts, SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

Revenues and Cost of Sales by Industry Segment for the Twelve Months Ended December 31, 2018 and 2017

TABLE 9 ($ millions)	Revenues			Cost of Sales		
Year ended December 31	2018	2017	Change	2018	2017	Change
Electronics Manufacturing Services	$ 6,633	$ 6,143	8 %	$ 6,117	$ 5,645	8 %
Healthcare Imaging	1,601	1,862	(14)%	959	1,068	(10)%
Insurance Services[a]	793	775	2 %	–	–	n/a
Packaging Products and Services[b]	2,776	2,395	16 %	1,839	1,528	20 %
Business and Information Services[c]	1,647	1,262	31 %	699	517	35 %
Food Retail and Restaurants[d]	4,467	4,724	(5)%	3,838	3,984	(4)%
Credit Strategies[e]	3	4	(25)%	–	–	n/a
Other[f]	5,865	5,602	5 %	4,111	3,882	6 %
Total	$ 23,785	$ 22,767	4 %	$ 17,563	$ 16,624	6 %

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

(a) The insurance services segment consisted of York, which reported its costs in operating expenses.

(b) The packaging products and services segment consisted of IntraPac, Precision, sgsco and SIG. IntraPac began to be consolidated in December 2017, after the business was acquired by the ONCAP IV Group. Precision began to be consolidated in August 2018, after the business was acquired by the ONCAP IV Group.

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

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

(e) The credit strategies segment consisted of (i) Onex Credit Manager, (ii) Onex Credit CLOs, (iii) Onex Credit Funds and (iv) Direct Lending (since May 2017). Costs of the credit strategies segment were recorded in operating expenses.

(f) 2018 other included Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. 2017 other included Flushing Town Center, Meridian Aviation, Parkdean Resorts (since March 2017), SCP Health, Survitec, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac) and the parent company.

An analysis of changes in revenues and cost of sales for the years ended December 31, 2018 and 2017 are presented beginning on page 42 of Onex' 2018 MD&A.

Compensation

Compensation expense for the three and twelve months ended December 31, 2019 was $48 million and $178 million, respectively, and included the compensation expense of Onex Partners, ONCAP, Onex Credit, Gluskin Sheff (since June 2019) and Onex corporate, excluding stock-based compensation. During the three and twelve months ended December 31, 2018, compensation expense was classified as cost of sales and operating expenses in the consolidated statement of earnings and included the compensation expense for employees of the Onex controlled operating companies, Onex Partners, ONCAP, Onex Credit and Onex corporate. The change in classification of compensation expense in the consolidated statement of earnings was a result of the change in the Company's investment entity status, as described on page 24 of this MD&A.

Stock-based compensation

During the three and twelve months ended December 31, 2019, Onex recorded consolidated stock-based compensation expense of $7 million and $60 million, respectively, compared to a recovery of $118 million and $58 million, respectively, during the same periods in 2018. The stock-based compensation expense recognized during the three and twelve months ended December 31, 2019 related to Onex, the parent company, for its stock options and Director DSUs. The recovery recognized during the same periods in 2018 also included the expense (recovery) associated with the MIP equity interests and stock-based compensation plans at the controlled operating companies. The expense associated with the MIP equity interests during the three and twelve months ended December 31, 2019 was included as a component of the net gains on corporate investments following the change in Onex' investment entity status. The expense and recovery associated with the stock-based compensation plans at the previously consolidated operating companies is no longer recognized following the change in Onex' investment entity status.

Table 10 details the change in stock-based compensation.

Stock-Based Compensation

TABLE 10 *($ millions)*	Three Months Ended December 31			Year Ended December 31		
	2019	2018	**Change**	**2019**	2018	**Change**
Onex, the parent company, stock options	**$ 6**	$ (130)	**$ 136**	**$ 59**	$ (143)	**$ 202**
Onex, the parent company, director DSU plan	**1**	–	**1**	**1**	–	**1**
Onex, the parent company, MIP equity interests	**–**	(9)	**9**	**–**	2	**(2)**
Onex operating companies	**–**	21	**(21)**	**–**	83	**(83)**
Total stock-based compensation expense (recovery)	**$ 7**	$ (118)	**$ 125**	**$ 60**	$ (58)	**$ 118**

Amortization of property, equipment and intangible assets

Amortization of property, equipment and intangible assets for the three and twelve months ended December 31, 2019 was $15 million and $45 million, respectively, and consisted primarily of amortization expense of client relationship intangible assets, right-of-use assets and leasehold improvements related to Onex' leased premises. During the three and twelve months ended December 31, 2018, amortization expense totalled $354 million and $1.4 billion, respectively, and was classified as amortization of property, plant and equipment and amortization of intangible assets and deferred charges in the consolidated statement of earnings, and included the expenses of the controlled operating companies as well as Onex. The decrease in amortization expense and the change in classification were primarily driven by the derecognition of previously consolidated controlled operating companies on January 1, 2019, as described on page 24 of this MD&A.

Acquisition, integration and other expenses

During 2019, the chief executive officer of Onex Credit (the "Onex Credit CEO") retired from the Company. The Onex Credit CEO holds an interest in Onex Credit that entitles him to distributions from the business through 2034 (the "CEO's Participation"). Distributions associated with the CEO's Participation were previously recognized as compensation expense. Following the retirement, Onex no longer receives services associated with the CEO's Participation. As a result, Onex recorded an expense of $44 million for the year ended December 31, 2019, representing a discounted value of the future distributions in respect of the CEO's Participation. Onex has a total of $47 million recorded in other liabilities, including a previously recognized retirement obligation, which economically represents Onex' cost to ultimately acquire the CEO's Participation.

Other expenses for the three and twelve months ended December 31, 2018 are not comparable to the results in the same periods in 2019 as a result of the change in Onex' investment entity status, as described on page 24 of this MD&A. Other expenses for the year ended December 31, 2018 are presented in note 52 to the consolidated financial statements.

Interest expense

Consolidated interest expense for the three and twelve months ended December 31, 2019 was less than $1 million and $2 million, respectively, relating to lease liabilities, and was classified as other expense in the consolidated statement of earnings. Consolidated interest expense for the three and twelve months ended December 31, 2018 was $459 million and $1.4 billion, respectively, and included the consolidated interest expense of the previously consolidated operating companies and credit strategies. The decrease in interest expense was primarily driven by the derecognition of previously consolidated controlled operating companies and credit strategies on January 1, 2019, as described on page 24 of this MD&A.

Gain on derecognition of previously consolidated corporate investments

As a result of a change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, a non-recurring gain on derecognition of previously consolidated corporate investments of $3.7 billion was recorded in the consolidated statement of earnings for the year ended December 31, 2019. The gain represents the difference between the fair value of previously consolidated corporate investments and their carrying values on January 1, 2019.

Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments

As a result of a change in Onex' investment entity status on January 1, 2019, a non-recurring $170 million loss was reclassified from accumulated other comprehensive loss to net earnings for the year ended December 31, 2019 as a result of the derecognition of previously consolidated corporate investments, as described on page 24 of this MD&A. The accumulated other comprehensive loss primarily consisted of currency translation adjustments.

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

During the three and twelve months ended December 31, 2019, Onex did not have any investments classified as investments in joint ventures and associates as a result of the change in its investment entity status on January 1, 2019, as described on page 24 of this MD&A. During the three and twelve months ended December 31, 2018, investments in joint ventures and associates represented those investments in operating businesses over which Onex had joint control or significant influence, but not control. These investments were measured at fair value with both realized and unrealized gains and losses recognized in the 2018 consolidated statement of earnings as a result of increases or decreases in fair value. Investments deemed to be investments in joint ventures or associates and measured at fair value through net earnings (loss) during the three and twelve months ended December 31, 2018 primarily consisted of AIT, BBAM, JELD-WEN, Mavis Discount Tire (up to March 2018), Pinnacle Renewable Energy (since February 2018), PowerSchool (since August 2018), Ryan (since October 2018), Venanpri Group and Wyse (since November 2018).

During the three months ended December 31, 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of $384 million. The decrease was primarily due to the decrease in the public share price of JELD-WEN, partially offset by an increase in the fair value of BBAM.

Of the total net fair value decrease recorded during the fourth quarter of 2018, $279 million was attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacted the Limited Partners' Interests recovery. Onex' share of the total net fair value decrease was $105 million.

During the year ended December 31, 2018, Onex recorded a net decrease in the fair value of investments in joint ventures and associates of $585 million. The decrease was primarily due to the decrease in the public share price of JELD-WEN, partially offset by an increase in the fair value of BBAM and Mavis Discount Tire (up to March 2018).

Of the total net fair value decrease recorded during the year ended December 31, 2018, $456 million was attributable to the limited partners in the Onex Partners and ONCAP Funds, which impacted the Limited Partners' Interests recovery. Onex' share of the total net fair value decrease was $129 million.

Other gains

In February 2018, Pinnacle Renewable Energy completed an initial public offering. As a result of this transaction, the ONCAP II Group no longer controlled Pinnacle Renewable Energy, and a gain of $82 million was recorded during the year ended December 31, 2018 based on the interest retained at fair value over the historical accounting carrying value of the investment. The gain was entirely attributable to the equity holders of Onex, as the interests of the Limited Partners were recorded as a financial liability at fair value.

In November 2018, the ONCAP III and ONCAP IV Groups sold their entire investment in Tecta, resulting in a gain of $261 million. The gain was entirely attributable to the equity holders of Onex, as the interests of the Limited Partners were recorded as a financial liability at fair value.

Following Onex' change in its investment entity status on January 1, 2019, as described on page 24 of this MD&A, Onex no longer recognizes gains from the loss of control of operating companies as Onex no longer consolidates its controlled operating companies.

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

Onex did not recognize an impairment of goodwill, intangible assets and long-lived assets during the three and twelve months ended December 31, 2019. Table 11 provides a breakdown of the net impairment of goodwill, intangible assets and long-lived assets by operating company for the three and twelve months ended December 31, 2018. The decrease in impairment of goodwill, intangible assets and long-lived assets was driven by the derecognition of previously consolidated controlled operating companies on January 1, 2019, as described on page 24 of this MD&A.

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

TABLE 11 *($ millions)*	Three Months Ended December 31, 2018	Year Ended December 31, 2018
Parkdean Resorts	$ –	$ 170
Save-A-Lot	80	150
Survitec	144	144
sgsco	52	52
SCP Health	–	50
Other, net	48	61
Total	$ 324	$ 627

Limited Partners' Interests recovery (charge)

Onex did not recognize a Limited Partners' Interest charge during the three and twelve months ended December 31, 2019 as a result of the change in its investment entity status on January 1, 2019, as described on page 24 of this MD&A.

The Limited Partners' Interests recovery in Onex' consolidated statement of earnings for the year ended December 31, 2018 primarily represented the change in the fair value of the underlying investments in the Onex Partners Funds, ONCAP Funds and Onex Credit strategies that was allocated to the limited partners and recorded as Limited Partners' Interests liability in Onex' 2018 consolidated balance sheet. The Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds included the fair value changes of consolidated operating companies, investments in joint ventures and associates and other investments that were held in the Onex Partners and ONCAP Funds. The Limited Partners' Interests charge for the credit strategies included the fair value changes of the underlying investments in the Onex Credit Lending Partners and Onex Credit Funds that were consolidated by Onex.

During the three and twelve months ended December 31, 2018, Onex recorded a recovery of $913 million and $715 million, respectively, for Limited Partners' Interests for the Onex Partners and ONCAP Funds. The net decrease in the fair value of certain of the investments held in the Onex Partners and ONCAP Funds contributed to the Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds recorded during the three and twelve months ended December 31, 2018.

Included in the Limited Partners' Interests recovery for the Onex Partners and ONCAP Funds was a decrease of $81 million and $93 million in carried interest for the three and twelve months ended December 31, 2018, respectively. Onex' share of the change in carried interest for the fourth quarter of 2018 was a decrease of $33 million. For the year ended December 31, 2018, Onex' share of the change in carried interest was a decrease of $38 million. The ultimate amount of carried interest realized will be dependent on the actual realizations for each fund in accordance with the limited partnership agreements.

During the three and twelve months ended December 31, 2018, Onex recorded a recovery of $34 million and a charge of $1 million, respectively, for Limited Partners' Interests for the credit strategies.

Recovery of (provision for) income taxes

As a result of the acquisition of Gluskin Sheff in June 2019, Onex recognized a deferred tax liability attributable to the acquired limited life intangible assets of Gluskin Sheff, which was included in the acquired net assets of Gluskin Sheff, as described in note 2 to the consolidated financial statements. In connection with this transaction, Onex recognized a deferred tax asset relating to income tax losses that are available to offset this future income tax liability, resulting in a $1 million and $38 million deferred income tax recovery recognized during the three and twelve months ended December 31, 2019, respectively. The deferred tax liability and deferred tax asset will be amortized over the useful life of the limited life intangible assets.

During the three months ended December 31, 2018, the consolidated recovery of income taxes was $85 million and during the year ended December 31, 2018, the consolidated provision for income taxes was $89 million. During the three and twelve months ended December 31, 2018, the consolidated recovery of (provision for) income taxes included the consolidated recovery of (provision for) income taxes of the previously consolidated operating companies.

Earnings (loss) from continuing operations

During 2019, Onex did not record any results from discontinued operations. As a result, Onex' earnings from continuing operations are discussed in the net earnings section on page 30 of this MD&A. Onex recorded a loss from continuing operations of $846 million during 2018 compared to $699 million in 2017. During 2018, the loss from continuing operations attributable to equity holders of Onex Corporation was $711 million ($7.05 per share) compared to $768 million ($7.51 per share) in 2017. Note 58 to the consolidated financial statements shows the earnings (loss) from continuing operations by reportable segment for the year ended December 31, 2018.

Earnings from discontinued operations

The Company did not have earnings or losses from discontinued operations during the three and twelve months ended December 31, 2019.

During 2018, Onex recorded after-tax earnings from discontinued operations of $50 million. The after-tax earnings from discontinued operations attributable to equity holders of Onex Corporation were $48 million ($0.48 per share). Earnings from discontinued operations for 2018 represented the results of BrightSpring Health, which are further described in note 34 to the consolidated financial statements.

Other comprehensive earnings (loss)

Other comprehensive earnings of $184 million for the year ended December 31, 2019 are due to the $170 million reclassification of accumulated other comprehensive loss of the previously consolidated operating companies to the consolidated statement of earnings as a result of the change in Onex' investment entity status under IFRS 10, as described on page 24 of this MD&A, as well as favourable currency translation adjustments of $14 million.

Other comprehensive losses for the year ended December 31, 2018 represent the unrealized gains or losses, 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, 2018, Onex reported other comprehensive losses of $312 million. The loss recorded during 2018 was largely due to unfavourable currency translation adjustments on foreign operations of $236 million.

SUMMARY OF QUARTERLY INFORMATION

Tables 12 and 13 summarize Onex' key consolidated financial information for the last eight quarters. Historical financial information has been restated for the discontinued operations of BrightSpring Health.

Onex' quarterly consolidated financial results following the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, are not comparable to the historical results. In addition, Onex' quarterly consolidated results up to December 31, 2018 did not follow any specific trends due to the acquisitions or dispositions of businesses by Onex, and the varying business activities and cycles at Onex' operating businesses and Onex Credit strategies.

Consolidated Quarterly Financial Information

TABLE 12 ($ millions except per share amounts)	2019			
	December	September	June	March
Total segment income	$ 276	$ 197	$ 355	$ 253
Total segment expenses	(65)	(66)	(56)	(58)
Segment net earnings	211	131	299	195
Other non-segment items	(24)	(31)	(41)	3,537
Net earnings	$ 187	$ 100	$ 258	$ 3,732
Segment net earnings per share[i]	$ 2.04	$ 1.27	$ 2.90	$ 1.91
Net earnings per share – basic and diluted	$ 1.86	$ 0.99	$ 2.58	$ 37.37

(i) Calculated on a fully diluted basis.

Consolidated Quarterly Results Prior to Change in Investment Entity Status

TABLE 13 ($ millions except per share amounts)	2018			
	December	September	June	March
Revenues	$ 6,090	$ 6,105	$ 5,999	$ 5,591
Earnings (loss) from continuing operations	$ 73	$ (470)	$ (272)	$ (177)
Net earnings (loss)	$ 88	$ (458)	$ (262)	$ (164)
Net earnings (loss) attributable to:				
Equity holders of Onex	$ 173	$ (425)	$ (253)	$ (158)
Non-controlling Interests	(85)	(33)	(9)	(6)
Net earnings (loss)	$ 88	$ (458)	$ (262)	$ (164)
Earnings (loss) per share				
Earnings (loss) from continuing operations	$ 1.57	$ (4.33)	$ (2.59)	$ (1.69)
Earnings from discontinued operations	0.14	0.11	0.09	0.13
Net earnings (loss)	$ 1.71	$ (4.22)	$ (2.50)	$ (1.56)

SHAREHOLDER CAPITAL

As at December 31, 2019, Onex' shareholder capital was $7.2 billion ($69.47 or C$90.23 per fully diluted share). Shareholder capital and shareholder capital per share are non-GAAP financial measures used by Onex management to, in part, assess Onex' performance. A reconciliation of total segmented assets to shareholder capital is included in the following table:

TABLE 14 — *($ millions except per share amounts)* As at December 31, 2019	Investing	Asset and Wealth Management	Total
Total segmented assets	$ 6,561	$ 1,024	$ 7,585
Accounts payable and accrued liabilities	–	(39)	(39)
Accrued compensation	–	(109)	(109)
Lease and other liabilities	–	(153)	(153)
DSU hedge assets	–	(82)	(82)
Total shareholder capital	$ 6,561	$ 641	$ 7,202
Shareholder capital per share (U.S. dollars)[i]	$ 63.77	$ 5.70	$ 69.47
Shareholder capital per share (Canadian dollars)[i]	$ 82.83	$ 7.40	$ 90.23

(i) Calculated on a fully diluted basis.

CASH AND NEAR-CASH

Table 15 provides a breakdown of cash and near-cash at Onex at December 31, 2019.

Cash and Near-Cash

TABLE 15 — *($ millions)* As at December 31, 2019	
Cash and cash equivalents[a]	$ 832
Cash and cash equivalents within Investment Holding Companies[b]	328
Treasury investments	306
Treasury investments within Investment Holding Companies	89
Management fees receivable[c]	190
OCP Senior Floating Income Fund	97
Cash and near-cash[a]	$ 1,842

(a) Excludes cash and cash equivalents allocated to the asset and wealth management segment related to accrued incentive compensation and the liability relating to the retirement of the Onex Credit chief executive officer, as described on page 39 of this MD&A.

(b) Includes restricted cash and cash equivalents of $22 million for which the Company can readily remove the external restriction.

(c) Includes management fees receivable from the Onex Partners and ONCAP Funds.

Table 16 provides a reconciliation of the change in cash and near-cash at Onex from December 31, 2018 to December 31, 2019.

Change in Cash and Near-Cash

TABLE 16 *($ millions)*		Amount
Cash and near-cash at December 31, 2018[a]		$ 1,439
Private equity realizations:		
Onex Partners		
Clarivate Analytics secondary offerings and distribution	441	
SIG secondary offerings and dividend	296	
Jack's sale and distributions	231	
BrightSpring Health sale	191	
BBAM distributions	10	
ONCAP		
PURE Canadian Gaming distribution	17	
Direct investments		
RSG distributions	19	
Other	11	1,216
Private equity investments:		
Onex Partners		
WestJet	(261)	
Convex	(124)	
PowerSchool	(13)	
ONCAP		
Enertech	(39)	
ILAC	(7)	
Direct investments		
RSG	(25)	
Other	(2)	(471)
Flushing Town Center distributions		53
Net Onex Credit Strategies investment activity, including warehouse facilities		133
Acquisition of Gluskin Sheff		(297)
Onex share repurchases, options exercised and dividends		(108)
Net other, including capital expenditures, management fees, operating costs and treasury income[b]		(123)
Cash and near-cash at December 31, 2019[a]		**$ 1,842**

(a) Includes $395 million (2018 – $279 million) of treasury investments, $97 million (2018 – $89 million) invested in an Onex Credit unlevered senior secured loan strategy fund and $190 million (2018 – $205 million) of management fees.

(b) Other includes the impact of incentive compensation payments paid during 2019 related to the 2018 fiscal year and acquisition and integration expenses.

CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $11.8 billion at December 31, 2019 compared to $45.4 billion at December 31, 2018. The decrease in consolidated assets was primarily driven by the derecognition of previously consolidated corporate investments and credit strategies on January 1, 2019 following the change in Onex' investment entity status, as described on page 24 of this MD&A.

Table 17 presents consolidated assets by reportable segment as at December 31, 2019.

Consolidated Assets by Reportable Segment

TABLE 17 — *($ millions)* As at December 31, 2019	Investing	Asset and Wealth Management	Total
Cash and cash equivalents	$ 832	$ 156[a]	$ 988
Treasury investments	306	–	306
Management and advisory fees, recoverable fund expenses and other receivables	190[b]	142	332
Corporate investments	5,233	–	5,233
Other assets	–	126	126
Property and equipment	–	181	181
Intangible assets	–	158	158
Goodwill	–	261	261
Total segment assets	$ 6,561	$ 1,024	$ 7,585
Intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			4,217
Total assets			$ 11,802

(a) Cash and cash equivalents allocated to the asset and wealth management segment relate to accrued employee incentive compensation and the liability relating to the retirement of the Onex Credit chief executive officer, as described on page 39 of this MD&A.

(b) Represents management fees receivable that Onex has elected to defer cash receipt from the Onex Partners and ONCAP Funds.

Table 18 shows consolidated assets by reportable segment as at December 31, 2018 and 2017.

Consolidated Assets by Reportable Segment

TABLE 18	*($ millions)*	As at December 31, 2018	Percentage Breakdown	As at December 31, 2017	Percentage Breakdown
Electronics Manufacturing Services		$ 3,738	9%	$ 2,964	7%
Healthcare Imaging		1,192	3%	1,321	3%
Insurance Services		1,487	3%	1,524	3%
Packaging Products and Services[a]		6,771	15%	6,808	16%
Business and Information Services[b]		6,526	15%	5,656	13%
Food Retail and Restaurants[c]		1,784	4%	2,094	5%
Credit Strategies[d]		10,247	23%	10,048	23%
Other[e]		12,524	28%	13,310	30%
Assets held by continuing operations		44,269	100%	43,725	100%
Other – assets held by discontinued operations[f]		1,148		971	
Total consolidated assets		$ 45,417		$ 44,696	

(a) The packaging products and services segment consisted of IntraPac, Precision, sgsco and SIG. The Company began consolidating Precision in August 2018, when the business was acquired by the ONCAP IV Group. IntraPac began to be consolidated in December 2017, when the business was acquired by the ONCAP IV Group.

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

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

(d) The credit strategies segment consisted of (i) Onex Credit Manager, (ii) Onex Credit Collateralized Loan Obligations, (iii) Onex Credit Funds and (iv) Direct Lending. Onex Credit Lending Partners began to be consolidated in May 2017, when OCLP I was established.

(e) Other included Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts (since March 2017), Survitec, SCP Health, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company. In addition, other included the following investments, which are accounted for at fair value: AIT, BBAM, JELD-WEN (since May 2017), Incline Aviation Fund, Mavis Discount Tire (up to March 2018), PowerSchool (since August 2018), RSG (since June 2018), Ryan (since October 2018), Pinnacle Renewable Energy (since February 2018), Venanpri Group, and Wyse (since November 2018).

(f) At December 31, 2018 and 2017, the assets of BrightSpring Health were included in the other segment and were presented as a discontinued operation.

Corporate investments

At December 31, 2019, the Company's interests in Investment Holding Companies were recorded at fair value through net earnings. The Investment Holding Companies directly or indirectly invest the Company's capital in the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and other investments. The Company's corporate investments include the following amounts at December 31, 2019:

TABLE 19 *($ millions)*	January 1, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2019
Onex Partners Funds	$ 3,050	$ 398	$ (1,131)	$ 682	$ 2,999
ONCAP Funds	458	46	(17)	14	501
Other private equity	375	27	(25)	44	421
Carried interest	110	n/a	(43)	(1)	66
Total private equity investments	3,993	471	(1,216)	739	3,987
Onex Credit Strategies	815	197	(330)	64	746
Real estate	148	–	(53)	(5)	90
Other net assets[a]	434	(845)	820	1	410
Total corporate investments excluding intercompany loans	5,390	(177)	(779)	799	5,233
Intercompany loans receivable from Onex and the Asset Managers	3,766	530	(79)	–	4,217
Intercompany loans payable to Onex and the Asset Managers	(414)	(357)	57	–	(714)
Intercompany loans receivable from Investment Holding Companies	414	357	(57)	–	714
Total corporate investments	$ 9,156	$ 353	$ (858)	$ 799	$ 9,450

(a) Other net assets consist of the assets (primarily cash, cash equivalents, receivables and treasury investments) and liabilities of the Investment Holding Companies, excluding investments in private equity, Onex Credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers. Capital deployed and realizations and distributions of other net assets represent the cash flows of the Investment Holding Companies associated with investments in private equity, Onex Credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers.

At December 31, 2019, Onex' corporate investments, which are more fully described in note 6 to the consolidated financial statements, totalled $9.5 billion (January 1, 2019 – $9.2 billion).

During the year ended December 31, 2019, Onex' investment of capital primarily consisted of investments made in Onex Partners V, ONCAP IV, RSG and certain CLOs, as described on pages 12 and 15 of this MD&A.

During the year ended December 31, 2019, realizations and distributions to Onex primarily consisted of Onex' share of the proceeds from the Onex Partners IV Group's sale of Jack's and the secondary offerings by Clarivate Analytics and SIG, as described on page 13 of this MD&A, proceeds from the Onex Partners I and Onex Partners III sale of BrightSpring Health, as described on page 13 of this MD&A, and the return of CLO warehouse investments and distributions received from Onex' CLOs, as described on page 15 of this MD&A.

During the year ended December 31, 2019, the change in fair value of Onex' corporate investments totalled $799 million, which was primarily driven by changes in the fair value of Onex' private equity investments, which are more fully described on page 34 of this MD&A.

The valuation of public investments held directly by Onex or through the Onex Partners Funds and ONCAP Funds is based on their publicly traded closing prices at December 31, 2019. For certain public investments, a discount was applied to the closing price in relation to trading restrictions that were in place at December 31, 2019 relating to Onex, the Onex Partners Funds or the ONCAP Funds holdings in these investments. These discounts resulted in a reduction of $84 million in the fair value of corporate investments (January 1, 2019 – $52 million).

Intercompany loans payable to Investment Holding Companies as at December 31, 2019

Onex and the Asset Managers have intercompany loans payable to the Investment Holding Companies as at December 31, 2019. The loans are primarily due on demand and are non-interest bearing. At December 31, 2019, intercompany loans payable to the Investment Holding Companies totalled $4.2 billion and the corresponding receivable of $4.2 billion was included in the fair value of the Investment Holding Companies within corporate investments. There is no impact on net assets or net earnings from these intercompany loans.

At December 31, 2018, intercompany loans payable to the Investment Holding Companies were eliminated in the Company's consolidated balance sheet, as Onex consolidated the financial results of all Investment Holding Companies. The accounting treatment for Investment Holding Companies changed on January 1, 2019 as a result of the change in Onex' investment entity status, as described on page 24 of this MD&A.

Consolidated long-term debt, without recourse to Onex Corporation as at December 31, 2018 and 2017

Onex did not have consolidated long-term debt at December 31, 2019. The consolidated long-term debt balances at December 31, 2018 and 2017 consisted of the long-term debt of the previously consolidated operating companies and Onex Credit strategies. Table 20 shows consolidated long-term debt by industry segment as at December 31, 2018 and 2017.

Consolidated Long-Term Debt, Without Recourse to Onex Corporation

TABLE 20 *($ millions)* As at December 31	2018	2017
Electronics Manufacturing Services	$ 747	$ 187
Healthcare Imaging	1,149	1,132
Insurance Services	950	939
Packaging Products and Services[a]	2,762	3,770
Business and Information Services[b]	3,088	2,566
Food Retail and Restaurants[c]	953	943
Credit Strategies[d]	8,420	7,877
Other[e][f]	4,275	4,635
	22,344	22,049
Current portion of long-term debt	(879)	(333)
Total	$ 21,465	$ 21,716

(a) The packaging products and services segment consisted of IntraPac, Precision, sgsco and SIG. The Company began consolidating Precision in August 2018, when the business was acquired by the ONCAP IV Group.

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

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

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

(e) Other included Flushing Town Center, KidsFoundation (since November 2018), Meridian Aviation, Parkdean Resorts, Survitec, SCP Health, WireCo, the operating companies of ONCAP II, III and IV (excluding IntraPac and Precision) and the parent company.

(f) The long-term debt of BrightSpring Health was included in the other segment and has been presented as a discontinued operation.

Note 40 to the consolidated financial statements provides additional details concerning the long-term debt outstanding at December 31, 2018.

Limited Partners' Interests as at December 31, 2018 and 2017

Limited Partners' Interests liability at December 31, 2018 and 2017 represented the fair value of limited partners' invested capital in the Onex Partners, ONCAP, Onex Credit Lending Partners and Onex Credit Funds and was 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. Beginning in January 1, 2019, Onex no longer recognizes Limited Partners' Interests as a result of the change in its investment entity status, as described on page 24 of this MD&A.

Table 21 shows the change in Limited Partners' Interests from December 31, 2017 to December 31, 2018.

Limited Partners' Interests

TABLE 21 *($ millions)*	Onex Partners and ONCAP Funds			Credit Strategies	Total
	Gross Limited Partners' Interests	Carried Interest	Net Limited Partners' Interests	Net Limited Partners' Interests[a]	
Balance – December 31, 2017	$ 8,027	$ (464)	$ 7,563	$ 461	$ 8,024
Limited Partners' Interests charge (recovery)	(808)	93	(715)	1	(714)
Contributions by Limited Partners	1,465	–	1,465	131	1,596
Distributions paid to Limited Partners	(1,228)	94	(1,134)	(93)	(1,227)
Balance – December 31, 2018	7,456	(277)	7,179	500	7,679
Current portion of Limited Partners' Interests[b]	(641)	98	(543)	(17)	(560)
Non-current portion of Limited Partners' Interests	$ 6,815	$ (179)	$ 6,636	$ 483	$ 7,119

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

(b) At December 31, 2018, the current portion of the Limited Partners' Interests was $560 million. The current portion consisted primarily of the limited partners' share of the proceeds from the pending sale of BrightSpring Health.

Changes to the Limited Partners' Interests balance from December 31, 2017 to December 31, 2018 are described in note 43 to the consolidated financial statements.

Equity

Table 22 provides a reconciliation of the change in equity from December 31, 2018 to December 31, 2019.

Change in Equity

TABLE 22 *($ millions)*	
Balance – December 31, 2018	$ 5,637
Derecognition of previously consolidated corporate investments	**(2,905)**
Dividends declared	**(29)**
Options exercised	**2**
Repurchase and cancellation of shares	**(34)**
Equity issued in connection with the acquisition of Gluskin Sheff[a]	**21**
Net earnings	**4,277**
Currency translation adjustments included in other comprehensive earnings	**14**
Equity as at December 31, 2019	**$ 6,983**

(a) Includes $13 million and $8 million, respectively, related to the issuance of Onex SVS and limited partnership units of an Onex subsidiary in connection with the acquisition of Gluskin Sheff, as described on page 29 of this MD&A.

Derecognition of consolidated corporate investments

As a result of the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, the non-controlling interests and accumulated other comprehensive loss associated with controlled operating companies that were previously consolidated by Onex were derecognized from the consolidated statement of equity.

Dividend policy

In May 2019, Onex announced that it had increased its quarterly dividend by 14% to C$0.10 per SVS beginning with the dividend declared by the Board of Directors payable in July 2019.

Table 23 presents Onex' dividends paid per share for the twelve months ended December 31 during the past five years. The table reflects the increase in dividends per share over this time.

TABLE 23 *($ per share amounts)*	**Dividends Paid per Share**
Twelve months ended December 31:	
2015	**C$ 0.23**
2016	**C$ 0.26**
2017	**C$ 0.29**
2018	**C$ 0.33**
2019	**C$ 0.38**

Shares outstanding

At December 31, 2019, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Onex also had 100,063,143 SVS issued and outstanding. Note 16 to the consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during the year ended December 31, 2019.

Table 24 shows the change in the number of SVS outstanding from December 31, 2017 to January 31, 2020.

TABLE 24 *($ 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, 2017	101,532,181				
Shares repurchased and cancelled:					
Normal Course Issuer Bids	(669,733)	$ 63.30	$ 82.14	$ 42	$ 55
Private transaction	(500,000)	$ 72.23	$ 93.00	$ 36	$ 47
Issuance of shares:					
Options exercised	33,292	$ 59.78	$ 79.02	$ 2	$ 3
Dividend Reinvestment Plan	7,753	$ 70.68	$ 91.08	$ 1	$ 1
SVS outstanding at December 31, 2018	100,403,493				
Shares repurchased and cancelled:					
Normal Course Issuer Bid	**(629,027)**	**$ 54.80**	**$ 73.59**	**$ 34**	**$ 46**
Issuance of shares:					
Acquisition of Gluskin Sheff	**247,359**	**$ 54.71**	**$ 74.01**	**$ 13**	**$ 18**
Options exercised	**35,145**	**$ 60.28**	**$ 79.82**	**$ 2**	**$ 3**
Dividend Reinvestment Plan	**6,173**	**$ 57.85**	**$ 77.50**	**less than $ 1**	**less than $ 1**
SVS outstanding at January 31, 2020	**100,063,143**				

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 discount to their value as perceived by Onex, while taking into account other opportunities to invest Onex' cash.

On April 18, 2019, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2019. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 8,213,787 SVS. Onex may purchase up to 36,400 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2019. 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, 2019 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2020. 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, 2019, Onex repurchased 1,536,532 SVS at a total cost of $94 million (C$124 million) or an average purchase price of $61.39 (C$81.02) per share.

Table 25 shows a summary of Onex' repurchases of SVS for the past 10 years.

Onex' Repurchases of SVS for the Past 10 Years

TABLE 25	Shares Repurchased	Total Cost of Shares Repurchased *(in C$ millions)*	Average Share Price *(in C$ per share)*
2010	2,040,750	C$ 52	C$ 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	250	80.14
2017(5)	1,273,209	121	95.00
2018(6)	1,169,733	102	86.78
2019	629,027	46	73.59
Total	20,758,736	C$ 1,240	C$ 59.72

(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.

(6) Includes 500,000 SVS repurchased in a private transaction.

Issuance of shares – Dividend Reinvestment Plan

Onex' Dividend Reinvestment Plan enabled Canadian shareholders to reinvest cash dividends to acquire new SVS of Onex at a market-related price at the time of reinvestment. During 2019, Onex issued 6,173 SVS at an average cost of C$77.50 per SVS in connection with the Dividend Reinvestment Plan.

The Company's Dividend Reinvestment Plan was suspended in September 2019.

Issuance of equity instruments – acquisition of Gluskin Sheff

As part of the acquisition of Gluskin Sheff in June 2019, certain members of the Gluskin Sheff management team exchanged their Gluskin Sheff common shares for 247,359 SVS of Onex with a fair value when issued of $13 million (C$18 million), as described on page 29 of this MD&A, and limited partnership units of an Onex consolidated subsidiary. Subject to certain terms and conditions, the limited partnership units include the right for the unit holder to require Onex to redeem the partnership units in exchange for 144,579 SVS of Onex or cash consideration which approximates the market value of 144,579 SVS of Onex at the time of redemption. Onex has the option to settle the redemption request by paying cash consideration or issuing SVS. The fair value of these limited partnership units when issued in June 2019 was $8 million (C$11 million) and was recorded as an increase to share capital.

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. 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, 2019, Onex had 14,073,050 options outstanding to acquire SVS, of which 7,786,300 options were vested and exercisable.

Table 26 provides information on the activity from December 31, 2017 to December 31, 2019.

TABLE 26	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2017	12,378,442	C$ 57.81
January 2018 Grant[1]	1,052,250	C$ 92.15
December 2018 Grant	1,002,350	C$ 78.64
Other grants during 2018	23,500	C$ 93.08
Surrendered	(836,675)	C$ 36.03
Exercised	(40,000)	C$ 15.95
Expired	(87,950)	C$ 86.58
Outstanding at December 31, 2018	13,491,917	C$ 63.38
December 2019 Grant	**2,711,750**	**C$ 82.10**
Other grants during 2019	**20,000**	**C$ 78.78**
Surrendered	**(1,694,317)**	**C$ 46.57**
Exercised	**(51,000)**	**C$ 24.63**
Expired	**(405,300)**	**C$ 86.42**
Outstanding at December 31, 2019	**14,073,050**	**C$ 68.50**

(1) Options granted in January 2018 related to services provided during the year ended December 31, 2017.

During 2019, 2,731,750 options to acquire SVS were issued with a weighted average exercise price of C$82.08 per share. The options vest at a rate of 20% per year from the date of grant.

During 2018, 2,078,100 options to acquire SVS were issued with a weighted average exercise price of C$85.64 per share, including 1,052,250 options granted in relation to services provided during the year ended December 31, 2017. The options vest at a rate of 20% per year from the date of grant.

During 2019, 1,694,317 options were surrendered at a weighted average exercise price of C$46.57 for aggregate cash consideration of $42 million (C$56 million), 51,000 options were exercised at a weighted average exercise price of C$24.63 and 405,300 options expired.

During 2018, 836,675 options were surrendered at a weighted average exercise price of C$36.03 for aggregate cash consideration of $32 million (C$42 million), 40,000 options were exercised at a weighted average exercise price of C$15.95 and 87,950 options expired.

Director Deferred Share Unit Plan

During the second quarter of 2019, a grant of 34,014 DSUs was issued to directors having an aggregate value, at the date of grant, of $2 million (C$3 million). At December 31, 2019, there were 702,857 Director DSUs outstanding. Onex has economically hedged 587,261 of the outstanding Director DSUs with a counterparty financial institution.

Management Deferred Share Unit Plan

In early 2019, 14,472 DSUs were issued to the Onex management team having an aggregate value, at the date of grant, of $1 million (C$1 million) in lieu of that amount of cash compensation for Onex' 2018 fiscal year. At December 31, 2019, there were 707,048 Management DSUs outstanding (2018 – 743,139).

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. Forward agreements with a fair value of $82 million at December 31, 2019, including those associated with Director DSUs, are recorded within other assets in the consolidated balance sheet.

Director DSUs must be held until retirement from the Board and Management DSUs must be held until leaving the employment of Onex. Table 27 reconciles the changes in the DSUs outstanding at December 31, 2019 from December 31, 2017.

Change in Outstanding Deferred Share Units

TABLE 27	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2017	704,036		665,921	
Granted	26,931	C$ 93.88	–	–
Redeemed	(90,626)	C$ 84.60	–	–
Additional units issued in lieu of compensation and cash dividends	13,069	C$ 87.68	77,218	C$ 90.48
Outstanding at December 31, 2018	653,410		743,139	
Granted	**34,014**	**C$ 75.22**	**–**	**–**
Redeemed	**–**	**–**	**(54,173)**	**C$ 78.41**
Additional units issued in lieu of compensation and cash dividends	**15,433**	**C$ 79.23**	**18,082**	**C$ 75.12**
Outstanding at December 31, 2019	**702,857**		**707,048**	
Hedged with a counterparty financial institution at December 31, 2019	**(587,261)**		**(707,048)**	
Outstanding at December 31, 2019 – Unhedged	**115,596**		**–**	

Management of capital

Onex considers the capital it manages to be the amounts it has invested in cash and cash equivalents, near-cash investments, treasury investments managed by third-party investment managers, investments made in the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and other investments. Onex also manages capital from other investors in the Onex Partners Funds, ONCAP Funds, Gluskin Sheff strategies and Onex 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, external debt so that funds are available to pursue new investments and growth opportunities as well as support expansion of its existing businesses;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its corporate investments;
- control the risk associated with capital invested in any particular strategy. Onex Corporation does not guarantee the debt of its investment funds or the underlying operating businesses of its private equity funds.

At December 31, 2019, Onex had $1.8 billion of cash and near-cash items, including $328 million of cash and cash equivalents held within Investment Holding Companies, and $682 million of near-cash items at fair value. Near-cash items include treasury investments managed by third-party investment managers, as described below, $97 million invested in an unlevered fund managed by Onex Credit and $190 million of management fees receivable from limited partners of its private equity platforms.

Onex has a conservative cash management policy driven towards maintaining liquidity and preserving principal in all its treasury investments.

At December 31, 2019, the fair value of treasury investments, including cash yet to be deployed, was $646 million (2018 – $279 million). The increase in treasury investments was primarily driven by realizations in the Onex Partners Funds, partially offset by investments in Onex Partners V and the acquisition of Gluskin Sheff. Treasury investments are managed in a mix of short-term and long-term portfolios and consist of money market instruments, commercial paper with original maturities of three months to one year, federal and municipal debt instruments, corporate obligations and structured products with maturities of one to five years. The treasury 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.

Today, Onex has access to uncalled committed limited partner capital for investments through Onex Partners V ($4.0 billion) and ONCAP IV ($235 million). In addition, Onex has uncalled committed capital of $325 million from other Onex Partners and ONCAP Funds that may be used for possible future funding of existing businesses and funding of partnership expenses.

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 28 summarizes the major consolidated cash flow components for the year ended December 31, 2019 and 2018.

Major Cash Flow Components

TABLE 28	*($ millions)* Year ended December 31	2019	2018
Cash provided by operating activities		$ 465	$ 1,348
Cash provided by financing activities		$ 378	$ 2,130
Cash used in investing activities		$ (390)	$ (4,084)
Decrease in cash due to the derecognition of previously consolidated corporate investments		$ (2,169)	$ –
Consolidated cash and cash equivalents held by continuing operations		$ 988	$ 2,680

Cash provided by operating activities

Table 29 provides a breakdown of cash provided by (used in) 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, 2019 and 2018.

Components of Cash from Operating Activities

TABLE 29	*($ millions)* Year ended December 31	2019	2018
Cash generated from operations		$ 488	$ 1,425
Changes in non-cash working capital items:			
Management and advisory fees, recoverable fund expenses and other receivables		(47)	–
Other assets		(2)	(60)
Accounts receivable		–	(159)
Inventories		–	(273)
Accounts payable, accrued liabilities and other liabilities		(9)	229
Accrued compensation		30	–
Decrease in cash and cash equivalents due to changes in non-cash working capital items		(28)	(263)
Increase in other operating activities		5	57
Cash from operating activities of discontinued operations		–	129
Cash provided by operating activities		$ 465	$ 1,348

Cash generated from operations includes net earnings (loss) from continuing operations before interest and income taxes, adjusted for cash taxes paid and items not affecting cash and cash equivalents, in addition to cash flows from Onex' investments in and loans made to the Investment Holding Companies. The significant changes in non-cash working capital items for the year ended December 31, 2019 were:

- a $47 million increase in management and advisory fees, recoverable fund expenses and other receivables, driven by an increase in fees earned but not yet received from the limited partners of the Onex Partners and ONCAP Funds. This compares to no change during the year ended December 31, 2018 as this change was eliminated on consolidation prior to the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A;
- a $9 million decrease in accounts payable, accrued liabilities and other liabilities primarily as a result of the payment of transaction-related liabilities acquired with Gluskin Sheff. This compares to an increase in accounts payable, accrued liabilities and other liabilities of $229 million during the year ended December 31, 2018, which included the previously consolidated controlled operating companies of Onex prior to the change in Onex' investment entity status, as described on page 24 of this MD&A; and
- a $30 million increase in accrued compensation as a result of accrued incentive compensation related to the 2019 fiscal year, partially offset by the payment of incentive compensation related to the 2018 fiscal year and accrued compensation acquired with Gluskin Sheff. This compares to no change during the year ended December 31, 2018 as this change was part of accounts payable, accrued liabilities and other liabilities prior to the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A.

Cash provided by financing activities

Cash provided by financing activities was $378 million for the year ended December 31, 2019 compared to $2.1 billion for the same period in 2018. Cash provided by financing activities for the year ended December 31, 2019 primarily consisted of $451 million of net loan issuances with the Investment Holding Companies, partially offset by $36 million of cash used to repurchase Onex stock, as described on page 52 of this MD&A, and $28 million of cash dividends paid.

Cash provided by financing activities during the year ended December 31, 2018 primarily consisted of:

- $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 50 of this MD&A;
- $1.4 billion of net new long-term debt primarily from new long-term debt at KidsFoundation, Precision and SMG, the closing of a new CLO and an increase in outstanding debt at Celestica primarily related to acquisitions, partially offset by the repayment of debt by SIG;
- $1.3 billion from the issuance of share capital primarily due to SIG's issuance of treasury shares in its initial public offering, as described in note 29(k) to the 2019 annual consolidated financial statements; and
- $631 million of proceeds from the Onex Partners III Group's sale of a portion of its shares in Emerald Expositions' March 2018 secondary offering and the Onex Partners IV Group's sale of a portion of its shares in SIG's October 2018 initial public offering.

Partially offsetting these were:

- $1.3 billion of distributions primarily to the limited partners of the Onex Partners and ONCAP Funds, as discussed under the Limited Partners' Interests on page 50 of this MD&A; and
- $1.2 billion of cash interest paid.

Cash used in investing activities

Cash used in investing activities totalled $390 million for the year ended December 31, 2019 compared to $4.1 billion during the same period in 2018. Cash used in investing activities during the year ended December 31, 2019 primarily consisted of $297 million of net cash consideration for the acquisition of Gluskin Sheff, as described on page 29 of this MD&A, and net purchases of treasury investments totalling $105 million.

Cash used in investing activities during the year ended December 31, 2018 primarily consisted of:

- $2.6 billion used to fund acquisitions primarily related to the Onex Partners IV Group's acquisition of SMG, the Onex Partners IV and Onex Partners V Group's acquisition of KidsFoundation, the ONCAP IV Group's acquisitions of AutoSource, Precision and Walter Surface Technologies and Celestica's acquisitions of Atrenne Integrated Solutions and Impakt;
- $1.8 billion of net purchases of investments and securities by the credit strategies;
- $1.2 billion for investments in joint ventures and associates, of which $872 million and $317 million related to the Onex Partners IV Group's investments in PowerSchool and Ryan, respectively; and
- $654 million used for the purchase of property, plant and equipment primarily at Carestream Health, Celestica, Parkdean Resorts, Save-A-Lot, SIG and Survitec.

Partially offsetting these were:

- $578 million of net proceeds received primarily from third-party investment managers from the sales of investments and securities by Onex, the parent company, partially offset by Onex and Onex management's $175 million investment in RSG;
- $570 million from the sale of investments in joint ventures and associates, representing the sale of Mavis Discount Tire and the sale of common stock of Pinnacle Renewable Energy in its June 2018 secondary offering;
- $522 million of cash interest received primarily by the CLOs in credit strategies; and
- $410 million received from the sale of Tecta.

Decrease in cash due to the derecognition of previously consolidated corporate investments

During the year ended December 31, 2019, cash decreased by $2.2 billion due to the derecognition of previously consolidated corporate investments on January 1, 2019 as a result of the change in Onex' investment entity status, as described on page 24 of this MD&A.

Fourth quarter cash flow

Table 30 presents the major components of cash flow for the fourth quarters of 2019 and 2018.

Major Cash Flow Components

TABLE 30 *($ millions)*	2019	2018
Cash from operating activities	**$ 77**	$ 258
Cash from financing activities	**$ 215**	$ 379
Cash used in investing activities	**$ (255)**	$ (470)
Consolidated cash and cash equivalents held by continuing operations	**$ 988**	$ 2,680

Cash provided by financing activities in the fourth quarter of 2019 primarily consisted of $225 million of net loan issuances with the Investment Holding Companies, partially offset by $8 million of cash dividends paid.

Cash from financing activities in the fourth quarter of 2018 included (i) $1.2 billion from the issuance of share capital primarily due to SIG's issuance of treasury shares in its initial public offering; (ii) $511 million of proceeds from the Onex Partners IV Group's sale of a portion of its shares in SIG's initial public offering; and (iii) $317 million of contributions received from the limited partners of the Onex Partners and ONCAP Funds primarily related to the acquisition of KidsFoundation and the investments in Ryan and Wyse. Partially offsetting the cash from financing activities were (i) distributions of $597 million primarily to the limited partners of the Onex Partners and ONCAP Funds; (ii) $505 million of net debt repayment driven by SIG and partially offset by debt issued for the acquisition of KidsFoundation; and (iii) $327 million of cash interest paid.

Cash used in investing activities during the fourth quarter of 2019 primarily consisted of the net purchases of treasury investments totalling $261 million.

Cash used in investing activities in the fourth quarter of 2018 primarily consisted of (i) $721 million of cash used to fund acquisitions, which primarily related to the Onex Partners IV and Onex Partners V Groups' acquisition of KidsFoundation; and (ii) $344 million for investments in joint ventures and associates, which primarily related to Onex Partners IV Group's investment in Ryan. Partially offsetting the cash used in investing activities was $410 million of proceeds from the sale of Tecta.

Consolidated cash resources

At December 31, 2019, consolidated cash and cash equivalents held by continuing operations decreased to $1.0 billion from $2.7 billion at December 31, 2018. The significant decrease in consolidated cash was driven by the derecognition of previously consolidated operating companies as a result of the change in Onex' investment entity status on January 1, 2019, as described on page 24 of this MD&A, as well as Onex' acquisition of Gluskin Sheff, as described on page 29 of this MD&A.

At December 31, 2019, Onex had $1.8 billion of cash and near-cash on hand, as discussed on page 44 of this MD&A. Onex management reviews the amount of cash and near-cash on hand when assessing the liquidity of the Company.

Onex' commitment to the Funds

Tables 31 and 32 provide information on Onex' commitments to the Onex Partners and ONCAP Funds:

TABLE 31	Final Close Date	Onex Total Commitments	Onex Commitments Invested[i]	Onex Remaining Commitments[ii]
Onex Partners I	February 2004	$ 400	$ 346	$ 16
Onex Partners II	August 2006	$ 1,407	$ 1,164	$ 158
Onex Partners III	December 2009	$ 1,200	$ 929	$ 104
Onex Partners IV	March 2014	$ 1,700[iii]	$ 1,539[iii]	$ 129
Onex Partners V	November 2017	$ 2,000	$ 416	$ 1,536

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iii) Excludes an additional commitment that was acquired by Onex from a limited partner in 2017.

The remaining commitments for Onex Partners I, Onex Partners II and Onex Partners III are for future funding partnership expenses. The remaining commitments for Onex Partners IV are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V are primarily for funding of future Onex-sponsored investments.

TABLE 32	Final Close Date	Onex Total Commitments	Onex Commitments Invested[i]	Onex Remaining Commitments[ii]
ONCAP II	May 2006	C$ 252	C$ 221	C$ 1
ONCAP III	September 2011	C$ 252	C$ 186	C$ 30
ONCAP IV	November 2016	$ 480	$ 280	$ 162

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for ONCAP IV are primarily for funding of future Onex-sponsored investments.

As at December 31, 2019, Onex has invested $74 million (2018 – $46 million) of its $100 million commitment in OCLP I and the duration of the commitment period is up to November 2021, subject to extensions of up to an additional two years.

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.

During 2019, Onex management undertook a comprehensive review of the existing compensation and investment programs, the overall organizational structure of Onex and its growing investment platforms, and the changing roles and responsibilities of Onex investment professionals and executives. As a result of this review, there were several changes to the Onex compensation and investment programs. Overall, the changes: (i) simplify the programs to make them more transparent, easier to understand and less costly for Onex to administer; (ii) respect and further improve the alignment of Onex, its shareholders and its limited partners with that of Onex investment professionals and corporate executives according to their roles and responsibilities; (iii) maintain consistent levels of at-risk investment opportunities for investment professionals without increasing dilution for Onex and its shareholders; (iv) treat the investment of Onex capital in private equity on a similar basis as third-party capital; and (v) ensure that compensation and investment programs fairly and consistently reward performance for all Onex team members. Changes to the various investment programs are described in detail in the following pages.

The various investment programs are described in detail in the following pages and certain key aspects are summarized in table 33.

TABLE 33

Investment Program	Minimum Performance Return Hurdle	Vesting	Management Investment & Application
Management Investment Plan[(i)]	15% Compounded Return	6 years	• personal "at risk" equity investment required • applicable to: – Onex capital invested in Onex Partners I–IV transactions – Certain Onex capital invested outside Onex Partners prior to 2020 • not applicable to: – Onex Partners V transactions – future Onex transactions
Onex Partners Carried Interest Program[(ii)]	8% Compounded Return	6 years	• personal "at risk" equity investment required • applicable to: – third-party capital invested in Onex Partners I–IV transactions – Onex and third-party capital invested in Onex Partners V transactions – Onex capital invested in Onex Partners originated co-investments and direct investments since 2019
ONCAP Carried Interest Program[(ii)]	8% Compounded Return	5 years	• personal "at risk" equity investment required • applicable to: – Onex and third-party capital invested in ONCAP transactions
Management DSU Plan[(iii)]	N/A	N/A	• investment of elected portion of annual variable cash compensation in Management DSUs • value reflects changes in Corporation's share price, including risk associated with price decrease • units not redeemable until retirement
Director DSU Plan[(iv)]	N/A	N/A	• investment of up to 100% of annual directors' fees in Director DSUs • value reflects changes in Corporation's share price, including risk associated with price decrease • units not redeemable until retirement
Onex Partners Reinvestment Program[(v)]	N/A	N/A	• required purchase of Subordinate Voting Shares or Management DSUs for up to 25% of gross MIP and Onex Partners carried interest proceeds
Stock Option Plan[(vi)]	25% Share Price Appreciation	5 years	• satisfaction of exercise price (market value at grant date)

(i) Management Investment Plan

The MIP required the Onex management team members to invest in each of the operating businesses acquired or invested in by Onex. Management's required cash investment was 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) was also applied toward the 1.5% investment requirement under the MIP.

In addition to the 1.5% participation, management was 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 2019, management received $24 million under the MIP (2018 – $22 million). Note 26(f) to the consolidated financial statements provides additional details on the MIP.

Following a review in 2019, Onex eliminated the MIP for all future investments and for existing investments in Onex Partners V. Onex Partners management will now be eligible to receive carried interest on Onex' realized net gain in Onex Partners V and future Onex Partners investments, including co-investments made by Onex, as described in the following section. For existing pre-Onex Partners V investments, Onex and Onex Partners management will continue to participate in Onex' gains under the MIP. In certain circumstances, Onex and Onex Partners management will have an additional opportunity to participate in these gains such that the total participation for the team is consistent with that provided on third-party capital via the carried interest program. The Company recognized a decrease of $66 million in the fair value of its corporate investments during the fourth quarter of 2019 to account for this additional potential allocation to the team. Other contemporaneous changes to Onex' compensation and investment programs are expected to decrease expenses going forward such that Onex' overall cost from these programs is unchanged.

(ii) Onex Partners and ONCAP carried interest programs

The General Partners of the Onex Partners and ONCAP Funds are entitled to a carried interest of 20% on the realized net gains of the limited partners in each fund, 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 and Onex Partners management are allocated 60% of the carried interest realized in the Onex Partners Funds. 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.

As described on page 60 of this MD&A, changes to the Onex investment programs were completed, which include changes to Onex management's and Onex Partners management's participation in the carried interest program for future Onex Partners investments and for existing investments in Onex Partners V. For Onex Partners V, Onex Partners management will be entitled to a carried interest of 12% of the realized net gains from Onex capital, subject to an 8% compound annual preferred return to Onex on amounts contributed to the fund. This carried interest participation is in addition to and consistent with the carried interest entitlement on the realized net gains from the limited partners of Onex Partners V, which is described in the preceding paragraph.

During the year ended December 31, 2019, management of Onex, Onex Partners and ONCAP received carried interest totalling $68 million, primarily from the sale of BrightSpring Health. Management have the potential to receive $127 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2019.

During the year ended December 31, 2018, management of Onex, Onex Partners and ONCAP received carried interest totalling $90 million primarily from the sales of Mavis Discount Tire and Tecta; the partial sales of Emerald Expositions and Pinnacle Renewable Energy; and distributions from BBAM and Meridian Aviation.

(iii) Management Deferred Share Unit Plan

Effective December 2007, a Management DSU Plan was established as a further means of encouraging personal and direct economic interests by the Company's senior management in the performance of the SVS. Under the Management DSU Plan, 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. 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 ceases to be an officer or employee of the Company or an affiliate, and must be redeemed by the end of the year following the year of termination. 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 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 27 on page 55 of this MD&A provides details of the change in the DSUs outstanding during 2019 and 2018.

(iv) 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 approximately 84% of the grants under the Director DSU Plan. Table 27 on page 55 of this MD&A provides details of the change in the DSUs outstanding during 2019 and 2018.

(v) 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. The terms of this program were updated in February 2020. Under the updated terms of the program, members of senior management of Onex are required to invest up to 25% of all amounts received under the MIP and the Onex Partners' carried interest in Onex SVS. The size of the reinvestment requirement generally increases with the seniority of the participant and the cumulative proceeds they have realized from the MIP and Onex Partners' carried interest. Onex SVS acquired under this program are subject to a minimum three-year hold period. During 2019 Onex management reinvested C$10 million (2018 – C$5 million) to acquire Onex SVS and/or management DSUs under this program.

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 2019, $3 million (2018 – $12 million) in investments were made by the Onex management team and directors primarily in Incline Aviation Fund.

(vi) Stock Option Plan

Onex 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. The exercise price of the options is 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 26 on page 54 of this MD&A provides details of the change in the stock options outstanding at December 31, 2019 and 2018.

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 associated with management's carried interest participation, as described on page 62 of this MD&A.

The Onex management team and directors have committed to invest 4% of the total capital invested by Onex Partners V for new investments completed during 2020, including the minimum "at risk" equity investment. The Onex management team and directors have committed to invest 8% of the total capital invested by ONCAP IV for new investments completed during 2020, 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 during 2019 by the Onex management team and directors in acquisitions and investments completed through the Onex Partners and ONCAP Funds was $60 million (2018 – $145 million).

In addition, the Onex management team may invest in Onex Credit strategies. At December 31, 2019, investments at market value held by the Onex management team in Onex Credit strategies were approximately $280 million (2018 – approximately $325 million).

The Onex management team may also invest in funds managed by Gluskin Sheff. At December 31, 2019, investments at market value held by the Onex management team in Gluskin Sheff funds were approximately $65 million.

Related-party revenues

Onex receives management fees on limited partners' and clients' capital within the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and advisory fees directly from certain operating businesses. Onex also receives performance fees from the Onex Credit strategies and recovers certain deal investigation, research and other expenses from the Onex Partners Funds, ONCAP Funds, Onex Credit strategies and the operating businesses of Onex Partners and ONCAP. Onex indirectly controls the Onex Partners Funds, ONCAP Funds and Onex Credit strategies, and therefore the management and performance fees earned from these sources represent related-party transactions. Furthermore, Onex indirectly controls, jointly controls or has significant influence over certain operating businesses held by the Onex Partners and ONCAP Funds, and as such, advisory fees from these operating businesses represent related-party transactions.

Gluskin Sheff has agreements to manage its pooled fund vehicles, where it generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those pooled fund vehicles that are limited partnerships, Gluskin Sheff or an affiliate of Gluskin Sheff is the General Partner. As such, the Gluskin Sheff pooled fund vehicles are related parties of the Company.

Related-party revenues recognized during the year ended December 31, 2019 included the following:

TABLE 34	($ millions) Year ended December 31, 2019	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues					
Onex Partners Funds		$ 129	$ 21	$ –	$ 150
Onex Credit Strategies		52	1	–	53
Gluskin Sheff pooled fund vehicles[i]		39	1	24	64
ONCAP Funds		17	2	–	19
Total related-party revenues		$ 237	$ 25	$ 24	$ 286
Gluskin Sheff third-party revenues		4	–	–	4
Total revenues		$ 241	$ 25	$ 24	$ 290

(i) Revenues associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles are included within other income.

At December 31, 2019, related party receivables included the following:

TABLE 35 ($ millions) As at December 31, 2019	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Onex Partners Funds	$ 187	$ 77	$ –	$ 1	$ 265
Credit strategies	10	–	–	1	11
ONCAP Funds	3	5	–	–	8
Gluskin Sheff pooled fund vehicles	3	–	20	–	23
Onex Partners and ONCAP operating businesses	1	–	–	–	1
Total related-party receivables	$ 204	$ 82	$ 20	$ 2	$ 308
Third-party receivables	1	–	–	23	24
Total	$ 205	$ 82	$ 20	$ 25	$ 332

Onex Credit management fees

During 2018, Onex Credit earned management fees on other investors' capital. Management fees earned on the capital invested by Onex, the parent company, were eliminated in the 2018 consolidated financial statements.

In addition, Onex Credit was entitled to incentive fees on certain other investors' capital. Incentive fees ranged between 15% and 20%. Certain incentive fees (including incentive fees on CLOs) were subject to a hurdle or minimum preferred return to investors.

During the year ended December 31, 2018, gross management and incentive fees earned by the credit strategies segment were $50 million and nil, respectively, including management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex. The management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, the parent company, during 2018 were $47 million and nil. Credit strategies segment revenues for 2018, net of management and incentive fees from Onex Credit Funds, Onex Credit Lending Partners and CLOs consolidated by Onex, were $3 million.

Tax loss transactions with a related party

During 2018, Onex entered into the sale of an entity, the sole assets of which were certain tax losses, to a company controlled by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder. Onex had significant non-capital and capital losses available; however, Onex did not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. As such, no benefit was recognized in the 2018 consolidated financial statements for these losses. In connection with this transaction, 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. Onex' Audit and Corporate Governance Committee, all the members of which were independent Directors, unanimously approved the transaction. During 2018, Onex received $4 million in cash for tax losses of $41 million. The entire $4 million was recorded as a gain and included in other income (expense) in the 2018 consolidated statement of earnings.

Private share repurchase

In May 2018, Onex repurchased in a private transaction 500,000 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 $72.23 (C$93.00) per share or a total cost of $36 million (C$47 million), which represented a slight discount to the trading price of Onex shares at that date.

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 the inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, Onex' internal controls over financial reporting and disclosure controls and procedures are effective in providing reasonable, not absolute, assurance that the objectives of Onex' control systems have been met.

RISK ENVIRONMENT

The Company's Annual Information Form for the year ended December 31, 2019, as filed on SEDAR, and note 24 to the 2019 annual consolidated financial statements set out certain risks that could be material to Onex and could have a material adverse effect on Onex' business, financial condition, results of operations and cash flows and the value of the Company's shares. The risks described in these documents are not the only risks that may impact the Company's business, operations and financial results. Additional risks not currently known to the Company or that Onex management currently believe are immaterial when considered across the Company's investment and asset management activities as a whole may also have a material adverse effect on future business, operations and performance.

Limitation on scope of design

Management has limited the scope of the design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of Gluskin Sheff (acquired in June 2019), the operating results of which are included in the December 31, 2019 consolidated financial statements of Onex. The scope limitation is in accordance with National Instrument 52-109, *Certification of Disclosure in Issuer's Annual and Interim Filings*, which allows an issuer to limit its design of internal controls over financial reporting and disclosure controls and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates.

Table 36 shows a summary of the financial information for Gluskin Sheff, which is included in the December 31, 2019 consolidated financial statements of Onex.

TABLE 36 *($ millions)*	Gluskin Sheff
Year ended December 31, 2019	
Total income	$ 70
Net earnings	$ 13
As at December 31, 2019	
Total assets	$ 419
Total liabilities	$ 48

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 businesses. 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, annualized pro-forma adjustments for acquisitions, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts.

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

Carried interest is an allocation of part of an investor's gains to Onex and its management team after the investor has realized 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 establish the CLO warehouses.

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

Collateral principal amount is the aggregate principal balance of the CLO investments in debt obligations, excluding defaulted debt obligations, and also includes the principal balance of cash deposits.

Collateralized Loan Obligation ("CLO") is a structured investment fund that invests in non-investment grade debt. Interests in these funds are sold in rated and unrated 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 the Onex management team, 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.

Direct Lending consists of Onex Credit Lending Partners and direct lending originated by Onex.

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.

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

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. Fully diluted shares used in the calculations of segment net earnings (loss) per share are calculated using the treasury stock method.

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 performance fees.

International Financial Reporting Standards ("IFRS") are 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 allow for comparability and consistency across businesses. As a publicly listed entity in Canada, Onex is required to report under IFRS.

Investing capital represents Onex' investing assets that are invested in private equity, Onex Credit strategies, treasury investments, cash and cash equivalents and near-cash available for investing. Investing capital is determined on the same basis as segmented assets for Onex' investing segment.

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

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

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.

Leveraged loans refer to the non-investment grade senior secured debt of relatively highly leveraged borrowers. A leveraged loan is often 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 Onex and Onex Partners 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 internal rate of return ("Net IRR") is the annualized percentage return earned by the limited partners of a fund, excluding Onex as a limited partner, 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, excluding Onex as a limited partner, 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 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 certain funds managed by Onex Credit in which Onex holds an investment.

Onex Credit Lending Partners ("OCLP") is a direct lending 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.

Performance fees include performance allocations and are generated on high net worth clients and institutional investors' capital managed by Onex Credit and Gluskin Sheff, some of which are subject to a hurdle or preferred return to investors.

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

Run-rate management fees is a forward-looking calculation representing management fees that would be earned over a twelve-month period based on the annual management fee rates and the basis or method of calculation in place at period end.

Shareholder capital represents Onex' total assets adjusted to include accounts payable and accrued liabilities, and lease and other liabilities, and to exclude associated DSU hedge assets.

Shareholder capital per share is shareholder capital divided by the number of fully diluted shares outstanding.

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.

Wealth management is a platform that includes capital managed by Gluskin Sheff in its public equity and debt strategies.

Throughout the MD&A and consolidated financial statements, the following operating businesses are referenced as follows:

- **"AIT"** – Advanced Integration Technology LP
- **"AutoSource"** – AutoSource Holdings, Inc.
- **"BBAM"** – BBAM Limited Partnership
- **"Bradshaw"** – Bradshaw International, Inc.
- **"BrightSpring Health"** – Res-Care, Inc.
- **"Carestream Health"** – Carestream Health, Inc.
- **"Celestica"** – Celestica Inc.
- **"Chatters"** – Chatters Canada
- **"Clarivate Analytics"** – Clarivate Analytics Plc
- **"Convex"** – Convex Group Limited
- **"Davis-Standard"** – Davis-Standard Holdings, Inc.
- **"Emerald Expositions"** – Emerald Expositions Events, Inc.
- **"Enertech"** – TAC Enertech Resources Holdings, LLC
- **"EnGlobe"** – EnGlobe Corp.
- **"Flushing Town Center"** – Flushing Town Center
- **"FLY Leasing Limited"** – FLY Leasing Limited
- **"Hopkins"** – Hopkins Manufacturing Corporation
- **"ILAC"** – International Language Academy of Canada
- **"Incline Aviation Fund"** – Incline Aviation Fund
- **"IntraPac"** – IntraPac International Corporation
- **"Jack's"** – Jack's Family Restaurants
- **"JELD-WEN"** – JELD-WEN Holding, Inc.
- **"KidsFoundation"** – KidsFoundation Holdings B.V.
- **"Laces"** – Laces Group
- **"Mavis Discount Tire"** – Mavis Tire Supply LLC
- **"Meridian Aviation"** – Meridian Aviation Partners Limited and affiliates
- **"Parkdean Resorts"** – Parkdean Resorts
- **"Pinnacle Renewable Energy"** – Pinnacle Renewable Holdings, Inc.
- **"PowerSchool"** – PowerSchool Group LLC
- **"Precision"** – Precision Global
- **"PURE Canadian Gaming"** – PURE Canadian Gaming Corp.
- **"RSG"** – Ryan Specialty Group, LLC
- **"Ryan"** – Ryan, LLC
- **"Save-A-Lot"** – Save-A-Lot
- **"SCP Health"** – SCP Health (formerly Schumacher Clinical Partners)
- **"sgsco"** – SGS International, LLC
- **"SIG"** – SIG Combibloc Group AG
- **"SMG"** – SMG Holdings Inc.
- **"Survitec"** – Survitec Group Limited
- **"Tecta"** – Tecta America Corporation
- **"Venanpri Group"** – Venanpri Group
- **"Walter"** – Walter Surface Technologies
- **"WestJet"** – WestJet Airlines Ltd.
- **"WireCo"** – WireCo WorldGroup
- **"Wyse"** – Wyse Meter Solutions Inc.
- **"York"** – York Risk Services Holding Corp.