

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies which management believes are appropriate for the Company are described in note 1 to the consolidated financial statements.

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

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

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

[signed]

**Donald W. Lewtas**  
Chief Financial Officer  
February 24, 2010

[signed]

**Christine M. Donaldson**  
Vice President Finance

# AUDITORS' REPORT

## To the Shareholders of Onex Corporation:

We have audited the consolidated balance sheets of Onex Corporation as at December 31, 2009 and 2008 and the consolidated statements of earnings, shareholders' equity and comprehensive earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[signed]

**PricewaterhouseCoopers LLP**

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

February 24, 2010

## CONSOLIDATED BALANCE SHEETS

As at December 31 <i>(in millions of dollars)</i>	2009	2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,206	\$ 2,921
Marketable securities	636	842
Accounts receivable	3,062	4,014
Inventories (note 4)	3,085	3,471
Other current assets (note 5)	1,384	1,695
	<b>11,373</b>	12,943
Property, plant and equipment (note 6)	3,759	4,066
Investments (note 7)	3,255	3,897
Other long-term assets (note 8)	2,696	3,125
Intangible assets (note 9)	2,086	2,755
Goodwill	2,312	2,946
	<b>\$ 25,481</b>	\$ 29,732
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,832	\$ 4,617
Other current liabilities	992	1,196
Current portion of long-term debt, without recourse to Onex (note 10)	425	532
Current portion of obligations under capital leases, without recourse to Onex (note 11)	21	25
Current portion of warranty reserves and unearned premiums (note 12)	1,410	1,698
	<b>6,680</b>	8,068
Long-term debt of operating companies, without recourse to Onex (note 10)	5,505	7,143
Long-term portion of obligations under capital leases of operating companies, without recourse to Onex (note 11)	41	46
Long-term portion of warranty reserves and unearned premiums (note 12)	2,034	2,561
Other liabilities (note 13)	1,955	2,287
Future income taxes (note 14)	1,237	1,450
	<b>17,452</b>	21,555
Non-controlling interests	6,370	6,624
<b>Shareholders' equity</b>	<b>1,659</b>	1,553
	<b>\$ 25,481</b>	\$ 29,732

Commitments and contingencies are reported in notes 11 and 24.

Signed on behalf of the Board of Directors

[signed]

[signed]

Director

Director

## CONSOLIDATED STATEMENTS OF EARNINGS

Year ended December 31 <i>(in millions of dollars except per share data)</i>	2009	2008
<b>Revenues</b>	<b>\$ 24,831</b>	\$ 26,881
Cost of sales	<b>(19,468)</b>	(21,719)
Selling, general and administrative expenses	<b>(2,819)</b>	(2,744)
<b>Earnings Before the Undernoted Items</b>	<b>2,544</b>	2,418
Amortization of property, plant and equipment	<b>(636)</b>	(624)
Amortization of intangible assets and deferred charges	<b>(364)</b>	(366)
Interest expense of operating companies (note 16)	<b>(495)</b>	(550)
Interest income	<b>53</b>	35
Loss from equity-accounted investments (note 17)	<b>(497)</b>	(322)
Foreign exchange gains (loss)	<b>(90)</b>	83
Stock-based compensation recovery (expense) (note 18)	<b>(161)</b>	142
Other income (expense)	<b>97</b>	(77)
Gains on dispositions of operating investments (note 19)	<b>783</b>	4
Acquisition, restructuring and other expenses (note 20)	<b>(219)</b>	(220)
Writedown of goodwill, intangible assets and long-lived assets (note 21)	<b>(370)</b>	(1,584)
<b>Earnings (loss) before income taxes, non-controlling interests and discontinued operations</b>	<b>645</b>	(1,061)
Provision for income taxes (note 14)	<b>(172)</b>	(252)
Non-controlling interests	<b>(361)</b>	1,021
<b>Earnings (loss) from continuing operations</b>	<b>112</b>	(292)
Earnings from discontinued operations (note 3)	<b>-</b>	9
<b>Net Earnings (Loss) for the Year</b>	<b>\$ 112</b>	\$ (283)
<b>Net Earnings (Loss) per Subordinate Voting Share</b> (note 22)		
Basic and Diluted:		
Continuing operations	<b>\$ 0.92</b>	\$ (2.37)
Discontinued operations	<b>\$ -</b>	\$ 0.07
Net earnings (loss)	<b>\$ 0.92</b>	\$ (2.30)

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE EARNINGS

<i>(in millions of dollars except per share data)</i>	Share Capital (note 15)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
<b>Balance – December 31, 2007</b>	\$ 529	\$ 1,583	\$ (409) <sup>(b)</sup>	\$ 1,703
Dividends declared <sup>(a)</sup>	-	(14)	-	(14)
Purchase and cancellation of shares	(14)	(87)	-	(101)
<b>Comprehensive Earnings (Loss)</b>				
Net loss for the year	-	(283)	-	(283)
Other comprehensive earnings (loss) for the year:				
Currency translation adjustments	-	-	382	382
Change in fair value of derivatives designated as hedges	-	-	(122)	(122)
Other	-	-	(12)	(12)
<b>Balance – December 31, 2008</b>	<b>515</b>	<b>1,199</b>	<b>(161)<sup>(c)</sup></b>	<b>1,553</b>
Dividends declared <sup>(a)</sup>	-	(13)	-	(13)
Purchase and cancellation of shares	(7)	(34)	-	(41)
<b>Comprehensive Earnings (Loss)</b>				
Net earnings for the year	-	112	-	112
Other comprehensive earnings (loss) for the year:				
Currency translation adjustments	-	-	(74)	(74)
Change in fair value of derivatives designated as hedges	-	-	109	109
Other	-	-	13	13
<b>Balance – December 31, 2009</b>	<b>\$ 508</b>	<b>\$ 1,264</b>	<b>\$ (113)<sup>(d)</sup></b>	<b>\$ 1,659</b>

(a) Dividends declared per Subordinate Voting Share during 2009 totalled \$0.11 (2008 – \$0.11). In 2009, shares issued under the dividend reinvestment plan amounted to less than \$1 (2008 – less than \$1).

(b) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2007 consisted of currency translation adjustments of negative \$397, unrealized losses on the effective portion of cash flow hedges of \$20 and unrealized gains on available-for-sale financial assets and other of \$8. Income taxes did not have a significant effect on these items.

(c) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2008 consisted of currency translation adjustments of negative \$15, unrealized losses on the effective portion of cash flow hedges of \$142 and unrealized losses on available-for-sale financial assets and other of \$4. Income taxes did not have a significant effect on these items.

(d) Accumulated Other Comprehensive Earnings (Loss) as at December 31, 2009 consisted of currency translation adjustments of negative \$89, unrealized losses on the effective portion of cash flow hedges of \$33 and unrealized gains on available-for-sale financial assets and other of \$9. Income taxes did not have a significant effect on these items.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 <i>(in millions of dollars)</i>	2009	2008
<b>Operating Activities</b>		
Net earnings (loss) for the year	\$ 112	\$ (283)
Earnings from discontinued operations	-	(9)
Items not affecting cash:		
Amortization of property, plant and equipment	636	624
Amortization of intangible assets and deferred charges	364	366
Amortization of deferred warranty costs	86	(22)
Loss from equity-accounted investments (note 17)	497	322
Foreign exchange loss (gains)	76	(105)
Stock-based compensation expense (recovery) (note 18)	161	(142)
Gains on dispositions of operating investments (note 19)	(783)	(4)
Non-cash component of restructuring (note 20)	5	5
Writedown of goodwill, intangible assets and long-lived assets (note 21)	370	1,584
Non-controlling interests	361	(1,021)
Future income taxes (note 14)	(104)	(66)
Other	(66)	47
	1,715	1,296
Changes in non-cash working capital items:		
Accounts receivable	381	202
Inventories	(166)	(311)
Other current assets	58	156
Accounts payable, accrued liabilities and other current liabilities	(225)	(340)
Increase (decrease) in cash due to changes in working capital items	48	(293)
Increase (decrease) in warranty reserves and unearned premiums and other liabilities	(423)	336
	1,340	1,339
<b>Financing Activities</b>		
Issuance of long-term debt	1,390	1,047
Repayment of long-term debt	(1,962)	(1,242)
Cash dividends paid	(13)	(14)
Repurchase of share capital	(41)	(101)
Issuance of share capital provided by L.P. investors and operating companies	368	458
Distributions by operating companies and to L.P. investors	(576)	(143)
Increase (decrease) due to other financing activities	(23)	4
	(857)	9
<b>Investing Activities</b>		
Acquisition of operating companies, net of cash in acquired companies of \$108 (2008 – \$5) (note 2)	(90)	(209)
Purchase of property, plant and equipment	(613)	(859)
Proceeds from sales of operating investments	1,110	-
Decrease due to other investing activities	(184)	(345)
Cash from discontinued operations (note 3)	-	11
	223	(1,402)
<b>Increase (Decrease) in Cash for the Year</b>	<b>706</b>	<b>(54)</b>
Increase (decrease) in cash due to changes in foreign exchange rates	(421)	513
Cash and cash equivalents, beginning of the year	2,921	2,462
<b>Cash and Cash Equivalents</b>	<b>\$ 3,206</b>	<b>\$ 2,921</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of dollars except per share data)

Onex Corporation and its subsidiaries (collectively, the “Company”) is a diversified company whose businesses operate autonomously. Throughout these statements, the term “Onex” refers to the parent company. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP” or “GAAP”). All amounts are in millions of Canadian dollars unless otherwise noted.

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

The consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP (“Onex Partners I”), Onex Partners II LP (“Onex Partners II”) and Onex Partners III LP (“Onex Partners III”), referred to collectively as “Onex Partners” (as described in note 24). All significant intercompany balances and transactions have been eliminated.

The principal operating companies and Onex’ economic ownership and voting interests in these entities are as follows:

	December 31, 2009		December 31, 2008	
	Onex Ownership	Voting	Onex Ownership	Voting
<i>Investments made through Onex</i>				
Celestica Inc. (“Celestica”)	8%	69%	13%	79%
Cineplex Entertainment <sup>(a)</sup>	-	-	23%	(b)
Sitel Worldwide Corporation (“Sitel Worldwide”)	66%	88%	66%	88%
<i>Investments made through Onex and Onex Partners I</i>				
Center for Diagnostic Imaging, Inc. (“CDI”)	19%	100%	19%	100%
Cosmetic Essence, Inc. (“CEI”) <sup>(a)</sup>	-	-	21%	100%
Emergency Medical Services Corporation (“EMSC”)	12%	82%	29%	97%
Res-Care, Inc. (“ResCare”)	6%	(b)	6%	(b)
Skilled Healthcare Group, Inc. (“Skilled Healthcare”)	9%	89%	9%	89%
Spirit AeroSystems, Inc. (“Spirit AeroSystems”)	7%	76%	7%	76%
<i>Investments made through Onex and Onex Partners II</i>				
Allison Transmission, Inc. (“Allison Transmission”)	15%	(b)	15%	(b)
Carestream Health, Inc. (“Carestream Health”)	38%	100%	39%	100%
Hawker Beechcraft Corporation (“Hawker Beechcraft”)	19%	(b)	20%	(b)
RSI Home Products, Inc. (“RSI”)	20%	50% <sup>(b)</sup>	20%	50% <sup>(b)</sup>
Tube City IMS Corporation (“Tube City IMS”)	36%	100%	35%	100%
<i>Investments made through Onex, Onex Partners I and Onex Partners II</i>				
Husky Injection Molding Systems Ltd. (“Husky”)	36%	100%	36%	100%
The Warranty Group, Inc. (“The Warranty Group”)	29%	100%	29%	100%
<i>Investments made through Onex and Onex Partners III</i>				
Tropicana Las Vegas, Inc. (“Tropicana Las Vegas”)	15%	71%	-	-
<i>Other investments</i>				
ONCAP II L.P.	44%	100%	44%	100%
Onex Real Estate Partners (“Onex Real Estate”)	86%	100%	86%	100%

(a) Disposed of in 2009 (see note 19).

(b) Onex exerts significant influence over these equity-accounted investments through its right to appoint members to the Board of Directors (or Board of Trustees) of each of the entities.

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plans (the “MIP”) as described in note 24(g). The voting interests include shares that Onex has the right to vote through contractual arrangements or

through multiple voting rights attached to particular shares. In certain circumstances, the voting arrangements give Onex the right to elect the majority of the board of directors.

**NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS***Goodwill and Intangible Assets*

On January 1, 2009, the Company adopted the *Canadian Institute of Chartered Accountants Handbook* (“CICA Handbook”) Section 3064, “Goodwill and Intangible Assets”, which replaced existing standards. This revised standard established guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The adoption of this standard did not have a significant effect on the consolidated financial statements.

*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*

In January 2009, the Company adopted the Emerging Issues Committee Abstract 173 (“EIC-173”), “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. EIC-173 states that an entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard did not have a significant effect on the consolidated financial statements.

*Financial Instruments – Disclosures*

In December 2009, the Company adopted amendments to *CICA Handbook* Section 3862, “Financial Instruments – Disclosures”, which requires enhanced disclosures on liquidity risk of financial instruments and new disclosures on fair value measurements of financial instruments. The additional disclosures are included in note 26.

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS****International Financial Reporting Standards**

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Onex is working to adopt IFRS as the basis for preparing its consolidated financial statements effective January 1, 2011. For the quarter ended March 31, 2011, Onex expects to issue its financial results prepared on an IFRS basis with comparative data on an IFRS basis. Significant IFRS policies are described in Management’s Discussion and Analysis.

**SIGNIFICANT ACCOUNTING POLICIES****Foreign currency translation**

The Company’s operations conducted in foreign currencies, other than those operations that are associated with investment-holding subsidiaries, are considered to be self-sustaining. Assets and liabilities of self-sustaining operations conducted in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates for the year. Unrealized gains or losses on translation of self-sustaining operations conducted in foreign currencies are shown as currency translation adjustments, a component of other comprehensive earnings.

The Company’s integrated operations, including investment-holding subsidiaries, translate monetary assets and liabilities denominated in foreign currencies at exchange rates in effect at the balance sheet date and non-monetary items at historical rates. Revenues and expenses are translated at average exchange rates for the year. Gains and losses on translation are included in the income statement.

**Cash and cash equivalents**

Cash and cash equivalents include liquid investments such as term deposits, money market instruments and commercial paper that mature in less than three months from the balance sheet date. The investments are carried at cost plus accrued interest, which approximates market value.

**Inventories**

Inventories are recorded at the lower of cost and replacement cost for raw materials, and at the lower of cost and net realizable value for work in progress and finished goods. For inventories in the aerostructures segment, certain inventories in the healthcare segment and certain inventories in the metal services segment, inventories are stated using an average cost method. For substantially all other inventories, cost is determined on a first-in, first-out basis.

During the year ended December 31, 2009, \$12,736 of inventory was expensed in cost of sales. In addition, inventory writedowns of \$71 were recorded, partially offset by inventory provision reversals of \$70, for a net provision of \$1.

**Property, plant and equipment**

Property, plant and equipment are recorded at cost less accumulated amortization and provision for impairments, if any. For substantially all property, plant and equipment, amortization is provided for on a straight-line basis over the estimated useful lives of the assets: two to 45 years for buildings and up to 20 years for machinery and equipment. The cost of plant and equipment is reduced by applicable investment tax credits that are more likely than not to be realized.

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leasehold improvements are amortized over the terms of the leases.

Leases that transfer substantially all the risks and benefits of ownership are recorded as capital leases. Buildings and equipment under capital leases are amortized over the shorter of the term of the lease or the estimated useful life of the asset. Amortization of assets under capital leases is on a straight-line basis.

### Costs incurred to develop computer software for internal use

The Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation and testing. Costs incurred during the preliminary project stage, along with post-implementation stages of internal use computer software, are expensed as incurred.

### Impairment of long-lived assets

Property, plant and equipment and intangible assets with limited life are reviewed for impairment whenever events or changes in circumstances suggest that the carrying amount of an asset may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Assets must be classified as either held-for-use or held-for-sale. Impairment losses for assets held-for-use are measured based on fair value, which is measured by discounted cash flows. Held-for-sale assets are carried at the lower of carrying value and expected proceeds less direct costs to sell.

In addition, equity-accounted investments are assessed for impairment whenever events or changes in circumstances suggest a decline in value. Equity-accounted investments are written down when there is evidence of an other-than-temporary decline in value.

### Other assets

#### *Acquisition costs relating to the financial services segment*

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

Certain arrangements with producers of warranty contracts include profit-sharing provisions whereby the underwriting profits, after a fixed percentage allowance for the company and an allowance for investment income, are remitted to the producers on a retrospective basis. Unearned premiums subject to retrospective commission agreements were approximately US\$500 at December 31, 2009 (2008 – US\$600).

### Goodwill and intangible assets

Goodwill represents the cost of investments in operating companies in excess of the fair value of the net identifiable assets acquired. Essentially all of the goodwill and intangible asset amounts that appear on the consolidated balance sheets were recorded by the operating companies. The recoverability of goodwill and intangible assets with indefinite lives is assessed annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment of goodwill is tested at the reporting unit level by comparing the carrying value of the reporting unit to its fair value. When the carrying value exceeds the fair value, an impairment exists and is measured by comparing the carrying amount of goodwill to its fair value determined in a manner similar to a purchase price allocation. Impairment of indefinite-life intangible assets is determined by comparing their carrying values to their fair values.

Intangible assets, including intellectual property, are recorded at their allocated cost at the date of acquisition of the related operating company. Amortization is provided for intangible assets with limited life, including intellectual property, on a straight-line basis over their estimated useful lives of up to 25 years. The weighted average initial period of amortization at December 31, 2009 was 10 years (2008 – 10 years).

### Deferred financing charges

Deferred financing charges consist of costs incurred by the operating companies relating to the issuance of debt and are deferred and amortized over the term of the related debt or as the debt is retired, if earlier. These deferred financing charges are recorded against the carrying value of the long-term debt, as described in note 10.

### Losses and loss adjustment expenses reserves

Losses and loss adjustment expenses reserves relate to The Warranty Group and represent the estimated ultimate net cost of all reported and unreported losses incurred and unpaid through December 31, 2009. The company does not discount losses and loss adjustment expenses reserves. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in loss severity and frequency and claims reporting patterns of the company's third-party administrators. Although considerable variability is inherent in such estimates, management believes the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

### Warranty liabilities

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

### Pension and non-pension post-retirement benefits

The operating companies accrue their obligations under employee benefit plans and related costs, net of plan assets. The costs of defined benefit pensions and other post-retirement benefits earned by employees are accrued in the period incurred and are actuarially determined using the projected benefit method prorated on length of service, based on management's best estimates of items, including expected plan investment performance, salary escalation, retirement ages of employees and expected healthcare costs. Plan assets are valued at fair value for the purposes of calculating expected returns on those assets. Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

Actuarial gains (losses) arise from the difference between the actual long-term rate of return on plan assets and the expected long-term rate of return on plan assets for a period or from changes in actuarial assumptions used to determine the benefit obligation. Actuarial gains (losses) exceeding 10% of the greater of the benefit obligation or the fair market value of plan assets are amortized on a straight-line basis over the average remaining service period of active employees.

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

The average remaining service period of active employees covered by the significant pension plans is 15 years (2008 – 15 years), and for those active employees covered by the other significant post-retirement benefit plans, the average remaining service period is 16 years (2008 – 18 years).

### Income taxes

Income taxes are recorded using the asset and liability method of income tax allocation. Under this method, assets and liabilities are recorded for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. These future income tax assets and liabilities are recorded using substantively enacted income tax rates. The effect of a change in income tax rates on these future income tax assets or liabilities is included in income in the period in which the rate change occurs. Certain of these differences are estimated based on the current tax legislation and the Company's interpretation thereof. The Company records a valuation allowance when it is more likely than not that the future tax assets will not be realized prior to their expiration.

### Revenue recognition

#### *Electronics Manufacturing Services*

Revenue from the electronics manufacturing services segment consists primarily of product sales, where revenue is recognized upon shipment, when title passes to the customer, receivables are reasonably assured of collection and customer specified test criteria have been met. Celestica has contractual arrangements with certain customers that require the customer to purchase certain inventory that Celestica has acquired to fulfill forecasted manufacturing demand provided by that customer. Celestica accounts for raw material returns to such customers as reductions in inventory and does not record revenue on these transactions.

#### *Aerostructures*

A significant portion of Spirit AeroSystems' revenues is under long-term volume-based pricing contracts requiring delivery of products over several years. Revenue from these contracts is recognized under the contract method of accounting. Revenues and profits are recognized on each contract in accordance with the percentage-of-completion method of accounting, using the units-of-delivery method. The contract method of accounting involves the use of various estimating techniques to project costs at completion and includes estimates of recoveries asserted against the customer for changes in specifications. These estimates involve various assumptions and projections relative to the outcome of future events, including the quantity and timing of product deliveries. Also included are assumptions relative to future labour performance and rates, and projections relative to material and overhead costs. These assumptions involve various levels of expected performance improvements.

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

### *Healthcare*

Revenue in the healthcare segment consists primarily of EMSC's service revenue related to its healthcare transportation and facility-based physician services businesses, CDI's patient service and healthcare provider management service revenue, Skilled Healthcare's patient service revenue and Carestream Health's product sales revenue. Service revenue is recognized at the time of service and is recorded net of provisions for contractual discounts and estimated uncompensated care. Revenue from product sales is recognized when the following criteria are met: pervasive evidence of an arrangement exists; delivery has occurred; the sales price is fixed or determinable; and collectibility is reasonably assured.

### *Financial Services*

Financial services segment revenue consists of revenue on The Warranty Group's warranty contracts primarily in North America and Europe. The company records revenue and associated unearned revenue on warranty contracts issued by North American obligor companies at the net amount remitted by the selling dealer or at retailer dealer cost. Cancellations of these contracts are typically processed through the selling dealer or retailer, and the company refunds only the unamortized balance of the dealer cost. However, the company is primarily liable on these contracts and must refund the full amount of customer retail price if the selling dealer or retailer cannot or will not refund its portion. The amount the company has historically been required to pay under such circumstances has been negligible. The potentially refundable excess of customer retail price over dealer cost at December 31, 2009 was approximately US\$1,700 (2008 – US\$1,800).

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

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

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

### *Customer Support Services*

The customer support services segment generates revenue primarily through its customer contact management services by providing customer service and technical support to its clients' customers through phone, e-mail, online chat and mail. These services are generally charged by the minute or hour, per employee, per subscriber or user, or on a per item basis for each transaction processed, and revenue is recognized at the time services are performed. A portion of the revenue is often subject to performance standards. Revenue subject to monthly or longer performance standards is recognized when such performance standards are met.

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

### *Metal Services*

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

Revenue from raw materials procurement represents sales to third parties whereby the company either purchases scrap iron and steel from a supplier and then immediately sells the scrap to a customer, with shipment made directly from the supplier to the

third-party customer, or the company earns a contractually determined fee for arranging scrap shipments for a customer directly with a vendor. The company recognizes revenue from raw materials procurement sales when title and risk of loss pass to the customer.

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

#### *Other*

Other segment revenues consist of product sales and services. Product sales revenue is recognized upon shipment, when title passes to the customer. Service revenue is recorded at the time the services are performed.

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

#### **Research and development**

Costs incurred on activities that relate to research and development are expensed as incurred unless development costs meet certain criteria for capitalization. During 2009, \$234 (2008 – \$219) in research and development costs were expensed and \$44 of development costs (2008 – \$174) were capitalized. Capitalized development costs relating to the aerostructures segment are included in deferred charges. The costs will be amortized over the anticipated number of production units to which such costs relate.

#### **Stock-based compensation**

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

There are five types of stock-based compensation plans. The first is the Company's Stock Option Plan (the "Plan") described in note 15(e), which provides that in certain situations the Company has the right, but not the obligation, to settle any exercisable option under the Plan by the payment of cash to the option holder. The Company has recorded a liability for the potential future settlement of the value of vested options at the balance sheet date by reference to the value of Onex shares at that date. The liability is adjusted up or down for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statement of earnings.

The second type of plan is the MIP, which is described in note 24(g). The MIP provides that exercisable investment rights may be settled by issuance of the underlying shares or, in certain situations, by a cash payment for the value of the investment rights. Under the MIP, once the targets have been achieved for the exercise of investment rights, a liability is recorded for the value of the investment rights by reference to the value of the underlying investments, with a corresponding expense recorded in the consolidated statement of earnings.

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

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

## 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

### Earnings per share

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

### Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management of Onex and its operating companies to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. This includes the liability for claims incurred but not yet reported for the Company's healthcare and financial services segments. Actual results could differ from such estimates.

### Comparative amounts

Certain amounts presented in the prior year have been reclassified to conform to the presentation adopted in the current year.

### Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for according to their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established timeframe, are recognized on a trade-date basis.

#### *a) Held-for-trading*

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. Other instruments may be designated as held-for-trading on initial recognition. These instruments are accounted for at fair value with changes in fair value recognized in earnings.

During 2009, gains of \$23 (2008 – losses of \$14), which exclude the impact of the debt investment in Tropicana Las Vegas, a consolidated operating company, were recorded in the consolidated statement of earnings related to financial assets designated as held-for-trading. The 2009 gains and 2008 losses were due to market conditions.

#### *b) Available-for-sale*

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

#### *c) Held-to-maturity*

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

### Derivatives and hedge accounting

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

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

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

*a) Fair value hedges*

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

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

*b) Cash flow hedges*

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

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

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

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

*c) Net investment hedges*

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

**Capital disclosures**

Onex considers the capital it manages to be the amounts it has in cash, cash equivalents and near-cash investments, the investments made by it in the operating companies, Onex Real Estate and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners and ONCAP funds.

Onex' objectives in managing capital are to:

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

At December 31, 2009, Onex, the parent company, had approximately \$890 of cash and cash equivalents on hand and \$148 of near-cash investments. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market products. At December 31, 2009, Onex had access to US\$3,887 of uncalled committed third-party capital for acquisitions through the Onex Partners funds and ONCAP, which included US\$3,389 of committed third-party capital from Onex Partners III.

The strategy for risk management of capital has not changed significantly since December 31, 2008.

## 2. CORPORATE INVESTMENTS

During 2009 and 2008 several acquisitions, which were accounted for as purchases, were completed either directly by Onex or through subsidiaries of Onex. Any third-party borrowings in respect of acquisitions are without recourse to Onex.

### 2009 ACQUISITIONS

Details of the 2009 acquisitions are as follows:

	Tropicana Las Vegas <sup>(a)</sup>	EMSC <sup>(b)</sup>	Other <sup>(c)</sup>	Total
Cash	\$ 107	\$ 1	\$ -	\$ 108
Other current assets	12	6	-	18
Intangible assets with limited life	-	36	2	38
Goodwill	-	46	7	53
Property, plant and equipment and other long-term assets	267	3	6	276
	386	92	15	493
Current liabilities	(31)	(11)	-	(42)
Long-term liabilities	-	(1)	-	(1)
	355	80	15	450
Non-controlling interests in net assets	(104)	-	-	(104)
Interest in net assets acquired	\$ 251	\$ 80	\$ 15	\$ 346

**a)** In May 2008, Tropicana Entertainment, LLC and its Las Vegas subsidiaries (collectively, "Tropicana") filed for relief under Chapter 11 of the U.S. Bankruptcy Code. After Tropicana's filing, Onex and Onex Partners III acquired a majority of the principal of Tropicana's US\$440 term loan secured against its Las Vegas property. The debt was purchased at various discounts to par value and financed through a credit facility established for the purchases. Amounts then outstanding on the credit facility were repaid in May 2009 using the equity capital contributed by Onex and Onex Partners III.

In May 2009, the U.S. Bankruptcy Court confirmed Tropicana's plan of reorganization, which became effective July 1, 2009. The new company now operates as Tropicana Las Vegas, Inc. ("Tropicana Las Vegas"). Onex began consolidating Tropicana Las Vegas as of the effective date. Under the plan, the secured creditors received 100% of the equity in the Las Vegas property, and Alex Yemenidjian, former President of MGM Mirage and Onex' partner, was appointed the new Chief Executive Officer of the property. In addition, as part of the reorganization, creditors were given the opportunity to subscribe to a US\$75 rights offering of preferred shares, with the funds to be used to renovate the Tropicana Las Vegas facilities. Upon emergence from bankruptcy, a valuation was performed that assigned an enterprise value of US\$230 to Tropicana Las Vegas, exclusive of the rights offering.

As Onex had previously written down the value of the investment in Tropicana Las Vegas based on transaction values at the time, the investment was written up to fair value determined at the time of emergence from bankruptcy, and non-cash income of \$92, including the effect of foreign exchange, has been included in other income. Onex' share of the income is \$21.

During the year ended December 31, 2009, Onex, Onex Partners III and Onex management purchased investments in Tropicana Las Vegas at a cash value of \$107, of which Onex' share is \$22.

Onex, Onex Partners III and Onex management's investment in the common shares and the preferred rights offering, including the 2009 purchased investments as mentioned above, totalled \$225, of which Onex' share is \$49. Onex, Onex Partners III and Onex management's ownership on an as-converted basis at December 31, 2009 is 71%, of which Onex' share is 15%.

In January 2010, Tropicana Las Vegas initiated a second rights offering for up to US\$75 of additional capital. While not yet finalized, Onex and Onex Partners III expect to contribute their pro-rata share of the offering, plus additional amounts should certain third-party investors not participate. Of the total Onex and Onex Partners III investment, Onex would contribute its share based on its commitment level to Onex Partners III at the time of the initial Tropicana Las Vegas investment. The amount of the second rights offering will be finalized in the first quarter of 2010.

**b)** In December 2009, EMSC completed the acquisitions of Pinnacle Consultants Mid-Atlantic and the management services company of Pinnacle Anesthesia Consultants, P.A., anesthesiology services providers in the United States. The total purchase price of this acquisition was \$79, which was financed by EMSC.

In addition, EMSC completed two other acquisitions for total consideration of \$1.

c) Other includes acquisitions made by Skilled Healthcare and Caliber Collision Centers (“Caliber Collision”).

The purchase prices of the acquisitions described above were allocated to the net assets acquired based on their relative fair values at the dates of acquisition. In certain circumstances where estimates have been made, the companies are obtaining third-

party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments could be recorded at that time. The results of operations for all acquired businesses are included in the consolidated statement of earnings and the consolidated statement of shareholders’ equity and comprehensive earnings of the Company from their respective dates of acquisition.

## 2008 ACQUISITIONS

Details of the 2008 acquisitions are as follows:

	ONCAP II <sup>(a)</sup>	EMSC <sup>(b)</sup>	Skilled Healthcare <sup>(c)</sup>	Other <sup>(d)</sup>	Total
Cash	\$ 5	\$ -	\$ -	\$ -	\$ 5
Other current assets	32	5	-	16	53
Intangible assets with limited life	115	9	-	17	141
Goodwill	96	52	3	20	171
Property, plant and equipment and other long-term assets	40	1	21	12	74
	288	67	24	65	444
Current liabilities	(39)	(5)	-	(14)	(58)
Long-term liabilities	(151)	-	-	(9)	(160)
	98	62	24	42	226
Non-controlling interests in net assets	(11)	-	-	(1)	(12)
Interest in net assets acquired	\$ 87	\$ 62	\$ 24	\$ 41	\$ 214

a) In October 2008, Oncap II completed the acquisition of Caliber Collision. Caliber Collision, headquartered in Irvine, California, is a leading provider of auto collision repair services in Texas and Southern California. The Company’s investment of \$67 was made by Onex, ONCAP II and management for an initial controlling ownership interest. Onex’ net investment in the acquisition was \$30.

In the first quarter of 2008, EnGlobe Corp. (“EnGlobe”) acquired a ground remediation contractor with operating locations in the United Kingdom. In addition, during the year Mister Car Wash purchased additional car wash locations in the United States. The total purchase price for these investments was \$20.

b) During 2008, EMSC made five acquisitions for total consideration of \$62.

c) During 2008, Skilled Healthcare made two acquisitions for total consideration of \$24.

d) Other includes acquisitions made by CDI, Sitel Worldwide and Tube City IMS, for total consideration of \$41.

The purchase prices of these acquisitions were allocated to the net assets acquired based on their relative fair values at the dates of acquisition. In certain circumstances where estimates had been made a further refinement of the fair-value allocation of certain purchase prices and accounting adjustments was recorded subsequent to the acquisition. The results of operations for all acquired businesses are included in the consolidated statement of earnings and the consolidated statement of shareholders’ equity and comprehensive earnings of the Company from their respective dates of acquisition.

## 3. EARNINGS FROM DISCONTINUED OPERATIONS

The 2008 earnings from discontinued operations consist of residual proceeds received relating to the 2007 sales of ONCAP I’s operating companies WIS International and CMC Electronics. The 2008 proceeds of \$11 were recorded net of a tax provision of \$2.

#### 4. INVENTORIES

Inventories comprised the following:

As at December 31	2009	2008
Raw materials	\$ 920	\$ 1,067
Work in progress	1,785	1,834
Finished goods	380	570
	<b>\$ 3,085</b>	\$ 3,471

#### 5. OTHER CURRENT ASSETS

Other current assets comprised the following:

As at December 31	2009	2008
Current portion of ceded claims recoverable held by The Warranty Group (note 12)	\$ 275	\$ 373
Current portion of prepaid premiums of The Warranty Group	218	259
Current portion of deferred costs of The Warranty Group (note 8)	187	252
Current future income taxes (note 14)	262	255
Other	442	556
	<b>\$ 1,384</b>	\$ 1,695

#### 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised the following:

As at December 31	2009			2008		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Land	\$ 398	\$ -	\$ 398	\$ 243	\$ -	\$ 243
Buildings	1,500	399	1,101	1,546	350	1,196
Machinery and equipment	3,832	2,028	1,804	4,459	2,246	2,213
Construction in progress	456	-	456	414	-	414
	<b>\$ 6,186</b>	<b>\$ 2,427</b>	<b>\$ 3,759</b>	\$ 6,662	\$ 2,596	\$ 4,066

The above amounts include property, plant and equipment under capital leases of \$100 (2008 – \$257) and related accumulated amortization of \$52 (2008 – \$160).

As at December 31, 2009, property, plant and equipment included \$49 (2008 – \$48) of assets held-for-sale.

#### 7. INVESTMENTS

Investments comprised the following:

As at December 31	2009	2008
Equity-accounted investment in RSI <sup>(a)</sup>	\$ 334	\$ 388
Equity-accounted investment in Hawker Beechcraft <sup>(b)</sup>	159	406
Equity-accounted investment in Allison Transmission <sup>(c)</sup>	358	599
Equity-accounted investment in ResCare <sup>(d)</sup>	129	147
Other equity-accounted investments <sup>(e)</sup>	157	274
EMSC insurance collateral <sup>(f)</sup>	166	162
Long-term investments held by The Warranty Group <sup>(g)</sup>	1,658	1,646
Investment in Onex Credit Partners funds <sup>(h)</sup>	229	71
Other	65	204
	<b>\$ 3,255</b>	\$ 3,897

a) In October 2008, the Company acquired an interest in RSI. RSI, headquartered in Anaheim, California, is a leading manufacturer of cabinetry for the residential marketplace in North America. The Company's investment of \$338 was in the form of convertible preferred shares and was made by Onex, Onex Partners II and Onex management. The shares have a liquidation preference to the common shares and earn a preferred 10% return. The preferred shares are convertible into 50% of the outstanding common shares of RSI. Onex' net investment in the acquisition was \$133, for an initial 20% equity ownership interest on an as-converted basis. As a result of Onex' significant influence over RSI, the investment is accounted for using the equity-accounting method. In accordance with equity accounting, the carrying value of this U.S. dollar investment has been adjusted to account for the change in the foreign exchange rate since its acquisition.

b) In March 2007, the Company, together with GS Capital Partners, an affiliate of The Goldman Sachs Group, Inc., completed the acquisition of Hawker Beechcraft. The equity investment of US\$1,040 was split equally between the Company and GS Capital Partners. The Company's investment of \$605 was made by Onex, Onex Partners II and management. Onex' net investment in the acquisition was \$238. In accordance with equity accounting, in addition to Onex and Onex Partners' share of Hawker Beechcraft's earnings, the carrying value of this U.S. dollar investment has been adjusted to account for the change in the foreign exchange rate since its acquisition.

c) In August 2007, the Company, together with The Carlyle Group, completed the acquisition of Allison Transmission. The equity investment of US\$1,525 was split equally between the Company and The Carlyle Group. The Company's investment of \$805 was made by Onex, Onex Partners II, certain limited partners and management. Onex' net investment in the acquisition was \$250. In accordance with equity accounting, in addition to Onex and Onex Partners'

share of Allison Transmission's earnings, the carrying value of this U.S. dollar investment has been adjusted to account for the change in the foreign exchange rate since its acquisition.

d) In June 2004, Onex and Onex Partners made an initial \$114 equity investment in ResCare. Onex' portion of the investment was approximately \$27. In accordance with equity accounting, in addition to Onex and Onex Partners' share of ResCare's earnings, the carrying value of this U.S. dollar investment has been adjusted to account for the change in the foreign exchange rate since its acquisition.

e) Other equity-accounted investments include Cineplex Entertainment (sold in 2009), Cypress Insurance Group ("Cypress"), Onex Credit Partners and certain real estate partnerships.

f) EMSC insurance collateral consists primarily of government and investment grade securities and cash deposits with third parties, and supports its insurance program and reserves.

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

	2009		2008	
	Amortized Cost <sup>(1)</sup>	Fair Value	Amortized Cost <sup>(1)</sup>	Fair Value
U.S. government and agencies	\$ 85	\$ 86	\$ 84	\$ 91
States and political subdivisions	168	177	239	244
Foreign governments	345	357	330	318
Corporate bonds	928	959	901	839
Mortgage-backed securities	215	218	235	231
Other	114	117	160	158
	\$ 1,855	\$ 1,914	\$ 1,949	\$ 1,881
Current portion <sup>(2)</sup>	(252)	(256)	(241)	(235)
Long-term portion	\$ 1,603	\$ 1,658	\$ 1,708	\$ 1,646

(1) Amortized cost represents cost plus accrued interest and accrued discount or premium, if applicable.

(2) The current portion is included in marketable securities on the consolidated balance sheet.

Fair values generally represent quoted market value prices for securities traded in the public marketplace or analytically determined values for securities not traded in the public marketplace.

Management believes that all unrecognized losses on individual securities are the result of normal price fluctuations due to market conditions and are not an indication of other-than-temporary impairment. Management further believes it has the intent and ability to hold these securities until they fully recover in value. These determinations are based on an in-depth analysis of individual securities.

The amortized cost and fair value of fixed-maturity securities owned by The Warranty Group at December 31, 2009, by contractual maturity, are shown below:

	Amortized Cost	Fair Value
Years to maturity:		
One or less	\$ 252	\$ 256
After one through five	921	960
After five through ten	334	348
After ten	19	15
Mortgage-backed securities	215	218
Other	114	117
	\$ 1,855	\$ 1,914

## 7. INVESTMENTS (cont'd)

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

At December 31, 2009, certificates of deposit, money market funds and available-for-sale fixed-maturity securities with a carrying value of \$36 (2008 – \$39) were on deposit with various insurance departments and regulators to satisfy various regulatory requirements.

h) Investments in Onex Credit Partners funds include a December 2009 investment of \$137 (US\$130) in an Onex Credit Partners unleveraged senior secured loan fund. The investments in Onex Credit Partners funds are classified as held-for-trading and are recorded at fair value.

## 8. OTHER LONG-TERM ASSETS

Other long-term assets comprised the following:

As at December 31	2009	2008
Deferred development charges	\$ 507	\$ 569
Future income taxes (note 14)	435	501
Deferred pension (note 25)	347	370
Long-term portion of ceded claims recoverable held by The Warranty Group (note 12)	479	748
Long-term portion of prepaid premiums of The Warranty Group	382	423
Long-term portion of deferred costs of The Warranty Group <sup>a)</sup>	302	272
Other	244	242
	<b>\$ 2,696</b>	<b>\$ 3,125</b>

a) Deferred costs of The Warranty Group consist of certain costs of acquiring warranty and credit business including commissions, underwriting, and sales expenses that vary with, and are primarily related to, the production of new business. These charges are deferred and amortized as the related premiums and contract fees are earned. At December 31, 2009, \$489 (2008 – \$524) of costs were deferred, of which \$187 (2008 – \$252) have been recorded as current (note 5).

## 9. INTANGIBLE ASSETS

Intangible assets comprised the following:

As at December 31	2009	2008
Intellectual property with limited life, net of accumulated amortization of \$50 (2008 – \$237)	\$ 301	\$ 406
Intangible assets with limited life, net of accumulated amortization of \$1,309 (2008 – \$791)	1,528	2,008
Intangible assets with indefinite life	257	341
	<b>\$ 2,086</b>	<b>\$ 2,755</b>

Intellectual property primarily represents the costs of certain intellectual property and process know-how obtained in acquisitions.

Intangible assets include trademarks, non-competition agreements, customer relationships, software and contract rights obtained in the acquisition of certain facilities.

## 10. LONG-TERM DEBT OF OPERATING COMPANIES, WITHOUT RECOURSE TO ONEX

Long-term debt of operating companies, without recourse to Onex, is as follows:

As at December 31		2009	2008
<b>Carestream Health<sup>(a)</sup></b>	Senior secured first lien term loan due 2013	\$ 1,359	\$ 1,687
	Senior secured second lien term loan due 2013	462	536
	Other	15	9
		<b>1,836</b>	<b>2,232</b>
<b>Celestica<sup>(b)</sup></b>	7.875% senior subordinated notes due 2011	-	624
	7.625% senior subordinated notes due 2013	234	276
		<b>234</b>	<b>900</b>
<b>Center for Diagnostic Imaging<sup>(c)</sup></b>	Revolving credit facility and term loan due 2009 and 2010	-	68
	Revolving credit facility and term loan due 2013	47	-
	Other	3	6
		<b>50</b>	<b>74</b>
<b>Cosmetic Essence<sup>(d)</sup></b>	Revolving credit facility and term loans due 2013 and 2014	-	138
	Subordinated secured notes due 2014	-	107
		<b>-</b>	<b>245</b>
<b>Emergency Medical Services<sup>(e)</sup></b>	Revolving credit facility and term loan due 2011 and 2012	210	246
	Senior subordinated secured notes due 2015	263	304
	Other	1	2
		<b>474</b>	<b>552</b>
<b>Husky<sup>(f)</sup></b>	Revolving credit facility and term loan due 2012	414	494
<b>Sitel Worldwide<sup>(g)</sup></b>	Revolving credit facility and term loans due 2013 and 2014	639	776
	Mandatorily redeemable preferred shares	92	93
	Other	-	1
		<b>731</b>	<b>870</b>
<b>Skilled Healthcare<sup>(h)</sup></b>	Revolving credit facility and term loan due 2012	337	404
	Senior subordinated notes due 2014	136	158
	Other	7	8
		<b>480</b>	<b>570</b>
<b>Spirit AeroSystems<sup>(i)</sup></b>	Revolving credit facility and term loan due 2012 and 2013	601	704
	Senior subordinated notes due 2017	309	-
	Other	18	11
		<b>928</b>	<b>715</b>
<b>The Warranty Group<sup>(j)</sup></b>	Term loan due 2012	204	239
<b>Tube City IMS<sup>(k)</sup></b>	Revolving borrowings and senior secured term loan due 2013 and 2014	173	259
	Senior subordinated notes due 2015	234	274
	Subordinated notes due 2020	62	16
	Other	2	-
		<b>471</b>	<b>549</b>
<b>ONCAP II companies<sup>(l)</sup></b>	Revolving credit facility and term loans due 2012 to 2014	292	373
	Subordinated notes due 2012 and 2014	105	107
	Other	5	4
		<b>402</b>	<b>484</b>
<b>Other<sup>(m)</sup></b>	Other	12	136
Less: long-term debt held by the Company		(197)	(247)
Long-term debt, December 31		6,039	7,813
Less: deferred charges		(109)	(138)
		<b>5,930</b>	<b>7,675</b>
Current portion of long-term debt of operating companies, without recourse to Onex		(425)	(532)
Consolidated long-term debt of operating companies, without recourse to Onex		<b>\$ 5,505</b>	<b>\$ 7,143</b>

## 10. LONG-TERM DEBT OF OPERATING COMPANIES, WITHOUT RECOURSE TO ONEX (cont'd)

Onex does not guarantee the debt of its operating companies, nor are there any cross-guarantees between operating companies.

The financing arrangements for each operating company typically contain certain restrictive covenants, which may include limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of capital, capital spending, making of investments and acquisitions and sale of assets. In addition, certain financial covenants must be met by the operating companies that have outstanding debt.

Future changes in business conditions of an operating company may result in non-compliance with certain covenants by the company. No adjustments to the carrying amount or classification of assets or liabilities of any operating company have been made in the consolidated financial statements with respect to any possible non-compliance.

### a) Carestream Health

In April 2007 Carestream Health entered into senior secured first and second lien term loans with an aggregate principal amount of US\$1,510 and US\$440, respectively. Additionally, as part of the first lien term loan, Carestream Health obtained a senior revolving credit facility with available funds of up to US\$150. The first and second lien term loans bear interest at LIBOR plus a margin of 2.00% and 5.25%, respectively, or at a base rate plus a margin of 1.00% and 4.25%, respectively.

The first lien term loan matures in April 2013, with quarterly instalment payments of US\$18. The second lien term loan matures in October 2013, with the entire balance due upon maturity. The senior revolving credit facility, with nil outstanding at December 31, 2008 and 2009, matures in April 2012.

At December 31, 2009, US\$1,293 and US\$440 (2008 – US\$1,385 and US\$440) were outstanding under the senior secured first and second lien term loans, respectively.

Substantially all of Carestream Health's assets are pledged as collateral under the term loans.

In connection with the term loans, Carestream Health has four interest rate swap agreements that swap the variable rate for a fixed rate ranging from 2.8% to 4.0%. The agreements, with notional amounts totalling US\$725, expire in 2010.

### b) Celestica

In April 2009, Celestica renewed its revolving credit facility on generally similar terms and conditions and reduced its size from US\$300 to US\$200. This credit facility matures in April 2011. No amounts were drawn on the facility at December 31, 2009.

The facility has restrictive covenants relating to debt incurrence and the sale of assets and also contains financial covenants that require Celestica to maintain certain financial

ratios. Based on the required minimum financial ratios, at December 31, 2009, Celestica had full access to its US\$200 of available debt incurrence. Celestica also has uncommitted bank overdraft facilities available for operating requirements that total US\$65 at December 31, 2009.

In March 2009, Celestica paid US\$150, excluding accrued interest, to repurchase a portion of its notes due in 2011, with principal amounts of US\$150 at maturity and a carrying value of US\$159. In November 2009, Celestica paid US\$346, excluding accrued interest, to repurchase the remaining 2011 notes, with principal amounts of US\$339 at maturity and a carrying value of US\$356. Celestica recognized a gain of US\$9 in the first quarter of 2009 and a gain of US\$10 in the fourth quarter of 2009 on the repurchase of the 2011 notes. Celestica also terminated interest rate swap agreements in the amount of US\$500 related to the 2011 notes. In connection with the termination of the swap agreements, Celestica discontinued fair value hedge accounting on the notes due in 2011 and recorded an expense of US\$16. The net gain of US\$3 is recorded against interest expense in the audited annual consolidated statement of earnings.

Celestica's senior subordinated notes due 2013 have an aggregate principal amount at December 31, 2009 of US\$223 (2008 – US\$223) and a fixed interest rate of 7.625%. In January 2010, Celestica announced its intention to redeem the 2013 notes, as described in note 27(a); as such, the 2013 notes are classified as current.

### c) Center for Diagnostic Imaging

In July 2009, CDI entered into a new credit agreement. The new agreement consists of a US\$55 term loan and a US\$15 revolving credit facility. The term loan and revolving credit facility bear interest at LIBOR, plus a margin of 4.5%, and mature in July 2013. The term loan requires quarterly principal repayments beginning in March 2010. The proceeds of the term loan were used to repay and terminate the previous credit agreement. At December 31, 2009, US\$45 was outstanding under the term loan and nil was outstanding under the revolving credit facility.

CDI has entered into an interest rate swap agreement that effectively fixes the interest rate on a portion of the borrowings under the credit agreement. The interest rate swap agreement has a notional amount of US\$45 and expires in March 2010. In November 2009, CDI entered into a two-year interest rate cap agreement in order to hedge a portion of its exposure to fluctuations in three-month LIBOR rates above 3.5%. The cap agreement begins in April 2010 and terminates in September 2012.

### d) Cosmetic Essence

At December 31, 2008, CEI was in violation of certain of its financial covenants under its credit agreement. As a result, all amounts outstanding under the credit agreement were classified as current. The debt under the credit agreement was without recourse to Onex. At December 31, 2008, US\$80 and US\$34 were outstanding on the

term loan and revolving line of credit, respectively. At December 31, 2008, CEI also had a promissory note outstanding in the amount of US\$88, of which US\$80 was held by the Company.

In May 2009, the Company ceased to have an ownership interest in CEI, as described in note 19(b).

#### e) Emergency Medical Services

In February 2005, EMSC issued US\$250 of senior subordinated notes and executed a US\$450 credit agreement. The senior subordinated notes have a fixed interest rate of 10%, payable semi-annually, and mature in February 2015.

The credit agreement consists of a US\$350 senior secured term loan and a US\$100 senior secured revolving credit facility. The senior secured term loan matures in February 2012 and requires principal repayments of US\$2 annually. The revolving facility requires the principal to be repaid at maturity in February 2011. Interest is determined by reference to a leverage ratio and can range from prime or LIBOR plus 1.0% to 2.0%. As at December 31, 2009, US\$200 and nil (2008 – US\$202 and nil) were outstanding under the senior secured term loan and the senior secured revolving credit facility, respectively.

Substantially all of EMSC's assets are pledged as collateral under the credit agreement.

#### f) Husky

In December 2007, Husky entered into a US\$520 committed, secured credit agreement comprised of a US\$410 term loan and a US\$110 revolving credit facility. Borrowings under the credit agreement bear interest at LIBOR plus a margin of 3.00% or 3.25% as determined by a consolidated leverage ratio. The term loan has mandatory principal repayments of US\$21 in 2010 and 2011 with the outstanding principal balance due in 2012. Additionally, 25% or 50% of excess cash flows (as defined in the credit agreement and determined by a consolidated leverage ratio), if any, must be used to prepay the loan annually. As a result, in 2010, Husky will be required to repay an additional US\$9 of its term loan. In 2008, Husky entered into interest rate swap agreements that effectively fixed the interest rate on a portion of the borrowings under the credit agreement. Outstanding agreements, with notional amounts of US\$339, expire in 2011 and 2012.

The revolving credit facility is available to Husky and its key subsidiaries in Canada. At December 31, 2009, there were US\$7 in letters of credit issued under the credit facility, leaving US\$103 in available borrowing capacity. The revolving credit facility matures in December 2012.

At December 31, 2009, US\$394 and nil (2008 – US\$406 and nil) were outstanding under the term loan and revolving credit facility, respectively.

The credit agreement has restrictions on new debt incurrence, the sale of assets, capital expenditures, and the maintenance of certain financial ratios. Substantially all of Husky's assets are pledged as collateral under the credit agreement.

#### g) Sitel Worldwide

In December 2008, Sitel Worldwide amended its credit facility. The amendment included increases to the applicable interest rates and changes to the financial covenants.

Sitel Worldwide's credit facility, as amended, consists of a US\$675 term loan, maturing in January 2014, and a US\$85 revolving credit facility maturing in January 2013. As a result of repayments and repurchases made in 2007 and 2008, no quarterly payments are due under the term loan until maturity. The term loan and revolving credit facility bear interest at a rate of LIBOR plus a margin of up to 5.5% or prime plus a margin of 4.5%. Borrowings under the facility are secured by substantially all of Sitel Worldwide's assets.

At December 31, 2009, US\$592 and US\$16 (2008 – US\$587 and US\$50) were outstanding under the term loan and revolving credit facility, respectively.

Sitel Worldwide is required under the terms of the facility to maintain certain financial ratio covenants. The facility also contains certain additional requirements, including limitations or prohibitions on additional indebtedness, payment of cash dividends, redemption of stock, capital spending, investments, acquisitions and asset sales.

Included in other long-term debt at December 31, 2009 is US\$52 (2008 – US\$46) of mandatorily redeemable Class B preferred shares, of which US\$34 (2008 – US\$30) was held by Onex. The mandatorily redeemable Class B preferred shares accrue annual dividends at a rate of 12% and are redeemable at the option of the holder on or before July 2014. Also included in other long-term debt at December 31, 2009 is US\$36 (2008 – US\$30) of mandatorily redeemable Class C preferred shares, of which US\$27 (2008 – US\$23) is held by Onex. The mandatorily redeemable Class C preferred shares accrue annual dividends at a rate of 16% and are redeemable at the option of the holder on or before May 2014. Outstanding amounts related to preferred shares at December 31, 2009 include accrued dividends.

#### h) Skilled Healthcare

In December 2005, Skilled Healthcare issued unsecured senior subordinated notes in the amount of US\$200 due in 2014. In June 2007, using proceeds from its May 2007 initial public offering, Skilled Healthcare redeemed US\$70 of the notes. The notes bear interest at a rate of 11.0% per annum and are redeemable at the option of the company at various premiums above face value beginning in 2009. At December 31, 2009, US\$130 (2008 – US\$129) was outstanding under the notes.

Skilled Healthcare's first lien credit agreement consists of a US\$260 term loan and a US\$135 revolving loan. The term loan is due in 2012, with annual principal instalments of US\$3. In April 2009, Skilled Healthcare amended its credit agreement to extend the maturity of the revolving loan commitment from June 15, 2010 to June 15, 2012, while maintaining existing interest rates. The

## 10. LONG-TERM DEBT OF OPERATING COMPANIES, WITHOUT RECOURSE TO ONEX (cont'd)

revolving line of credit has a capacity of US\$135 up to June 15, 2010, reducing to US\$124 until maturity. The term loan bears interest at the prime rate plus an initial margin of 1.25% or LIBOR plus an initial margin of 2.00%. The revolving loan bears interest at the prime rate plus an initial margin of 1.75% or LIBOR plus an initial margin of 2.75%. The margin can be reduced by as much as 0.50% on the term loan, depending on the company's credit rating. At December 31, 2009, US\$248 and US\$72 (2008 – US\$251 and US\$81) were outstanding under the term loan and revolving loan, respectively. The first lien credit agreement is secured by the real property of Skilled Healthcare.

In December 2009, Skilled Healthcare entered into two interest rate swap agreements with total notional amounts of US\$245 expiring in December 2010. Under the interest rate swap agreements, the company swaps the variable portion (LIBOR) of the rate with a fixed rate of 0.6%.

### i) Spirit AeroSystems

In June 2005, Spirit AeroSystems executed a US\$875 credit agreement that consists of a US\$700 senior secured term loan and a US\$175 senior secured revolving credit facility. In November 2006, Spirit AeroSystems used a portion of the proceeds from its initial public offering to permanently repay US\$100 of the senior secured term loan and amended its credit agreement. In March 2008, Spirit AeroSystems amended the agreement to increase the amount available under the senior revolving credit facility to US\$650 and add a provision allowing additional indebtedness of up to US\$300. In June 2009, Spirit AeroSystems further amended its credit agreement to extend the maturity of the revolving credit facility from June 2010 to June 2012 as well as increase the size of the facility to US\$729 from US\$650 through June 2010 before stepping down to US\$409 through June 2012. At December 31, 2009, US\$572 and nil (2008 – US\$578 and nil) were outstanding under the term loan and revolving facility, respectively. The senior secured term loan requires quarterly principal instalments of US\$1, with the balance due in four equal quarterly instalments of US\$139 beginning December 2012. The revolving credit facility requires the principal to be repaid at maturity.

The borrowings under the credit agreement bear interest based on LIBOR or a base rate plus an interest rate margin of up to 4.0%, payable quarterly. In connection with the term loan, Spirit AeroSystems entered into interest rate swap agreements on US\$500 of the term loan. The agreements, which mature in 2010 and 2011, swap the floating interest rate with a fixed interest rate that ranges between 3.2% and 4.4%.

Substantially all of Spirit AeroSystems' assets are pledged as collateral under the credit agreement.

In September 2009, Spirit AeroSystems completed an offering of US\$300 in aggregate principal amount of 7.5% senior notes due in 2017. The offering price was 97.804% of par to yield

7.875% to maturity. The net proceeds were used to repay US\$200 in borrowings under its existing revolving credit facility without any reduction of the lenders' commitment, with the remainder to be used for general corporate purposes. Interest is payable semi-annually beginning in April 2010. The senior notes may be redeemed prior to maturity at various premiums above face value. Additionally, if a change in control of Spirit AeroSystems occurs, the holders of the senior notes have the right to require Spirit AeroSystems to repurchase the senior notes at a price of 101% plus accrued and unpaid interest. At December 31, 2009, the senior notes, with US\$300 outstanding, were recorded net of the unamortized discount of US\$6. The senior notes are subordinate to the senior secured credit facility.

### j) The Warranty Group

In November 2006, The Warranty Group entered into a US\$225 credit agreement consisting of a US\$200 term loan and up to US\$25 of revolving credit and swing line loans. The amounts outstanding on the credit agreement bear interest at LIBOR plus a margin based on The Warranty Group's credit rating. The term loan requires annual payments of US\$2, with the balance due in 2012. Revolving credit and swing line loans, if outstanding, are due 2011. At December 31, 2009, US\$194 and nil (2008 – US\$196 and nil) were outstanding on the term loan and revolving and swing loans, respectively.

The debt is subject to various terms and conditions, including The Warranty Group maintaining a minimum credit rating and certain financial ratios relating to minimum capitalization levels.

### k) Tube City IMS

In January 2007 Tube City IMS entered into a senior secured asset-based revolving credit facility with an aggregate principal amount of up to US\$165, a senior secured term loan credit facility with an aggregate principal amount of US\$165 and a senior secured synthetic letter of credit facility of US\$20. The credit facilities bear interest at a base rate plus a margin of up to 2.50%.

The senior secured asset-based revolving credit facility is available through to January 2013. The maximum availability under the revolving facility is based on specified percentages of eligible accounts receivable and inventory. As at December 31, 2009, US\$4 (2008 – US\$46) was outstanding under the revolving facility. The obligations under the senior secured asset-based lending facility are secured on a first-priority lien basis by Tube City IMS' accounts receivable, inventory and cash proceeds therefrom and on a second-priority lien basis by substantially all of Tube City IMS' other property and assets, subject to certain exceptions and permitted liens.

The senior secured term loan credit facility and senior secured synthetic letter of credit facility are repayable quarterly, with annual payments of US\$2, and mature in January 2014. The facilities require Tube City IMS to prepay outstanding amounts

under certain conditions. At December 31, 2009, US\$160 (2008 – US\$162) was outstanding under the term loan and there were US\$13 (2008 – US\$17) of letters of credit outstanding relating to the synthetic letter of credit facility. The obligations under the senior secured term loan facility and senior secured synthetic letter of credit facility are secured on a first-priority lien basis by all of Tube City IMS' property and assets (other than accounts receivable and inventory and cash proceeds therefrom) and on a second-priority lien basis on all of Tube City IMS' accounts receivable and inventory and cash proceeds therefrom, subject to certain exceptions and permitted liens.

In connection with the senior secured term loan credit facility, Tube City IMS entered into rate swap agreements that swap the variable rate portion of the interest for a fixed rate of 4.7% through March 2010 and 2.3% thereafter. The agreements have total notional amounts of US\$120 to March 2010, reducing to US\$80 until March 2012.

In addition, Tube City IMS has US\$225 of unsecured senior subordinated notes outstanding, issued in 2007. The notes bear interest at a rate of 9.75% and mature in February 2015. The notes are redeemable at the option of the company at various premiums above face value, beginning in 2011. At December 31, 2009, notes of US\$223 (2008 – US\$225) were outstanding.

In December 2008 and the first quarter of 2009, Tube City IMS issued subordinated notes in the amount of US\$51, of which US\$49 are held by the Company. The notes are due in 2020 and bear interest at a rate of 15% in the first year, 17.5% in the second year and 20% in the third year and beyond. Cash interest payments are required beginning in 2014. Tube City IMS may pre-pay the notes, in whole or in part, without premium penalty or discount, at any time. At December 31, 2009 US\$59 (2008 – US\$13) was outstanding, including accrued interest, of which US\$56 (2008 – US\$12) was held by the Company.

**l) ONCAP II companies**

ONCAP II's investee companies consist of EnGlobe, CSI, CiCi's Pizza, Mister Car Wash and Caliber Collision. Each has debt that is included in the Company's consolidated financial statements. There are separate arrangements for each of the investee companies with no cross-guarantees between the companies or by Onex.

Under the terms of the various credit agreements, combined term borrowings of \$272 are outstanding and combined revolving credit facilities of \$20 are outstanding. The available facilities bear interest at various rates based on a base floating rate plus a margin. At December 31, 2009, interest rates ranged from 2.3% to 7.5% on borrowings under the revolving credit and term facilities. The term loans have quarterly repayments and are due between 2012 and 2014. The companies also have subordinated notes of \$105, due between 2012 and 2014, that bear interest at rates ranging from 7.5% to 15.0%, of which the Company owns \$69.

Certain ONCAP II investee companies have entered into interest rate swap agreements to fix a portion of their interest expense. The total notional amount of these swap agreements at December 31, 2009 was \$205, with portions expiring through to 2012.

The senior debt is generally secured by substantially all of the assets of the respective company.

**m) Other**

Other long-term debt at December 31, 2008 included US\$97 of amounts outstanding on a US\$125 line of credit held by an entity controlled by Onex Partners III. Amounts borrowed on the line of credit were used to purchase investment securities in Tropicana Las Vegas. The line of credit was repaid in 2009. In addition, included in other long-term debt at December 31, 2009 was \$10 (2008 – \$16) outstanding relating to Radian.

The annual minimum repayment requirements for the next five years on consolidated long-term debt are as follows:

2010	\$ 425
2011	306
2012	1,220
2013	2,247
2014	1,019
Thereafter	822
	\$ 6,039

**11. LEASE COMMITMENTS**

Future minimum lease payments are as follows:

	Capital Leases	Operating Leases
For the year:		
2010	\$ 25	\$ 242
2011	16	182
2012	10	141
2013	7	104
2014	3	76
Thereafter	9	363
Total future minimum lease payments	\$ 70	\$ 1,108
Less: imputed interest	(8)	
Balance of obligations under capital leases, without recourse to Onex	62	
Less: current portion	(21)	
Long-term obligations under capital leases, without recourse to Onex	\$ 41	

Substantially all of the lease commitments relate to the operating companies. Operating leases primarily relate to premises.

## 12. WARRANTY RESERVES AND UNEARNED PREMIUMS

The following describes the reserves and unearned premiums liabilities of The Warranty Group, which was acquired in November 2006.

### Reserves

The following table provides a reconciliation of The Warranty Group's beginning and ending reserves for losses and loss adjustment expenses ("LAE"), net of ceded claims recoverable for the year ended December 31, 2009:

	Property and Casualty <sup>(a)</sup>	Warranty <sup>(b)</sup>	Total Reserves
Current portion of reserves, December 31, 2008	\$ 334	\$ 253	\$ 587
Long-term portion of reserves, December 31, 2008	748	-	748
Gross reserve for losses and LAE, December 31, 2008 <sup>(2)</sup>	\$ 1,082	\$ 253	\$ 1,335
Less current portion of ceded claims recoverable <sup>(1)</sup> (note 5)	(334)	(39)	(373)
Less long-term portion of ceded claims recoverable <sup>(1)</sup> (note 8)	(748)	-	(748)
Net reserve for losses and LAE, December 31, 2008	-	214	214
Benefits to policy holders incurred, net of reinsured amounts	\$ -	\$ 615	\$ 615
Payments for benefits to policy holders, net of reinsured amounts	-	(627)	(627)
Other, including increase due to changes in foreign exchange rates	-	(20)	(20)
Net reserve for losses and LAE, December 31, 2009	\$ -	\$ 182	\$ 182
Add current portion of ceded claims recoverable <sup>(1)</sup> (note 5)	239	36	275
Add long-term portion of ceded claims recoverable <sup>(1)</sup> (note 8)	477	2	479
Gross reserve for losses and LAE, December 31, 2009 <sup>(2)</sup>	716	220	936
Current portion of reserves, December 31, 2009	(239)	(186)	(425)
Long-term portion of reserves, December 31, 2009	\$ 477	\$ 34	\$ 511

(1) Ceded claims recoverable represent the portion of reserves ceded to third-party reinsurers.

(2) Reserves for losses and LAE represent the estimated ultimate net cost of all reported and unreported losses incurred and unpaid through December 31, as described in note 1.

**a)** Property and casualty reserves represent estimated future losses on property and casualty policies. The property and casualty reserves and the corresponding ceded claims recoverable were acquired on acquisition of The Warranty Group. The property and casualty business is being run off and new business is not being booked. The reserves are 100% ceded to third-party reinsurers.

A subsidiary of Aon Corporation, the former parent of The Warranty Group, was the primary reinsurer for 44% of the non-warranty property and casualty reserves and provided guarantees on all of those reserves at December 31, 2008. In August 2009, the subsidiary was sold to National Indemnity Company. As part of the sale, National Indemnity Company became the primary reinsurer for 42% of the non-warranty property and casualty reserves and provided guarantees on all of those reserves at December 31, 2009.

**b)** Warranty reserves represent estimated future losses on warranty policies written by The Warranty Group. Due to the nature of the warranty reserves, substantially all of the ceded claims recoverable and warranty reserves are of a current nature.

### Unearned premiums

The following table provides details of the unearned premiums as at December 31.

	2009	2008
Unearned premiums	\$ 2,508	\$ 2,924
Current portion of unearned premiums	(985)	(1,111)
Long-term portion of unearned premiums	\$ 1,523	\$ 1,813

### 13. OTHER LIABILITIES

Other liabilities comprised the following:

As at December 31	2009	2008
Reserves <sup>(a)</sup>	\$ 197	\$ 239
Boeing advance <sup>(b)</sup>	724	1,077
Deferred revenue and other deferred items	358	377
Pension and non-pension post-retirement benefits (note 25)	206	211
Stock-based compensation	138	52
Other <sup>(c)</sup>	332	331
	\$ 1,955	\$ 2,287

a) Reserves consist primarily of US\$144 (2008 – US\$139) established by EMSC for automobile, workers compensation, general liability and professional liability. This includes the use of an off-shore captive insurance program.

### 14. INCOME TAXES

The reconciliation of statutory income tax rates to the Company's effective tax rate is as follows:

Year ended December 31	2009	2008
Income tax recovery (provision) at statutory rates	\$ (213)	\$ 356
Change related to:		
Increase in valuation allowance	(10)	(116)
Amortization of non-deductible items	(88)	(39)
Income tax rate differential of operating investments	96	(361)
Book to tax differences on property, plant and equipment and intangibles	(36)	(85)
Non-taxable gains	239	(58)
Foreign exchange	(36)	158
Other, including permanent differences	(124)	(107)
Provision for income taxes	\$ (172)	\$ (252)
Classified as:		
Current	\$ (276)	\$ (318)
Future	104	66
Provision for income taxes	\$ (172)	\$ (252)

b) Pursuant to Spirit AeroSystems' 787 aircraft long-term supply agreement with Boeing, Boeing made advance payments to Spirit AeroSystems. As at December 31, 2009, advance payments of US\$1,111 (2008 – US\$1,095) had been made, of which US\$187 has been recognized as revenue and US\$924 will be settled against future sales of Spirit AeroSystems' 787 aircraft units to Boeing. US\$235 of the payments has been recorded as a current liability.

c) Other includes the long-term portion of acquisition and re-structuring accruals, amounts for liabilities arising from indemnifications, mark-to-market valuations of hedge contracts and warranty provisions.

**14. INCOME TAXES (cont'd)**

The Company's future income tax assets and liabilities comprised the following:

As at December 31	2009	2008
Future income tax assets <sup>(1)</sup> :		
Net operating losses carried forward	\$ 1,071	\$ 1,254
Net capital losses carried forward	47	39
Accounting provisions not currently deductible	460	463
Property, plant and equipment, intangible and other assets	201	217
Share issue costs of operating investments	(2)	(3)
Acquisition and integration costs	19	15
Pension and non-pension post-retirement benefits	14	8
Deferred revenue	96	95
Scientific research and development	43	42
Other	124	64
Less valuation allowance <sup>(2)</sup>	(1,376)	(1,438)
	<b>697</b>	<b>756</b>
Future income tax liabilities <sup>(1)</sup> :		
Property, plant and equipment, intangible and other assets	(496)	(600)
Pension and non-pension post-retirement benefits	(98)	(81)
Gains on sales of operating investments	(571)	(684)
Foreign exchange	(141)	(138)
Other	3	24
	<b>(1,303)</b>	<b>(1,479)</b>
Future income tax liabilities, net	<b>\$ (606)</b>	<b>\$ (723)</b>
Classified as:		
Current asset – other current assets	\$ 262	\$ 255
Long-term asset – other long-term assets	435	501
Current liability – accounts payable and accrued liabilities	(66)	(29)
Long-term liability – future income taxes	(1,237)	(1,450)
Future income tax liabilities, net	<b>\$ (606)</b>	<b>\$ (723)</b>

(1) Income tax assets and liabilities relating to the same tax jurisdiction have been recorded on a gross basis in the consolidated balance sheets.

(2) Future tax assets are recorded based on their expected future tax value. The valuation allowance claimed against the future tax assets primarily relates to non-capital losses of Celestica and Sitel Worldwide. A valuation allowance on non-capital losses is recorded where it is more likely than not that the non-capital losses will expire prior to utilization.

At December 31, 2009, Onex and its investment-holding companies had \$299 of non-capital loss carryforwards and \$283 of capital loss carryforwards.

At December 31, 2009, certain operating companies in Canada and the United States had non-capital loss carryforwards available to reduce future income taxes of those companies in the

amount of \$3,240, of which \$920 had no expiry, \$703 were available to reduce future income taxes between 2010 and 2014, inclusive, and \$1,617 were available with expiration dates of 2015 through 2029.

Cash taxes paid during the year amounted to \$268 (2008 – \$313).

15. SHARE CAPITAL

a) The authorized share capital of the Company consists of:

i) 100,000 Multiple Voting Shares, which entitle their holders to elect 60% of the Company's Directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. The Multiple Voting Shares have no entitlement to a distribution on winding up or dissolution other than the payment of their nominal paid-up value.

ii) An unlimited number of Subordinate Voting Shares, which carry one vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Company carrying voting rights; to elect 40% of the Directors; and to appoint the auditors. These shares are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding up and to any declared but unpaid cash dividends. The shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors.

The Multiple Voting Shares and Subordinate Voting Shares are subject to provisions whereby, if an event of change occurs (such as Mr. Schwartz, Chairman and CEO, ceasing to hold, directly or indirectly, more than 5,000,000 Subordinate Voting Shares or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the Directors and otherwise will cease to have any general voting rights. The Subordinate Voting Shares would then carry 100% of the general voting rights and be entitled to elect 80% of the Directors.

Details of DSUs outstanding under the plans are as follows:

	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2007	225,914		-	
Granted	45,000	\$ 32.54	-	\$ -
Additional units issued in lieu of compensation and cash dividends	26,443	\$ 24.30	202,902	\$ 30.96
Outstanding at December 31, 2008	<b>297,357</b>		<b>202,902</b>	
Granted	<b>40,000</b>	<b>\$ 22.98</b>	-	<b>\$ -</b>
Additional units issued in lieu of compensation and cash dividends	<b>31,662</b>	<b>\$ 20.01</b>	<b>69,978</b>	<b>\$ 18.62</b>
Outstanding at December 31, 2009	<b>369,019</b>		<b>272,880</b>	

iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Directors are empowered to fix the rights to be attached to each series. There is no consolidated paid-in value for these shares.

b) During 2009, under the Dividend Reinvestment Plan, the Company issued 3,060 (2008 – 6,279) Subordinate Voting Shares at a total value of less than \$1 (2008 – less than \$1). In 2009 and 2008, no Subordinate Voting Shares were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2009 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its Subordinate Voting Shares. The 10% limit represents approximately 9.3 million shares.

The Company repurchased and cancelled under Normal Course Issuer Bids 1,784,600 (2008 – 3,481,381) of its Subordinate Voting Shares at a cash cost of \$41 during 2009 (2008 – \$101). The excess of the purchase cost of these shares over the average paid-in amount was \$34 (2008 – \$87), which was charged to retained earnings. As at December 31, 2009, the Company had the capacity under the current Normal Course Issuer Bid to purchase approximately 7.5 million shares.

c) At December 31, 2009, the issued and outstanding share capital consisted of 100,000 (2008 – 100,000) Multiple Voting Shares, 120,317,445 (2008 – 122,098,985) Subordinate Voting Shares and 176,078 (2008 – 176,078) Series 1 Senior Preferred Shares. The Series 1 Senior Preferred Shares have no paid-in amount reflected in these consolidated financial statements and the Multiple Voting Shares have nominal paid-in value.

d) The Company has a Director Deferred Share Unit Plan ("Director DSU Plan") and a Management Deferred Share Unit Plan ("Management DSU Plan"), as described in note 1.

15. SHARE CAPITAL (cont'd)

e) The Company has a Stock Option Plan (the "Plan") under which options and/or share appreciation rights for a term not exceeding 10 years may be granted to Directors, officers and employees for the acquisition of Subordinate Voting Shares of the Company at a price not less than the market value of the shares on the business day preceding the day of the grant. Under the Plan, no options or share appreciation rights may be exercised unless the average market price of the Subordinate Voting Shares for the five prior business days exceeds the exercise price of the options or the share appreciation rights by at least 25% (the "hurdle price"). At December 31, 2009, 15,612,000 (2008 – 15,612,000) Subordinate Voting Shares were reserved for issuance under the Plan, against which options representing 13,450,050 (2008 – 12,931,450) shares were outstanding. The Plan provides that the number of options issued to certain individuals in aggregate may not exceed 10% of the shares outstanding at the time the options are issued.

Options granted vest at a rate of 20% per year from the date of grant, with the exception of the 774,500 remaining options granted in December 2007, which vest at a rate of 16.7% per year. When an option is exercised, the employee has the right to request that the Company repurchase the option for an amount equal to the difference between the fair value of the stock under the option and

its exercise price. Upon receipt of such a request, the Company has the right to settle its obligation to the employee by the payment of cash, the issuance of shares or a combination of cash and shares.

Details of options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2007	12,777,500	\$ 18.07
Granted	702,500	\$ 15.95
Surrendered	(538,550)	\$ 14.97
Expired	(10,000)	\$ 34.00
Outstanding at December 31, 2008	<b>12,931,450</b>	<b>\$ 18.07</b>
Granted	<b>727,500</b>	<b>\$ 23.35</b>
Surrendered	<b>(197,900)</b>	<b>\$ 20.20</b>
Expired	<b>(11,000)</b>	<b>\$ 20.76</b>
Outstanding at December 31, 2009	<b>13,450,050</b>	<b>\$ 18.33</b>

During 2009, total cash consideration paid on options surrendered was \$1 (2008 – \$9). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under the Plan.

Options outstanding at December 31, 2009 consisted of the following:

Number of Outstanding Options	Exercise Price	Number of Exercisable Options	Hurdle Price	Remaining Life (years)
607,500	\$ 20.50	-	\$ 25.63	2.5
505,000	\$ 14.90	505,000	\$ 18.63	3.1
7,260,000	\$ 15.87	7,260,000	\$ 19.84	4.2
2,433,550	\$ 18.18	2,433,550	\$ 22.73	4.9
135,000	\$ 19.25	-	\$ 24.07	6.1
285,000	\$ 29.22	-	\$ 36.53	6.9
20,000	\$ 33.40	-	\$ 41.75	7.3
774,500	\$ 35.20	-	\$ 44.00	7.9
702,000	\$ 15.95	140,400	\$ 19.94	8.9
727,500	\$ 23.35	-	\$ 29.19	9.9
13,450,050		10,338,950		

**16. INTEREST EXPENSE OF OPERATING COMPANIES**

Year ended December 31	2009	2008
Interest on long-term debt		
of operating companies	\$ 483	\$ 513
Interest on obligations under capital		
leases of operating companies	4	6
Other interest of operating companies	8	31
Interest expense of operating companies	\$ 495	\$ 550

Cash interest paid during the year amounted to \$505 (2008 – \$514).

**17. EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS**

Year ended December 31	2009	2008
Hawker Beechcraft <sup>(a)</sup>	\$ (237)	\$ (80)
Allison Transmission <sup>(b)</sup>	(181)	(198)
Onex Real Estate <sup>(c)</sup>	(97)	(68)
Other	18	24
	\$ (497)	\$ (322)

a) During the third quarter of 2009, Hawker Beechcraft completed a review of the value of its business and general aviation segment in light of the current decline in demand for new business aircraft. As a result of this review, Hawker Beechcraft recorded impairment charges of US\$521, which included an impairment of US\$340 for the full amount of goodwill associated with this segment. In addition, Hawker Beechcraft concluded that additional charges of US\$205 were necessary to reduce the carrying value of other assets in this segment as well as to increase reserves for losses on certain aircraft programs and potential supplier claims.

Primarily as a result of these impairments and other non-cash charges, the Company recorded a loss from equity-accounted investments of \$237 relating to its 49% interest in Hawker Beechcraft, of which Onex' share was \$95.

b) A significant portion of the 2009 loss from Allison Transmission is due to a US\$190 impairment of certain intangible assets. In addition, Allison Transmission wrote down certain long-term receivables and established reserves for other matters that the company had with General Motors Corporation ("GM") as a result of the GM bankruptcy. The net charge from the GM items was US\$37.

Primarily as a result of the impairment and GM charges, the Company recorded a loss from equity-accounted investments of \$181 relating to its 49% interest in Allison Transmission, of which Onex' share was \$58.

c) Onex Real Estate's 2009 loss was primarily from provisions established against the carrying value of a number of Onex Real Estate investments as a result of the current economic conditions.

**18. STOCK-BASED COMPENSATION EXPENSE (RECOVERY)**

Year ended December 31	2009	2008
Parent company <sup>(a)</sup>	\$ 93	\$ (196)
Celestica	43	25
Spirit AeroSystems	12	17
Other	13	12
	\$ 161	\$ (142)

a) Parent company includes an expense of \$61 (2008 – recovery of \$176) relating to Onex' stock option plan, as described in note 15(e), primarily due to the increase (2008 – decrease) in the market price of Onex shares during the year.

**19. GAINS ON DISPOSITIONS OF OPERATING INVESTMENTS**

Year ended December 31	2009	2008
Gain on sale of Cineplex Entertainment <sup>(a)</sup>	\$ 160	\$ -
Gain on disposition of CEI <sup>(b)</sup>	20	-
Gain on partial sales of EMSC <sup>(c)</sup>	595	-
Gain on partial sale of Celestica <sup>(d)</sup>	6	-
Other	2	4
	\$ 783	\$ 4

**a) Cineplex Entertainment**

In March 2009, Onex entered into an agreement to sell all of its remaining units of Cineplex Galaxy Income Fund to a syndicate of underwriters at a gross price of \$14.25 per unit. The transaction closed in April 2009 and Onex received net proceeds of approximately \$175. As a result of this transaction, Onex recorded a pre-tax gain of \$160 in the second quarter of 2009.

**b) CEI**

At December 31, 2008, CEI was not in compliance with its debt covenants. During the first quarter of 2009, CEI was in discussions with its lenders to achieve a restructuring of its debt. A mutually agreeable restructuring and investment transaction was not achieved. Therefore, in May 2009 Onex contributed its debt securities in CEI's parent to CEI's parent company and transferred its shares to an entity controlled by CEI's lenders, who agreed to provide additional liquidity to CEI. At that time, Onex and Onex Partners I ceased to have an equity ownership in the business. Onex' and Onex Partners I's original December 2004 investment in CEI was \$138, of which Onex' portion was \$32. As a result of previously recorded losses, Onex' investment had a negative carrying value of \$20 at March 31, 2009. Therefore, Onex recorded a non-cash accounting gain of \$20 upon disposition in the second quarter of 2009.

**19. GAINS ON DISPOSITIONS OF OPERATING INVESTMENTS (cont'd)**

**c) EMSC**

In the third quarter of 2009, under a secondary public offering of EMSC, Onex, Onex Partners I and certain limited partners of Onex Partners I sold 9.2 million shares of EMSC, of which Onex' portion was approximately 3.5 million shares. The offering was completed at a price of US\$40.00 per share, before underwriter commissions of US\$1.90 per share. Onex' cash cost for these shares was US\$6.67 per share.

Total net cash proceeds received from the sale were \$381, resulting in a pre-tax gain of \$275. Onex' share of the net proceeds and pre-tax gain was \$148 and \$90, respectively.

Amounts received on account of the carried interest relating to the third-quarter transaction totalled \$12. Consistent with market practice and the terms of Onex Partners, Onex is allocated 40% of the carried interest with 60% allocated to management. Onex' share of the carried interest received was \$5 and is included in the net proceeds and the gain. Management's share of the carried interest was \$7. As a result of the proceeds to the third-party limited partners of Onex Partners I on this disposition, the May 2009 loss on CEI will not give rise to any clawback of prior carried interest distributions.

In the fourth quarter of 2009, under a secondary public offering of EMSC, Onex, Onex Partners I and certain limited partners of Onex Partners I sold 9.2 million shares of EMSC, of which Onex' portion was approximately 3.5 million shares. The offering was completed at a price of US\$48.31 per share, before underwriter commissions of US\$2.17 per share. Onex' cash cost for these shares was US\$6.67 per share.

Total net cash proceeds received from the sale were \$446, resulting in a pre-tax gain of \$320. Onex' share of the net proceeds and pre-tax gain was \$183 and \$104, respectively.

Amounts received on account of the carried interest relating to the fourth-quarter transaction totalled \$38. Consistent with market practice and the terms of Onex Partners, Onex is allocated 40% of the carried interest with 60% allocated to management. Onex' share of the carried interest received was \$15 and is included in the net proceeds and the gain. Management's share of the carried interest was \$23.

As a result of these transactions, Onex' economic ownership in EMSC was reduced to 12% and Onex' voting interest was reduced to 82%. Onex continues to control and consolidate EMSC.

**d) Celestica**

In October 2009, Onex sold 11.0 million Subordinate Voting Shares of Celestica, which included shares held under the MIP, to a syndicate of underwriters at a gross price of \$10.30 per share. Onex received net proceeds of \$104 from the transaction and Onex recorded a pre-tax gain of \$6 in the fourth quarter of 2009.

As a result of this transaction, Onex' economic ownership in Celestica was reduced to 8% and Onex' voting interest was reduced to 69%. Onex continues to control and consolidate Celestica.

**20. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES**

Year ended December 31	2009	2008
Celestica	\$ 92	\$ 39
Carestream Health	44	92
Husky	42	22
Sitel Worldwide	25	36
Other	16	31
	<b>\$ 219</b>	<b>\$ 220</b>

Acquisition, restructuring and other expenses are typically to provide for the costs of facility consolidations, workforce reductions and transition costs incurred at the operating companies.

The operating companies record restructuring charges relating to employee terminations, contractual lease obligations and other exit costs when the liability is incurred. The recognition of these charges requires management to make certain judgments regarding the nature, timing and amounts associated with the planned restructuring activities, including estimating sublease income and the net recovery from equipment to be disposed of. At the end of each reporting period, the operating companies evaluate the appropriateness of the remaining accrued balances.

The tables below provide a summary of acquisition, restructuring and other activities undertaken by the operating companies, detailing the components of the charges and movement in accrued liabilities. This summary is presented by the year in which the restructuring activities were initiated.

<b>Years Prior to 2008</b>	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	\$ 822	\$ 201	\$ 58	\$ 424	\$ 1,505 <sup>(a)</sup>
Cumulative costs expensed to date	\$ 788	\$ 192	\$ 54	\$ 412	\$ 1,446 <sup>(b)</sup>
Expense for the year ended					
December 31, 2009	\$ 78	\$ 8	\$ 3	\$ 4	\$ 93
Reconciliation of accrued liability					
Closing balance – December 31, 2008	\$ 24	\$ 39	\$ 3		\$ 66
Cash payments	(75)	(17)	(4)		(96)
Charges	78	8	3		89
Other adjustments	(3)	(5)	–		(8)
Closing balance – December 31, 2009	\$ 24	\$ 25	\$ 2		\$ 51

(a) Includes Celestica \$1,479.

(b) Includes Celestica \$1,435.

<b>Initiated in 2008</b>	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	\$ 33	\$ 9	\$ 78	\$ –	\$ 120 <sup>(a)</sup>
Cumulative costs expensed to date	\$ 23	\$ 9	\$ 64	\$ –	\$ 96 <sup>(b)</sup>
Expense for the year ended					
December 31, 2009	\$ 24	\$ 2	\$ 43	\$ –	\$ 69
Reconciliation of accrued liability					
Closing balance – December 31, 2008	\$ 34	\$ 8	\$ 15		\$ 57
Cash payments	(33)	(7)	(56)		(96)
Charges	24	2	43		69
Other adjustments	(8)	1	(1)		(8)
Closing balance – December 31, 2009	\$ 17	\$ 4	\$ 1		\$ 22

(a) Includes Husky \$73 and Carestream Health \$31.

(b) Includes Husky \$53 and Carestream Health \$31.

<b>Initiated in 2009</b>	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	\$ 33	\$ 5	\$ 23	\$ 1	\$ 62 <sup>(a)</sup>
Cumulative costs expensed to date	\$ 32	\$ 5	\$ 21	\$ 1	\$ 59 <sup>(b)</sup>
Expense for the year ended					
December 31, 2009	\$ 31	\$ 5	\$ 20	\$ 1	\$ 57
Reconciliation of accrued liability					
Cash payments	\$ (19)	\$ (1)	\$ (15)		\$ (35)
Charges	31	5	20		56
Other adjustments	(1)	–	–		(1)
Closing balance – December 31, 2009	\$ 11	\$ 4	\$ 5		\$ 20

(a) Includes Carestream Health \$14 and Sitel Worldwide \$26.

(b) Includes Carestream Health \$13 and Sitel Worldwide \$24.

**20. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES (cont'd)**

Total	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	\$ 888	\$ 215	\$ 159	\$ 425	\$ 1,687
Cumulative costs expensed to date	\$ 843	\$ 206	\$ 139	\$ 413	\$ 1,601
Expense for the year ended December 31, 2009	\$ 133	\$ 15	\$ 66	\$ 5	\$ 219
Reconciliation of accrued liability:					
Closing balance – December 31, 2008	\$ 58	\$ 47	\$ 18		\$ 123
Cash payments	(127)	(25)	(75)		(227)
Charges	133	15	66		214
Other adjustments	(12)	(4)	(1)		(17)
Closing balance – December 31, 2009	\$ 52	\$ 33	\$ 8		\$ 93

**21. WRITEDOWN OF GOODWILL, INTANGIBLE ASSETS AND LONG-LIVED ASSETS**

Year ended December 31	2009	2008
Celestica <sup>(a)</sup>	\$ 14	\$ 1,061
Skilled Healthcare <sup>(b)</sup>	180	–
Sitel Worldwide <sup>(c)</sup>	64	129
Tube City IMS <sup>(d)</sup>	62	–
CiCi's Pizza <sup>(e)</sup>	44	–
CEI <sup>(f)</sup>	–	206
Carestream Health <sup>(g)</sup>	–	142
Other <sup>(h)</sup>	6	46
	\$ 370	\$ 1,584

**a)** In the fourth quarter of 2008, as a result of its annual goodwill impairment test, Celestica recorded a non-cash charge relating to goodwill associated with its Asia reporting unit. The impairment was driven by a combination of factors including Celestica's declining market capitalization in 2008 as well as the significant end-market deterioration and the impact of economic uncertainties on expected future demand. At December 31, 2008, the remaining goodwill balance at Celestica was nil.

The goodwill impairment charge was non-cash in nature and did not affect Celestica's liquidity, cash flows from operating activities, or its compliance with debt covenants.

**b)** Due to a reduction in the expected future growth rates for Medicare and Medicaid and their effect on expected future cash flows, Skilled Healthcare recorded a non-cash goodwill impairment charge of \$180 in the fourth quarter of 2009.

**c)** Sitel Worldwide's 2009 writedowns consist primarily of a second quarter non-cash goodwill impairment charge of \$52, which was a result of the loss of certain business contracts in its European region.

In the fourth quarter of 2008, as a result of its annual goodwill and intangible asset impairment test, Sitel Worldwide recorded non-cash impairment charges of goodwill and intangible assets primarily related to the purchase of SITEL Corporation in January 2007. The impairment was due to the shift in customers from Europe to other regions.

**d)** In the second quarter of 2009, Tube City IMS revised its long-term outlook to reflect changes in expectations for certain customers and contracts. As a result, Tube City IMS performed a goodwill impairment test that resulted in a non-cash goodwill impairment charge of \$62.

**e)** In the fourth quarter of 2009, as a result of its annual intangible asset impairment test, CiCi's Pizza recorded non-cash impairment charges. The impairment was caused primarily by an increase in the discount rate used due to market risks associated with the current economic environment.

**f)** In the fourth quarter of 2008, as a result of its annual goodwill impairment test, CEI recorded a non-cash charge relating to goodwill. The impairment was driven by a combination of factors including significant end-market deterioration and the impact of economic uncertainties on expected future demand.

**g)** In the fourth quarter of 2008, as a result of its annual goodwill and intangible asset impairment test, Carestream Health recorded non-cash impairment charges on goodwill and intangible assets relating to its Carestream Molecular Imaging business unit.

**h)** Other primarily consists of impairments of long-lived assets.

**22. NET EARNINGS PER SUBORDINATE VOTING SHARE**

The weighted average number of Subordinate Voting Shares for the purpose of the earnings per share calculations is as follows:

Year ended December 31	2009	2008
Weighted average number of shares <i>(in millions)</i> :		
Basic	122	123
Diluted	122	123

**23. SIGNIFICANT CUSTOMERS OF OPERATING COMPANIES AND CONCENTRATION OF CREDIT RISK**

A number of operating companies, by the nature of their businesses, individually serve major customers that account for a large portion of their revenues. For each of these operating companies, the table below shows the number of significant customers and the percentage of revenues they represent.

Year ended December 31	2009		2008	
	Number of Significant Customers	Percentage of Revenues	Number of Significant Customers	Percentage of Revenues
CDI	1	12%	1	11%
Celestica	1	17%	-	-
EMSC	1	23%	1	23%
Skilled Healthcare	2	67%	2	68%
Spirit AeroSystems	2	96%	2	97%
Tube City IMS	1	25%	2	39%
The Warranty Group	1	10%	-	-

Accounts receivable from the above significant customers at December 31, 2009 totalled \$587 (2008 – \$762).

## 24. COMMITMENTS, CONTINGENCIES AND RELATED PARTY TRANSACTIONS

a) Contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds are primarily provided by certain operating companies to various third parties and include certain bank guarantees. At December 31, 2009, the amounts potentially payable in respect of these guarantees totalled \$467.

The Company, which includes the operating companies, has commitments in the total amount of approximately \$60 with respect to corporate investments. A significant portion of this amount is funded by third-party limited partners of the Onex funds.

The Company, which includes the operating companies, has also provided certain indemnifications, including those related to businesses that have been sold. The maximum amounts from many of these indemnifications cannot be reasonably estimated at this time. However, in certain circumstances, the Company and its operating companies have recourse against other parties to mitigate the risk of loss from these indemnifications.

The Company, which includes the operating companies, has commitments with respect to real estate operating leases, which are disclosed in note 11.

The aggregate commitments for capital assets at December 31, 2009 amounted to \$383.

b) Onex and its operating companies are or may become parties to legal claims, product liability and warranty claims arising from the ordinary course of business. Certain operating companies, as conditions of acquisition agreements, have agreed to accept certain pre-acquisition liability claims against the acquired companies. The operating companies have recorded liability provisions based on their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements. Onex, the parent company, has not currently recorded any further liability provision and does not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on Onex' consolidated financial position.

c) The operating companies are subject to laws and regulations concerning the environment and to the risk of environmental liability inherent in activities relating to their past and present operations. As conditions of acquisition agreements, certain operating companies have agreed to accept certain pre-acquisition liability claims on the acquired companies after obtaining indemnification from prior owners.

The Company and its operating companies also have insurance to cover costs incurred for certain environmental matters. Although the effect on operating results and liquidity, if any, cannot be reasonably estimated, management of Onex and the operating companies believe, based on current information, that these environmental matters should not have a material adverse effect on the Company's consolidated financial condition.

d) In February 2004, Onex completed the closing of Onex Partners I with funding commitments totalling approximately US\$1,655. Onex Partners I provided committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP. As at December 31, 2009, US\$1,477 (2008 – US\$1,477) has been invested of the total approximately US\$1,655 of capital committed. Onex has funded US\$347 (2008 – US\$347) of its US\$400 commitment. Onex controls the General Partner and Manager of Onex Partners I. The total amount invested in Onex Partners I's remaining investments by Onex management and directors at December 31, 2009 was US\$33 (2008 – US\$41).

Prior to November 2006, Onex received annual management fees based on 2% of the capital committed to Onex Partners I by investors other than Onex and Onex management. The annual management fee was reduced to 1% of the net funded commitments at the end of the initial fee period in November 2006, when Onex established a successor fund, Onex Partners II. A carried interest is received on the overall gains achieved by Onex Partners I investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in Onex Partners I over the life of Onex Partners I. The investment by Onex Partners I investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners I investors.

The returns to Onex Partners I investors, other than Onex and Onex management, are based on all investments made through Onex Partners I, with the result that the initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners I investments do not exceed the overall target return level of 8%. Consistent with market practice, Onex, as sponsor of Onex Partners I, is allocated 40% of the carried interest with 60% allocated to management. Onex defers all gains associated with the carried interest until such time as the potential for repayment of amounts received is remote. For the year ended December 31, 2009, \$20 (2008 – nil) has been received by Onex as carried interest and recognized as income while management received \$30 (2008 – nil) with respect to the carried interest. At December 31, 2009, the total amount of carried interest that has been deferred from income was \$58 (2008 – \$58).

e) In August 2006, Onex completed the closing of Onex Partners II with funding commitments totalling approximately US\$3,450. Onex Partners II provides committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP or Onex Partners I. As at December 31, 2009, US\$2,903 (2008 – US\$2,903) has been invested of the total approximately US\$3,450 of capital committed. Onex has funded US\$1,148 (2008 – US\$1,148) of its US\$1,407 commitment. Onex controls the General Partner and Manager of Onex Partners II. Onex management has committed, as a group, to invest a minimum of 1% of Onex Partners II, which may be adjusted annually up to a maximum of 4%. As at December 31, 2009, management and directors had committed approximately 3% (2008 – 4%). The total amount invested in Onex Partners II's investments by Onex management and directors at December 31, 2009 was US\$115, of which nil (2008 – US\$14) was invested in the year ended December 31, 2009.

Onex received annual management fees based on 2% of the capital committed to Onex Partners II by investors other than Onex and Onex management. The annual management fee was reduced to 1% of the net funded commitments at the end of the initial fee period in November 2008, when Onex established a successor fund, Onex Partners III. A carried interest is received on the overall gains achieved by Onex Partners II investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in Onex Partners II over the life of Onex Partners II. The investment by Onex Partners II investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners II investors.

The returns to Onex Partners II investors, other than Onex and Onex management, are based on all investments made through Onex Partners II, with the result that the initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners II investments do not exceed the overall target return level of 8%. Consistent with market practice and Onex Partners I, Onex, as sponsor of Onex Partners II, will be allocated 40% of the carried interest with 60% allocated to management. Onex defers all gains associated with the carried interest until such time as the potential for repayment of amounts received is remote. As at December 31, 2009, no amount has been received as carried interest related to Onex Partners II.

f) In December 2009, Onex completed the closing of Onex Partners III with funding commitments totalling approximately US\$4,300. Onex Partners III provides committed capital for Onex-sponsored acquisitions not related to Onex' operating companies at December 31, 2003 or to ONCAP, Onex Partners I or Onex Partners II. As at December 31, 2009, approximately US\$195 (2008 – nil) has been invested, of which Onex' share was US\$45. Onex had a US\$1,000 commitment for the period from January 1, 2009 to

June 30, 2009. On December 31, 2008, Onex gave notice to the investors of Onex Partners III that Onex' commitment would be decreasing to US\$500 effective July 1, 2009. In December 2009, Onex notified the investors of Onex Partners III that it would be increasing its commitment to US\$800 effective June 16, 2010. This commitment may be increased up to approximately US\$1,500 at the option of Onex but may not be decreased. Onex controls the General Partner and Manager of Onex Partners III. Onex management has committed, as a group, to invest a minimum of 1% of Onex Partners III, which may be adjusted annually up to a maximum of 6%. At December 31, 2009, management and directors had committed 3% (2008 – 3%). The total amount invested in Onex Partners III's investments by Onex management and directors at December 31, 2009 was US\$5.

Onex receives annual management fees based on 1.75% of the capital committed to Onex Partners III by investors other than Onex and Onex management. The annual management fee is reduced to 1% of the net funded commitments at the earlier of the end of the commitment period, when the funds are fully invested, or if Onex establishes a successor fund. A carried interest is received on the overall gains achieved by Onex Partners III investors, other than Onex and Onex management, to the extent of 20% of the gains, provided that those investors have achieved a minimum 8% return on their investment in Onex Partners III over the life of Onex Partners III. The investment by Onex Partners III investors for this purpose takes into consideration management fees and other amounts paid by Onex Partners III investors.

The returns to Onex Partners III investors, other than Onex and Onex management, are based on all investments made through Onex Partners III, with the result that the initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex Partners III investments do not exceed the overall target return level of 8%. Consistent with market practice and Onex Partners I and Onex Partners II, Onex, as sponsor of Onex Partners III, will be allocated 40% of the carried interest with 60% allocated to management. Onex defers all gains associated with the carried interest until such time as the potential for repayment of amounts received is remote. As at December 31, 2009, no amount has been received as carried interest related to Onex Partners III.

g) Under the terms of the MIP, management members of the Company invest in all of the operating entities acquired by the Company.

The aggregate investment by management members under the MIP is limited to 9% of Onex' interest in each acquisition. The form of the investment is a cash purchase for  $\frac{1}{6}$ th (1.5%) of the MIP's share of the aggregate investment, and investment rights for the remaining  $\frac{5}{6}$ ths (7.5%) of the MIP's share at the same price. Amounts invested under the minimum investment requirement in Onex Partners transactions are allocated to meet the 1.5% Onex investment requirement under the MIP. For invest-

#### 24. COMMITMENTS, CONTINGENCIES AND RELATED PARTY TRANSACTIONS (cont'd)

ments made prior to November 7, 2007, the investment rights to acquire the remaining  $\frac{5}{6}$ ths vest equally over four years with the investment rights vesting in full if the Company disposes of 90% or more of an investment before the fifth year.

The MIP was amended in 2007. For investments made subsequent to November 7, 2007, the vesting period for the investment rights to acquire the remaining  $\frac{5}{6}$ ths increased from four to six years, with the investment rights vesting in full if the Company disposes of all of an investment before the seventh year. Under the MIP and amended MIP, the investment rights related to a particular acquisition are exercisable only if the Company earns a minimum 15% per annum compound rate of return for that acquisition after giving effect to the investment rights.

Under the terms of the MIP, the total amount paid by management members for the interest in the investments in 2009 was \$1 (2008 – \$2). Investment rights exercisable at the same price for 7.5% (2008 – 7.5%) of the Company's interest in acquisitions were issued at the same time. Realizations under the MIP including the value of units distributed were \$20 in 2009 (2008 – less than \$1).

**h)** Members of management and Directors of the Company invested \$8 in 2009 (2008 – \$11) in Onex' investments made outside of Onex Partners at the same cost as Onex and other outside investors. Those investments by management and Directors are subject to voting control by Onex.

**i)** Each member of Onex management is required to reinvest 25% of the proceeds received related to their share of the MIP and carried interest to acquire Onex shares in the market until the management member owns one million Onex Subordinate Voting Shares and/or management DSUs. During 2009, Onex management reinvested \$2 (2008 – \$2) to acquire Onex shares.

**j)** Certain operating companies have made loans to certain directors or officers of the individual operating companies primarily for the purpose of acquiring shares in those operating companies. The total value of the loans outstanding as at December 31, 2009 was \$13 (2008 – \$16).

**k)** In connection with the 2007 purchase of Carestream Health from Eastman Kodak Company ("Kodak"), if, upon the disposition of Carestream Health, Onex and Onex Partners realize an internal rate of return on its initial US\$471 investment in excess of 25%, Kodak is entitled to 25% of the excess return, up to US\$200. At December 31, 2009, Onex and Onex Partners had received distributions of US\$142 from Carestream Health. No amount has been recorded for any potential payment to Kodak in the consolidated financial statements.

**l)** In March 2009, Onex entered into a sale of an entity, whose sole assets were certain tax losses, to a public company controlled by Mr. Gerald W. Schwartz, who is also Onex' controlling shareholder. Onex received \$3 in cash for tax losses of \$23. The entire \$3 was recorded as a gain and was included in other income in the consolidated statement of earnings in the first quarter of 2009. Onex has significant Canadian non-capital and capital losses available and valuation allowances have been established against the benefit of all of these losses in the consolidated financial statements. As such, Onex does not expect to generate sufficient taxable income to fully utilize these losses in the foreseeable future. In connection with this transaction, Onex obtained a tax ruling from the Canada Revenue Agency, and Deloitte & Touche LLP, an independent accounting firm retained by Onex' Audit and Corporate Governance Committee, provided an opinion that the value received by Onex for the tax losses was fair. Onex' Audit and Corporate Governance Committee, all the members of which are independent directors, unanimously approved the transaction.

## 25. PENSION AND NON-PENSION POST-RETIREMENT BENEFITS

The operating companies have a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to certain of their employees. The non-pension post-retirement benefits include retirement and termination benefits, health, dental and group life. Onex, the parent company, does not provide pension, other retirement or post-employment benefits to its employees or to those of any of the operating companies.

The total costs during 2009 for defined contribution pension plans were \$142 (2008 – \$142).

Accrued benefit obligations and the fair value of the plan assets for accounting purposes are measured at December 31 of each year. The most recent actuarial valuations of the largest pension plans for funding purposes were December 2008 to December 2009, and the next required valuations will be during 2010.

In 2009, total cash payments for employee future benefits, consisting of cash contributed by the operating companies to their funded pension plans, cash payments directly to beneficiaries for their unfunded other benefit plans and cash contributed to their defined contribution plans, were \$183 (2008 – \$177). Included in the total was \$31 (2008 – \$32) contributed to multi-employer plans.

For the defined benefit pension plans and non-pension post-retirement plans, the estimated present value of accrued benefit obligations and the estimated market value of the net assets available to provide these benefits were as follows:

As at December 31	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	2009	2008	2009	2008	2009	2008
Accrued benefit obligations:						
Opening benefit obligations	\$ 919	\$ 789	\$ 400	\$ 390	\$ 151	\$ 128
Current service cost	1	2	15	16	5	5
Interest cost	53	50	21	23	9	7
Contributions by plan participants	-	-	1	1	-	-
Benefits paid	(16)	(14)	(15)	(19)	(4)	(4)
Actuarial (gain) loss in year	(5)	-	40	(50)	7	2
Foreign currency exchange rate changes	(108)	139	(30)	(8)	(13)	14
Acquisitions	-	-	1	1	-	-
Plan amendments	-	-	1	1	(1)	-
Settlements/curtailments	(2)	-	(12)	(6)	(1)	(1)
Reclassification of plans	3	(50)	(3)	50	-	-
Other	-	3	1	1	-	-
Closing benefit obligations	\$ 845	\$ 919	\$ 420	\$ 400	\$ 153	\$ 151
Plan assets:						
Opening plan assets	\$ 1,008	\$ 1,129	\$ 282	\$ 279	\$ -	\$ -
Actual return on plan assets	178	(221)	42	(55)	-	-
Contributions by employer	7	4	36	40	4	4
Contributions by plan participants	-	-	1	1	-	-
Benefits paid	(16)	(14)	(15)	(19)	(4)	(4)
Foreign currency exchange rate changes	(128)	173	(22)	(14)	-	-
Acquisitions	-	-	1	2	-	-
Settlements/curtailments	(3)	-	(12)	(6)	-	-
Reclassification of plans	(10)	(59)	10	59	-	-
Other	-	(4)	(1)	(5)	-	-
Closing plan assets	\$ 1,036	\$ 1,008	\$ 322	\$ 282	\$ -	\$ -

## 25. PENSION AND NON-PENSION POST-RETIREMENT BENEFITS (cont'd)

Asset category	Percentage of Plan Assets	
	2009	2008
Equity securities	52%	46%
Debt securities	42%	47%
Real estate	3%	2%
Other	3%	5%
	100%	100%

Equity securities do not include direct investments in the shares of the Company or its subsidiaries but may be invested indirectly as a result of the inclusion of the Company's and its subsidiaries' shares in certain market investment funds.

The funded status of the plans of the operating subsidiary companies, excluding discontinued operations, was as follows:

	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	2009	2008	2009	2008	2009	2008
As at December 31						
Deferred benefit amount:						
Plan assets, at fair value	\$ 1,036	\$ 1,008	\$ 322	\$ 282	\$ -	\$ -
Accrued benefit obligation	(845)	(919)	(420)	(400)	(153)	(151)
Plan surplus (deficit):	\$ 191	\$ 89	\$ (98)	\$ (118)	\$ (153)	\$ (151)
Unrecognized transitional obligation and past service costs	-	-	(4)	(6)	(8)	(9)
Unrecognized actuarial net loss	109	240	73	88	31	26
Reclassification of plans	47	41	(47)	(41)	-	-
Deferred benefit amount – asset (liability)	\$ 347	\$ 370	\$ (76)	\$ (77)	\$ (130)	\$ (134)

The deferred benefit asset is included in the Company's consolidated balance sheets under "Other long-term assets" (note 8). The deferred benefit liabilities are included in the Company's consolidated balance sheets under "Other liabilities" (note 13).

The net expense for the plans is outlined below:

	Pension Plans in which Assets Exceed Accumulated Benefits		Pension Plans in which Accumulated Benefits Exceed Assets		Non-Pension Post-Retirement Benefits	
	2009	2008	2009	2008	2009	2008
Year ended December 31						
Net periodic costs:						
Current service cost	\$ 1	\$ 2	\$ 15	\$ 16	\$ 5	\$ 5
Interest cost	53	50	21	23	9	7
Actual return on plan assets	(178)	221	(42)	55	-	-
Difference between expected return and actual return on plan assets for period	106	(307)	29	(75)	-	-
Actuarial (gain) loss	(6)	6	32	(48)	8	2
Difference between actuarial (gain) loss recognized for period and actual actuarial (gain) loss on the accrued benefit obligation for period	17	(11)	(30)	49	(7)	(1)
Plan amendments (curtailment/settlement (gain) loss)	-	-	3	1	-	-
Difference between amortization of past service costs for period and actual plan amendments for period	-	-	(1)	-	(1)	(1)
Net periodic costs (income)	\$ (7)	\$ (39)	\$ 27	\$ 21	\$ 14	\$ 12

The following assumptions were used to account for the plans:

Year ended December 31	2009	Pension Benefits		Non-Pension Post-Retirement Benefits	
		2008	2009	2008	2009
Accrued benefit obligation:					
Weighted average discount rate	4.56%–7.00%	4.10%–7.50%	4.00%–6.40%	5.50%–6.46%	
Weighted average rate of compensation increase	0.00%–4.33%	0.00%–4.80%	0.00%–4.69%	0.00%–4.68%	
Benefit cost:					
Weighted average discount rate	5.32%–7.50%	4.10%–6.60%	4.00%–7.50%	5.60%–7.50%	
Weighted average expected long-term rate of return on plan assets	4.29%–8.00%	5.00%–8.50%	n/a	n/a	
Weighted average rate of compensation increase	0.00%–4.80%	0.00%–4.80%	0.00%–4.68%	0.00%–5.30%	

Assumed healthcare cost trend rates	2009	2008
Initial healthcare cost trend rate	3.50%–14.00%	3.50%–15.00%
Cost trend rate declines to	3.50%–5.00%	3.50%–5.00%
Year that the rate reaches the level it is assumed to remain at	Between 2010 and 2030	Between 2009 and 2019

Assumed healthcare cost trend rates have a significant effect on the amounts reported for post-retirement medical benefit plans. A 1% change in the assumed healthcare cost trend rate would have the following effects:

Year ended December 31	2009	1% Increase		1% Decrease	
		2008	2009	2008	2009
Effect on total of service and interest cost components	\$ 2	\$ 2	\$ (2)	\$ (2)	
Effect on the post-retirement benefit obligation	\$ 20	\$ 20	\$ (17)	\$ (16)	

## 26. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Substantially all of the cash, cash equivalents and marketable securities consist of investments in debt securities. In addition, the long-term investments of The Warranty Group and the insurance collateral of EMSC, both included in the investments line in the consolidated balance sheet, consist primarily of investments in debt securities. The investments in highly liquid debt instruments are subject to credit risk. A description of the investments held by EMSC and The Warranty Group is included in note 7.

At December 31, 2009, Onex, the parent company, held \$890 of cash and cash equivalents in short-term high-rated money market instruments. In addition, Celestica had \$986 of cash and cash equivalents, comprised of cash (approximately 28%) and cash equivalents (approximately 72%). Celestica's current portfolio consists of certificates of deposit and certain money market funds that hold exclusively U.S. government securities. The majority of Celestica's and Onex', the parent company's, cash and cash equivalents are held with financial institutions, each of which has a current Standard & Poor's rating of A-1 or above.

Accounts receivable are also subject to credit risk. At December 31, the aging of consolidated accounts receivable was as follows:

	2009	2008
Current	\$ 2,700	\$ 3,427
1-30 days past due	187	310
31-60 days past due	73	112
>60 days past due	102	165
	<b>\$ 3,062</b>	<b>\$ 4,014</b>

At December 31, 2009, the provision for uncollectible accounts totalled \$1,726 (2008 – \$1,791) and primarily relates to accounts receivable at EMSC. Companies in the emergency healthcare industry maintain provisions for contractual discounts and for uncompensated care or doubtful accounts. EMSC is contractually required, in most circumstances, to provide care regardless of the patient's ability to pay.

EMSC records gross revenue based on fee-for-service rate schedules that are generally negotiated with various contracting entities, including municipalities and facilities. Fees are billed for all revenue sources and to all payors under the gross fee schedules for that specific contract; however, reimbursement in the case of certain state and federal payors, including Medicare and Medicaid, will not change as a result of the gross fee schedules. EMSC records the difference between gross fee schedule revenue and Medicare, Medicaid and other contracted payor reimbursement as a contractual provision.

Uncompensated care or doubtful account provisions are related primarily to services provided to self-paying uninsured patients and are estimated at the date of service based on historical write-off experience and other economic data.

The following table outlines EMSC's accounts receivable allowances, which have been deducted in arriving at EMSC's net receivables balance of \$483 at December 31, 2009:

	Allowance for Uncompensated Care	Allowance for Contractual Discounts
Balance at December 31, 2008	\$ 627	\$ 1,078
Additions	1,966	4,568
Reductions	[1,992]	[4,594]
Balance at December 31, 2009	\$ 601	\$ 1,052

Additions to the allowances consist primarily of provisions against earnings and reductions to these accounts are primarily due to write-offs.

### Liquidity risk

Liquidity risk is the risk that Onex and its subsidiaries will have insufficient funds on hand to meet their respective obligations as they come due. Accounts payable are primarily due within 90 days. The repayment schedules for long-term debt and capital leases of the operating companies have been disclosed in notes 10 and 11. Onex, the parent company, has no significant debt and has not guaranteed the debt of the operating companies.

### Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rate between the Canadian and U.S. dollar and fluctuations in the LIBOR and U.S. prime interest rate.

### Foreign currency exchange rates

Onex' operating companies operate autonomously as self-sustaining companies. In addition, the functional currency of substantially all of Onex' operating companies is the U.S. dollar. As investments in self-sustaining subsidiaries are excluded from the financial instrument disclosure, the Company's exposure on financial instruments to the Canadian/U.S. dollar foreign currency exchange rate is primarily at the parent company through the holding of U.S.-dollar-denominated cash and cash equivalents. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at December 31, 2009 would result in a \$33 decrease (\$33 increase) in net earnings. As all of the U.S.-dollar-denominated cash and cash equivalents at the parent company are designated as held-for-trading, there would be no effect on other comprehensive earnings.

In addition, two operating companies have significant exposure to the U.S. dollar/Canadian dollar foreign currency exchange rate. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at December 31, 2009 would result in a US\$10 increase (US\$9 decrease) in other comprehensive earnings of Celestica. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at December 31, 2009 would result in a US\$26 increase (US\$26 decrease) in other comprehensive earnings of Husky.

### Interest rates

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment. The parent company is exposed to interest rate changes primarily through its cash and cash equivalents, which are held in short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the parent company from those at December 31, 2009, a 0.25% increase (0.25% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a \$2 increase (\$2 decrease) in annual interest income. As all of the U.S. dollar cash and cash equivalents at the parent company are designated as held-for-trading, there would be no effect on other comprehensive earnings.

The operating companies' results are also affected by changes in interest rates. A change in the interest rate (including LIBOR and the U.S. prime interest rate) would result in a change in interest expense being recorded due to the variable-rate portion of the long-term debt of the operating companies. At December 31, 2009, approximately 66% (2008 – 70%) of the operating companies' long-term debt had a fixed interest rate or the interest rate was

effectively fixed by interest rate swap contracts. The long-term debt of the operating companies is without recourse to Onex.

In addition, The Warranty Group holds substantially all of its investments in interest-bearing securities, as described in note 7. A 0.25% (25 basis point) increase in the interest rate would decrease the fair value of the investments held by US\$11 and result in a corresponding decrease to other comprehensive earnings of The Warranty Group. However, as the investments are reinvested, a 0.25% increase in the interest rate would increase the annual interest income recorded by The Warranty Group by US\$5.

### Commodity risk

Certain of Onex' operating companies have exposure to commodities. In particular, aluminum, titanium and raw materials such as carbon fibres used to manufacture composites are the principal raw materials for Spirit AeroSystems' manufacturing operations. To limit its exposure to rising raw materials prices, Spirit AeroSystems has entered into long-term supply contracts directly with its key suppliers of raw materials and collective raw materials sourcing contracts arranged through certain of its customers.

In addition, diesel fuel is a key commodity used in Tube City IMS' operations. To help mitigate the risk of changes in fuel prices, substantially all of its contracts contain pricing escalators based on published commodity or inflation price indices.

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

### Financial instruments classification

Financial assets were classified as follows:

	December 31, 2009		December 31, 2008	
	Carrying Value	Fair Value <sup>(1)</sup>	Carrying Value	Fair Value <sup>(1)</sup>
Held-for-trading <sup>(2)</sup>	\$ 617	\$ 617	\$ 242	\$ 242
Available-for-sale <sup>(3)</sup>	\$ 2,017	\$ 2,017	\$ 2,008	\$ 2,008
Held-to-maturity <sup>(4)</sup>	\$ 4	\$ 4	\$ 9	\$ 9

(1) The fair value of substantially all financial instruments is determined by using prices quoted in an active market.

(2) Amounts are included in marketable securities and investments in the consolidated balance sheet. At December 31, 2009 and 2008, these securities classified as held-for-trading were optionally designated as such.

(3) Amounts are included in marketable securities, investments and other long-term assets in the consolidated balance sheet.

(4) Amounts are primarily included in investments in the consolidated balance sheet.

In addition to the above, at December 31, 2009, cash and cash equivalents of \$3,206 (2008 – \$2,921) have been primarily classified as held-for-trading.

Long-term debt has not been designated as held-for-trading and therefore is recorded at amortized cost subsequent to initial recognition.

## 26. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (cont'd)

### Fair Value Measurements

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The fair value hierarchy gives the highest priority to quoted prices with readily available independent data in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable market inputs (Level 3). The three levels of the hierarchy are as follows:

- Level 1 includes financial instruments whose fair value is determined based on observable unadjusted quoted market prices for identical financial assets or liabilities in active markets which the Company has the ability to access at the measurement date. This is the most reliable fair value measurement and includes, for example, active exchange-traded equity securities.
- Level 2 includes financial instruments whose fair value is determined based on various inputs including, but not limited to, quoted market prices for similar assets in active markets, quoted market prices for identical assets in inactive markets, inputs other than quoted market prices that are observable for the asset, such as interest rates or yield curves, or other inputs derived principally from other observable market information. When quoted market prices in active markets are not available, fair values are derived through matrix pricing, which is a mathematical technique used principally to value debt securities by relying on the securities' relationship to other benchmark quoted securities and not by relying exclusively on quoted market prices for specific securities.
- Level 3 includes financial instruments whose fair value is determined from techniques in which one or more of the significant inputs, such as assumptions about risk, are unobservable. Because Level 3 fair values contain unobservable market inputs, judgement must be used to determine fair values. Level 3 fair values represent the best estimate of an amount that could be realized in a current market exchange in the absence of actual market exchanges.

The table below summarizes the available-for-sale investments of The Warranty Group within the fair value hierarchy at December 31, 2009:

	Total	Level 1	Level 2	Level 3
Fixed-maturity securities	\$ 1,883	\$ -	\$ 1,881	\$ 2
Equity securities	25	24	1	-
Total	\$ 1,908	\$ 24	\$ 1,882	\$ 2
% of Total	100.0%	1.3%	98.6%	0.1%

The following table represents a summary of the changes in the fair value of The Warranty Group's available-for-sale investments measured on a recurring basis using Level 3, for the year ended December 31, 2009:

Balance, December 31, 2008	\$ 26
Purchases, issuances, settlements	(15)
Transfers in and/or out of Level 3	(7)
Foreign exchange	(2)
Balance, December 31, 2009	\$ 2

In addition, substantially all of Onex' \$229 investment in the Onex Credit Partners funds is recorded at fair value using Significant Other Observable Inputs (Level 2 in the fair value hierarchy).

The carrying values of the consolidated balances for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short maturity of these financial instruments. Consolidated long-term debt at December 31, 2009 had a carrying value of \$6,039 (2008 – \$7,813) and a fair value of \$5,729 (2008 – \$5,934).

## 27. SUBSEQUENT EVENT

Certain operating companies may enter into agreements to acquire or make investments in other businesses. These transactions are subject to a number of conditions, many of which are beyond the control of Onex or the operating companies. The effect of such planned transactions, if completed, may be significant to the consolidated financial position of Onex.

a) In January 2010, Celestica announced its intention to redeem all of its outstanding 7.625% Senior Subordinated Notes due 2013. At December 31, 2009, the outstanding principal on the notes was US\$223. In accordance with the terms of the notes, the redemption will be at a price of 103.813% of the principal amount, together with accrued and unpaid interest to the redemption date. Celestica expects to complete the redemption in the first quarter of 2010.

## 28. INFORMATION BY INDUSTRY AND GEOGRAPHIC SEGMENT

Onex' reportable segments operate through autonomous companies and strategic partnerships. Each reportable segment offers different products and services and is managed separately.

The Company had seven reportable segments in 2009 (2008 – seven): electronics manufacturing services; aerostructures; healthcare; financial services; customer support services; metal services; and other. The electronics manufacturing services segment consists of Celestica, which provides manufacturing services for electronics original equipment manufacturers. The aerostructures segment consists of Spirit AeroSystems, which manufactures aerostructures. The healthcare segment consists of EMSC, a leading provider of ambulance transport services and outsourced hospital

emergency department physician staffing and management services in the United States; Carestream Health, a leading global provider of medical imaging and healthcare information technology solutions; CDI, which owns and operates diagnostic imaging centres in the United States; Skilled Healthcare, which operates skilled nursing and assisted living facilities in the United States; and ResCare, a leading U.S. provider of residential training, education and support services for people with disabilities and special needs. The financial services segment consists of The Warranty Group, which underwrites and administers extended warranties on a variety of consumer goods and also provides consumer credit and other specialty insurance products primarily through automobile dealers. The customer support services segment consists of Sitel Worldwide, which provides services for telecommunications, consumer goods, retail, technology, transportation, finance and utility companies. The metal services segment consists of Tube City IMS, a leading provider of outsourced services to steel mills. Other includes Husky, one of the world's largest suppliers of injection molding equipment and services to the plastics industry; Tropicana Las Vegas, one of the best-known and most storied casinos in Las Vegas; Allison Transmission, a leading designer and manufacturer of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles worldwide; Hawker Beechcraft, a leading manufacturer of business jet, turboprop and piston aircraft; RSI, a leading manufacturer of cabinetry for the residential marketplace in North America; Cineplex Entertainment, Canada's largest film exhibition company (sold in 2009); as well as CEI (disposed of in 2009), Onex Real Estate, ONCAP II and the parent company. The operations of ResCare, Allison Transmission, Hawker Beechcraft, RSI and Cineplex Entertainment (sold in 2009) are accounted for using the equity-accounting method, as described in note 1.

## 28. INFORMATION BY INDUSTRY AND GEOGRAPHIC SEGMENT (cont'd)

## 2009 Industry Segments

	Electronics Manufacturing Services	Aero- structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other	Consolidated Total
Revenues	\$ 6,909	\$ 4,641	\$ 6,590	\$ 1,359	\$ 1,780	\$ 1,472	\$ 2,080	\$ 24,831
Cost of sales	(6,319)	(3,946)	(4,766)	(656)	(1,140)	(1,329)	(1,312)	(19,468)
Selling, general and administrative expenses	(224)	(199)	(771)	(509)	(487)	(48)	(581)	(2,819)
Earnings before the undernoted items	366	496	1,053	194	153	95	187	2,544
Amortization of property, plant and equipment	(86)	(130)	(200)	(13)	(57)	(66)	(84)	(636)
Amortization of intangible assets and deferred charges	(25)	(5)	(224)	(22)	(24)	(14)	(50)	(364)
Interest expense of operating companies	(39)	(50)	(226)	(3)	(82)	(49)	(46)	(495)
Interest income	-	8	7	-	1	-	37	53
Earnings (loss) from equity-accounted investments	-	-	7	-	-	-	(504)	(497)
Foreign exchange gains (loss)	(2)	3	(6)	1	(10)	(1)	(75)	(90)
Stock-based compensation expense	(43)	(12)	(7)	(1)	-	-	(98)	(161)
Other income (expense)	-	4	(11)	-	-	-	104	97
Gains on dispositions of operating investments	-	-	-	-	-	-	783	783
Acquisition, restructuring and other expenses	(92)	(1)	(44)	(2)	(25)	-	(55)	(219)
Writedown of goodwill, intangible assets and long-lived assets	(14)	-	(180)	-	(64)	(62)	(50)	(370)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	65	313	169	154	(108)	(97)	149	645
Recovery of (provision for) income taxes	(5)	(107)	(130)	(46)	(17)	7	126	(172)
Non-controlling interests	(54)	(192)	(3)	(76)	(1)	59	(94)	(361)
Earnings (loss) from continuing operations	6	14	36	32	(126)	(31)	181	112
Earnings from discontinued operations	-	-	-	-	-	-	-	-
Net earnings (loss)	6	14	36	32	(126)	(31)	181	112
Total assets	\$ 3,265	\$ 4,821	\$ 5,616	\$ 5,206	\$ 745	\$ 891	\$ 4,937	\$ 25,481
Long-term debt <sup>(a)</sup>	\$ 234	\$ 902	\$ 2,792	\$ 203	\$ 660	\$ 401	\$ 738	\$ 5,930
Property, plant and equipment additions	\$ 69	\$ 335	\$ 163	\$ 12	\$ 25	\$ 43	\$ 66	\$ 713
Goodwill additions	\$ -	\$ -	\$ 46	\$ -	\$ -	\$ -	\$ 7	\$ 53
Goodwill	\$ -	\$ 3	\$ 1,065	\$ 361	\$ 124	\$ 252	\$ 507	\$ 2,312

(a) Long-term debt includes current portion, excludes capital leases and is net of deferred charges.

## 2008 Industry Segments

	Electronics Manufacturing Services	Aero- structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other	Consolidated Total
Revenues	\$ 8,220	\$ 3,965	\$ 6,152	\$ 1,388	\$ 1,856	\$ 3,112	\$ 2,188	\$ 26,881
Cost of sales	(7,556)	(3,215)	(4,504)	(665)	(1,197)	(2,932)	(1,650)	(21,719)
Selling, general and administrative expenses	(274)	(188)	(740)	(460)	(520)	(71)	(491)	(2,744)
Earnings before the undernoted items	390	562	908	263	139	109	47	2,418
Amortization of property, plant and equipment	(97)	(117)	(186)	(12)	(64)	(65)	(83)	(624)
Amortization of intangible assets and deferred charges	(16)	(5)	(229)	(19)	(19)	(13)	(65)	(366)
Interest expense of operating companies	(53)	(42)	(255)	(9)	(69)	(41)	(81)	(550)
Interest income (expense)	16	20	10	-	2	-	(13)	35
Earnings (loss) from equity-accounted investments	-	-	13	-	-	-	(335)	(322)
Foreign exchange gains (loss)	(19)	(6)	(9)	-	10	-	107	83
Stock-based compensation recovery (expense)	(25)	(17)	(5)	(1)	-	-	190	142
Other income (expense)	-	4	(1)	(16)	-	-	(64)	(77)
Gains on dispositions of operating investments	-	-	-	-	-	-	4	4
Acquisition, restructuring and other expenses	(39)	-	(92)	(7)	(36)	-	(46)	(220)
Writedown of goodwill, intangible assets and long-lived assets	(1,061)	-	(142)	-	(129)	(1)	(251)	(1,584)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	(904)	399	12	199	(166)	(11)	(590)	(1,061)
Recovery of (provision for) income taxes	(6)	(137)	(108)	(65)	(3)	4	63	(252)
Non-controlling interests	791	(245)	34	(94)	(1)	5	531	1,021
Earnings (loss) from continuing operations	(119)	17	(62)	40	(170)	(2)	4	(292)
Earnings from discontinued operations	-	-	-	-	-	-	9	9
Net earnings (loss)	\$ (119)	\$ 17	\$ (62)	\$ 40	\$ (170)	\$ (2)	\$ 13	\$ (283)
Total assets	\$ 4,612	\$ 4,821	\$ 6,660	\$ 6,095	\$ 1,020	\$ 1,026	\$ 5,498	\$ 29,732
Long-term debt <sup>(a)</sup>	\$ 892	\$ 697	\$ 3,367	\$ 237	\$ 796	\$ 519	\$ 1,167	\$ 7,675
Property, plant and equipment additions	\$ 124	\$ 299	\$ 225	\$ 21	\$ 67	\$ 73	\$ 50	\$ 859
Goodwill additions	\$ -	\$ -	\$ 64	\$ -	\$ 7	\$ 4	\$ 96	\$ 171
Goodwill	\$ -	\$ 3	\$ 1,398	\$ 419	\$ 199	\$ 355	\$ 572	\$ 2,946

(a) Long-term debt includes current portion, excludes capital leases and is net of deferred charges.

## 28. INFORMATION BY INDUSTRY AND GEOGRAPHIC SEGMENT (cont'd)

## Geographic Segments

	2009					2008				
	North America	Europe	Asia and Oceania	Other	Total	North America	Europe	Asia and Oceania	Other	Total
Revenue <sup>(1)</sup>	\$ 15,570	\$ 3,639	\$ 4,934	\$ 688	\$ 24,831	\$ 14,605	\$ 4,412	\$ 5,978	\$ 1,886	\$ 26,881
Property, plant and equipment	\$ 2,954	\$ 406	\$ 350	\$ 49	\$ 3,759	\$ 2,946	\$ 506	\$ 467	\$ 147	\$ 4,066
Intangible assets	\$ 1,701	\$ 293	\$ 74	\$ 18	\$ 2,086	\$ 2,198	\$ 408	\$ 108	\$ 41	\$ 2,755
Goodwill	\$ 1,896	\$ 269	\$ 101	\$ 46	\$ 2,312	\$ 2,436	\$ 357	\$ 117	\$ 36	\$ 2,946

(1) Revenues are attributed to geographic areas based on the destinations of the products and/or services.

North America revenue and assets are primarily in the United States. Other consists primarily of operations in Central and South America, and Mexico. Significant customers of operating companies are discussed in note 23.