

ONEX CORPORATION

Annual Information Form
for the Year Ended December 31, 2017

February 22, 2018

ONEX

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KEY DEFINITIONS AND INTERPRETATION

The following is a list of defined terms and names used throughout this Annual Information Form:

AIF	This Annual Information Form for Onex Corporation dated February 22, 2018.
Company	Unless the context otherwise requires or implies, references to the “Company” are intended to be broad and include Onex’ various asset management platforms and their respective subsidiaries and other investee businesses irrespective of legal form.
ONCAP	ONCAP I, II, III and IV collectively
ONCAP I	ONCAP L.P.
ONCAP II	ONCAP II L.P.
ONCAP III	ONCAP III LP
ONCAP IV	ONCAP IV LP
Onex	Onex Corporation
Onex Credit	Onex Credit Holdings LLC and its subsidiaries
Onex Partners	Onex Partners I, II, III, IV and V collectively
Onex Partners I	Onex Partners LP
Onex Partners II	Onex Partners II LP
Onex Partners III	Onex Partners III LP
Onex Partners IV	Onex Partners IV LP
Onex Partners V	Onex Partners V LP
2017 Information Circular	Notice of Annual Meeting of Shareholders and Information Circular of Onex dated March 20, 2017.
2018 Information Circular	Notice of Annual Meeting of Shareholders and Information Circular of Onex to be filed in connection with Onex’ 2018 annual general meeting.

Throughout this AIF, all amounts are in U.S. dollars unless otherwise indicated. All references to C\$ are to Canadian dollars.

INCORPORATION BY REFERENCE

This AIF incorporates by reference certain information contained in Onex’ 2017, 2016 and 2015 Management’s Discussion & Analysis, each of which is available at www.sedar.com. Those filings are referred to herein as the “2017 MD&A”, “2016 MD&A” and “2015 MD&A”, respectively.

NAME, ADDRESS AND INCORPORATION

Onex was incorporated under the Business Corporations Act (Ontario) on December 30, 1980 and its corporate name was changed to its present name on March 11, 1987. A summary of the Company’s share provisions can be found in the 2017 Information Circular and the current amended and restated articles of Onex are available at www.sedar.com. Onex’ registered and principal office is located on the 49th Floor, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.

BACKGROUND AND BUSINESS

Onex is one of the oldest and most successful private equity firms. Through its Onex Partners and ONCAP private equity funds, Onex focuses on creating long-term value by building industry-leading businesses in partnership with outstanding management teams. At Onex Credit, Onex manages and invests primarily in non-investment grade debt through its collateralized loan obligations (“CLOs”), private debt fund and various hedge fund strategies. At December 31, 2017, Onex had \$6.8 billion of capital primarily invested in or committed to its private equity and credit platforms. Additionally, at December 31, 2017, Onex managed \$24.2 billion of capital invested and committed by limited partners from around the world. Onex generates annual management fee income on \$21.7 billion of the limited partners’ capital, and has the opportunity to earn carried interest or incentive fees.

Onex operates from offices in Toronto, New York, New Jersey and London. Onex’ Subordinate Voting Shares (“SVS”) are listed on the Toronto Stock Exchange under the symbol ONEX.

Onex was founded in 1984 to make private equity investments in companies located primarily in North America. To fund the firm’s early investment activity, Onex raised approximately C\$50 million in 1984 and C\$80 million in 1986 from U.S. and Canadian institutional and high net worth investors. In April 1987, in order to continue to fund the Company’s private equity investment activities, Onex completed an initial public offering on the Toronto Stock Exchange, raising C\$246 million. Onex subsequently completed two secondary offerings in February 1994 and January 1997, raising C\$98 million and C\$176 million, respectively. As of December 31, 2017, Onex had an equity market capitalization of approximately C\$9.4 billion.

Private Equity

Onex has built more than 90 businesses, completing about 585 acquisitions with a total value of \$70 billion. The Company has generated a gross multiple of capital invested¹ of 2.8 times from its core private equity activities since inception, resulting in a 28% gross internal rate of return¹ on realized, substantially realized and publicly traded investments.

Onex’ private equity investment activities are conducted exclusively through two platforms: Onex Partners (for larger transactions) and ONCAP (for middle-market transactions). Onex participates in all of the Onex Partners and ONCAP Funds as the largest limited partner and through its ownership of the funds’ general partners and managers. A discussion of the Company’s current private equity investments, including economic ownership and voting interests, and its significant private equity transactions over each of the last three years is set forth under “Our Strategies” and “Industry Segments” on pages 13 to 26 of the 2017 MD&A, pages 14 to 28 of the 2016 MD&A and pages 9 to 22 of the 2015 MD&A, which discussions are incorporated herein by reference.

¹ Gross multiple of capital and gross internal rate of return, as defined on page 87 of the 2017 MD&A, are non-GAAP financial measures which have been calculated using methodologies that are not in accordance with IFRS.

Onex Partners

Onex Partners has raised five institutional private equity funds, each of which was established with a view to making control investments in businesses organized or domiciled in North America and, opportunistically, in Europe. Onex Partners typically pursues investments requiring at least \$125 million of equity. As at December 31, 2017, the Onex Partners Funds comprised:

<i>Fund</i>	<i>Vintage</i>	<i>Aggregate Commitments</i> ⁽¹⁾	<i>Total Investments</i> ⁽²⁾	<i>Remaining Investments at Original Cost</i> ⁽²⁾
Onex Partners I	2003	\$1.7 billion	10 companies (\$1.5 billion)	one company (\$84 million equity)
Onex Partners II	2006	\$3.5 billion	seven companies (\$2.9 billion)	one company (\$471 million equity)
Onex Partners III	2009	\$4.7 billion	10 companies (\$4.2 billion)	six companies (\$2.3 billion equity)
Onex Partners IV	2014	\$5.7 billion	nine companies (\$3.8 billion)	nine companies (\$3.8 billion)
Onex Partners V ⁽³⁾	2017	\$7.15 billion	none	none

(1) Includes Onex' commitment.

(2) Excluding both Onex and third-party co-investment, as applicable.

(3) In November 2017, Onex completed the fundraising for Onex Partners V with commitments totalling \$7.15 billion, including Onex' commitment of \$2.0 billion.

In aggregate, the five Onex Partners Funds have invested \$12.4 billion, or \$15.0 billion including Onex and third-party co-investments, in 33 operating companies since 2003.

ONCAP

In 1999, Onex launched the first of the ONCAP Funds, a series of private equity funds focused on investing in small and medium-sized businesses in North America. ONCAP typically pursues investments requiring less than \$200 million of equity. As at December 31, 2017, the ONCAP Funds comprised:

<i>Fund</i>	<i>Vintage</i>	<i>Aggregate Commitments</i> ⁽¹⁾	<i>Total Investments</i> ⁽²⁾	<i>Remaining Investments at Original Cost</i> ⁽²⁾
ONCAP I	1999	C\$400 million	six companies (C\$208 million)	N/A ⁽³⁾
ONCAP II	2006	C\$574 million	eight companies (C\$483 million)	three companies (C\$218 million)
ONCAP III	2011	C\$800 million	eight companies (C\$637 million)	eight companies (C\$637 million)
ONCAP IV	2016	\$1.1 billion	three companies (\$282 million)	three companies (\$282 million)

(1) Includes Onex' commitment.

(2) Excluding both Onex and third-party co-investment, as applicable.

(3) ONCAP I has been fully realized.

In aggregate, the four ONCAP Funds have invested C\$1.7 billion (\$1.4 billion), or C\$1.7 billion (\$1.5 billion) including Onex and third-party co-investments, in 23 operating companies.

Other (legacy investments)

Prior to the formation of its private equity funds, Onex built 31 businesses, completing 148 acquisitions having an aggregate transaction value of C\$18 billion. Currently, Onex holds one such legacy investment: Celestica Inc. (TSX/NYSE: CLS).

Credit Strategies

In addition to private equity investing, Onex has a credit platform (“Onex Credit”) that manages \$9.6 billion as of December 31, 2017. Onex Credit manages non-investment grade debt through several investment strategies comprising event-driven, long/short, long-only, par, stressed and distressed opportunities, including two closed-end funds listed on the Toronto Stock Exchange (TSX: OCS-UN and OSL-UN), as well as through its CLOs and private debt fund. During 2017, Onex raised \$314 million towards its \$500 million fund size target for the private debt fund, including \$100 million from Onex and a \$41 million commitment from the Onex management team. This private debt fund provides credit to middle-market and larger private equity and corporate borrowers predominately in the United States and, selectively, in Canada and Europe. Onex established Onex Credit in partnership with its existing executive management in 2007 and acquired full ownership and control of the platform in January 2015.

Other – Real Estate

In January 2005, Onex established the Onex Real Estate platform with a mandate to invest in attractive real estate assets in North America. Onex Real Estate participated in an aggregate of seven investments and as of December 31, 2017 its primary remaining investment was Flushing Town Center, a three-million-square-foot retail and residential development located on approximately 14 acres in Flushing, New York.

FINANCIAL STATEMENTS AND INFORMATION REGARDING REPORTABLE SEGMENTS

Pages 37 to 59 of Onex’ 2017 MD&A and Note 35 to its audited annual consolidated financial statements for the year ended December 31, 2017 set forth detailed financial and other information in respect of the Company’s reportable segments. That information is available at www.sedar.com and is incorporated by reference herein.

DIVIDENDS

Dividends are paid quarterly on or about the last day of January, April, July and October of each year. The Board of Directors normally reviews dividends in May of each year, with any changes becoming effective with the July payment. For the first quarter of 2015, the quarterly dividend was C\$0.05 per SVS. The quarterly dividend was increased by 25% to C\$0.0625 per share in May 2015, by 10% to C\$0.06875 per share in May 2016 and by 9% to C\$0.075 per share in May 2017. As of December 31, 2017, the quarterly dividend remained at C\$0.075 per SVS.

RISK FACTORS

The Company's risk factors and the general risks inherent in the business carried on by Onex are contained in the 2017 MD&A under the heading "Risk Management" available at www.sedar.com, which information is incorporated by reference herein.

CAPITAL STRUCTURE

Authorized and Outstanding Shares

Onex had the following authorized and outstanding share capital at December 31, 2017:

- i) 100,000 Multiple Voting Shares ("MVS"), 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 MVS have no entitlement to a distribution on winding up or dissolution other than the payment of their nominal paid-in value. At December 31, 2017, Onex had 100,000 MVS outstanding.
- ii) An unlimited number of SVS, which carry one vote per share and as a class are entitled to: 40% of the aggregate votes attached to all shares of the Company carrying voting rights; elect 40% of the directors; and 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. At December 31, 2017, Onex had 101,532,181 SVS outstanding.
- iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Onex directors are empowered to fix the rights to be attached to each series. There were no Senior or Junior Preferred Shares issued and outstanding at December 31, 2017.

Details in respect of the terms and conditions of the outstanding shares, including changes to the voting rights attached to the MVS and the SVS upon the occurrence of certain events, are set forth in the 2017 Information Circular under the heading "Voting Shares", which information is incorporated herein by reference.

Normal Course Issuer Bids

Onex had in place Normal Course Issuer Bids (“NCIBs”) during 2017 and 2018, which enable the Company to repurchase up to 10% of its public float of SVS. Under the NCIB that expired on April 17, 2017, Onex repurchased 1,244,535 SVS at a total cost of \$75 million (C\$98 million). As of December 31, 2017, Onex had repurchased 598,875 SVS at a total cost of \$45 million (C\$56 million) under the NCIB that expires on April 17, 2018.

Deferred Share Unit Plans

Onex has a Director Deferred Share Unit Plan (“Director DSU Plan”) and a Management Deferred Share Unit Plan (“Management DSU Plan”), the terms and conditions of which are described in the 2017 Information Circular under the headings “Compensation of Directors and Executive Officers of the Corporation and its Subsidiaries” and “Management Share Ownership Program”, which information is incorporated herein by reference. At December 31, 2017, Onex had 704,036 Director DSUs outstanding under the Director DSU Plan and 665,921 Management DSUs outstanding under the Management DSU Plan. Onex has hedged 582,373 of the outstanding Director DSUs and all of the outstanding Management DSUs with a counterparty financial institution.

Trading Information

The following table sets out trading information for Onex’ publicly traded SVS that were outstanding at any time during 2017, which are listed on the Toronto Stock Exchange under the symbol ONEX. Prior to November 1, 2016, the SVS were listed under the symbol OCX.

	2017		
	Share Volume (millions)	Share Price	
		High	Low
January	2.5	\$ 93.40	\$ 86.45
February	1.8	96.22	90.25
March	2.4	100.24	93.24
April	1.9	98.97	94.22
May	2.7	102.77	95.59
June	2.7	105.55	96.25
July	1.5	106.05	98.98
August	2.4	103.01	94.57
September	3.9	99.50	93.68
October	2.4	101.17	95.69
November	2.8	98.19	90.68
December	3.1	97.29	91.15
Fiscal 2017	30.0	\$ 106.05	\$ 86.45

DIRECTORS, OFFICERS AND EXECUTIVES

Directors

The names and biographical information of the members of the Onex Board of Directors are set forth in the 2017 Information Circular under the heading “Election of Directors”, which information is incorporated herein by reference.

Officers and Executives

The following table includes executives of the Company and of certain of its subsidiaries performing analogous functions.

<i>Name and Municipality of Residence</i>	<i>Executive Office</i>
Gerald W. Schwartz Toronto, Ontario	<i>Chairman of the Board, President and Chief Executive Officer</i>
Ewout R. Heersink Oakville, Ontario	<i>Senior Managing Director</i>
Robert M. LeBlanc Newtown, Connecticut	<i>Senior Managing Director</i>
Seth M. Mersky Toronto, Ontario	<i>Senior Managing Director</i>
Anthony Munk New York, New York	<i>Senior Managing Director</i>
Christopher A. Govan Oakville, Ontario	<i>Chief Financial Officer</i>
Todd Clegg New York, New York	<i>Managing Director</i>
Konstantin Gilis Toronto, Ontario	<i>Managing Director</i>
Laurence Goldberg New York, New York	<i>Managing Director</i>
Joshua Hausman New York, New York	<i>Managing Director</i>
David J. Mansell Toronto, Ontario	<i>Managing Director</i>
Tony Morgan London, England	<i>Managing Director</i>
Amir H. Motamedi New York, New York	<i>Managing Director</i>
Tawfiq Popatia Toronto, Ontario	<i>Managing Director</i>

<i>Name and Municipality of Residence</i>	<i>Executive Office</i>
Matthew Ross New York, New York	<i>Managing Director</i>
Manish Srivastava Toronto, Ontario	<i>Managing Director</i>
Nigel Wright London, England	<i>Managing Director</i>
Nehal Abdel Hakim New York, New York	<i>Managing Director – Capital Markets</i>
Tate Abols Toronto, Ontario	<i>Managing Director – Investor Relations and Fund Development</i>
David Copeland Toronto, Ontario	<i>Managing Director – Tax</i>
Andrea E. Daly Toronto, Ontario	<i>Managing Director – General Counsel</i>
Donald W. Lewtas Toronto, Ontario	<i>Managing Director</i>
Emma Thompson Toronto, Ontario	<i>Managing Director and Head of Investor Relations and Fund Development</i>

All of the executives have held these or other positions with the Company throughout the past five years with the following two exceptions. Mr. Goldberg joined the Company in July 2017 as a Managing Director and prior to that served as the Global Head of Technology, Media & Telecommunications investment banking at Barclays. Ms. Abdel Hakim joined the Company in December 2017 as a Managing Director – Capital Markets and prior to that held the position of Executive Director, Leveraged and Acquisition Finance with Morgan Stanley.

At December 31, 2017, the directors, officers and other executives of Onex beneficially owned, directly or indirectly, or exercised control or direction over, or may be deemed to have exercised control or direction over, an aggregate of 19,466,553 of the outstanding SVS, inclusive of DSUs described on page 8 (representing 19.17% of the outstanding SVS on an undiluted basis), and 10,412,667 options to acquire SVS (which, together with their holdings of SVS, represent 26.66% of the outstanding SVS on a fully diluted basis). Mr. Gerald W. Schwartz beneficially owns and controls, directly or indirectly, 100% of the outstanding MVS of the Company.

Related Party Transactions Involving a Director or Executive Officer

Mr. Schwartz is Onex' founder, Chairman, Chief Executive Officer and controlling shareholder. In January 2016, Onex repurchased 1,000,000 of its SVS from Mr. Schwartz in a private transaction approved by the Board of Directors for a cash cost of C\$84.12 per SVS. In March 2017, Onex repurchased 750,000 of its SVS from Mr. Schwartz in a private transaction approved by the Board of Directors for a cash cost of C\$94.98 per SVS. In each case, the purchase price represented a slight discount to the trading price of Onex shares at that date.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Hawker Beechcraft Corporation, a joint venture operating company of Onex Partners II, filed for bankruptcy protection in the United States in the second quarter of 2012 and exited bankruptcy on February 15, 2013. Mr. Mersky, an executive officer of Onex, was a member of the board of directors of Hawker Beechcraft prior to its bankruptcy filing.

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Board of Directors and the Company's management believe that full compliance with all applicable laws and stock exchanges requirements and the implementation of appropriate corporate governance practices are important for the effective management of the Company and value creation for its shareholders. Onex' commitment to good governance is outlined in the 2017 Information Circular under the heading "Corporate Governance Practices", which information is incorporated herein by reference.

The Audit and Corporate Governance Committee has the responsibility to review and monitor the Company's corporate governance practices and to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to the shareholders and others, the systems of internal controls that management and the Board of Directors have established, and Onex' and its subsidiaries' audit and financial reporting process. The 2017 Information Circular contains further information about Onex' Audit and Corporate Governance Committee under the heading "Audit and Corporate Governance Committee Charter", which information is incorporated herein by reference.

INTERESTS OF EXPERTS

The Company's independent auditor is PricewaterhouseCoopers LLP ("PwC"), Chartered Professional Accountants, who has issued an independent auditor's report dated February 22, 2018 in respect of the Company's consolidated financial statements as at and for each of the years ending December 31, 2017 and December 31, 2016. PwC has advised that it is independent with respect to the Company within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

EXTERNAL AUDITOR SERVICE FEES

The following table sets forth the aggregate fees incurred by the Company for audit and other services performed by the Company's auditor, PwC, for the years ended December 31, 2017 and 2016. The table below should be read within the context of the Company's business as a private equity firm that (i) sponsors multiple fund platforms, the senior management and investment professionals of which generally make independent decisions on the selection of service providers and (ii) invests the substantial majority of its capital in a portfolio of independent operating companies. Each operating company has its own management team, board of directors and audit committee, prepares its own stand-alone audited financial statements and engages its own local auditor, which may or may not be PwC. An operating

company may independently decide to engage PwC for audit or non-audit services, a fact-driven determination that is exclusively at the discretion of the operating companies' boards of directors and audit committees. Similarly, the manager of an Onex-sponsored fund platform may engage PwC as a non-audit service provider, having determined that to do so would be in the best interests of the relevant fund and its investors. Onex' sole involvement in the review of services provided by PwC to the operating companies or such fund managers is to ensure the services would not impair the independence of PwC to audit the consolidated financial results of Onex. Accordingly, the table breaks out the information related to Onex as the ultimate parent company from that related to the independent operating companies.

Consolidated:	2017	%	2016⁽¹⁾	%
Audit				
Corporate office	\$ 2,112,000		\$ 1,917,000	
Fund platforms	520,000		341,000	
Operating companies ⁽²⁾	15,779,000		21,284,000	
	<u>18,411,000</u>	62.0	<u>23,542,000</u>	48.6
Audit – Related				
Operating companies	1,011,000		3,477,000	
	<u>1,011,000</u>	3.4	<u>3,477,000</u>	7.2
Tax – Compliance & Returns				
Corporate office	40,000		78,000	
Fund platforms	1,790,000		1,676,000	
Operating companies	1,342,000		1,680,000	
	<u>3,172,000</u>	10.7	<u>3,434,000</u>	7.1
Tax – Other				
Operating companies	1,845,000		2,153,000	
	<u>1,845,000</u>	6.2	<u>2,153,000</u>	4.4
Other				
Corporate office	133,000		156,000	
Fund platforms ⁽³⁾	650,000		518,000	
Operating companies ⁽⁴⁾	4,459,000		15,143,000	
	<u>5,242,000</u>	17.7	<u>15,817,000</u>	32.7
Total	<u>\$ 29,681,000</u>	100.0	<u>\$ 48,423,000</u>	100.0
Corporate office only:	2017	%	2016	%
Audit	\$ 2,112,000	92.4	\$ 1,917,000	89.1
Tax – Compliance & Returns	40,000	1.8	78,000	3.6
Other	133,000	5.8	156,000	7.3
Total	<u>\$ 2,285,000</u>	100.0	<u>\$ 2,151,000</u>	100.0

(1) Fees for 2016 include fees for companies that were sold during 2017.

(2) Includes fees for the audit of internal controls over financial reporting where integrated with the audit of the financial statements.

(3) Includes fees for due diligence associated with merger and acquisition transactions as well as other non-audit services.

(4) Includes fees for due diligence associated with merger and acquisition transactions, consulting for transition and reorganization, as well as other non-audit services. Approximately 54% (2016 – 45%) of fees related to due diligence associated with merger and acquisition transactions and services related to securities offerings.

ADDITIONAL INFORMATION

Additional information, including information concerning the remuneration of directors and officers, their indebtedness to the Company, principal holders of the Company's securities, options and share appreciation rights to acquire securities, and interests of insiders in material transactions is, where applicable, contained in the 2017 Information Circular and will be contained in the 2018 Information Circular. A review of the Corporation's corporate governance policies, with reference to the current and proposed Corporate Governance Guidelines of the Toronto Stock Exchange, is also included in the Information Circulars.

Additional financial information, including comparative consolidated audited financial statements, is provided in the 2017 MD&A and in the audited financial statements of Onex for the year ended December 31, 2017.

Copies of the 2017 Information Circular, this Annual Information Form, the 2017 MD&A and the audited annual financial statements of Onex for the year ended December 31, 2017, as well as any unaudited interim financial statements of Onex subsequent to such date, are available at www.sedar.com, on the Company's website (www.onex.com) or, upon request, from Investor Relations, Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, M5J 2S1.

Registrar and Transfer Agent

The registrar and transfer agent for the Company's SVS is:

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