

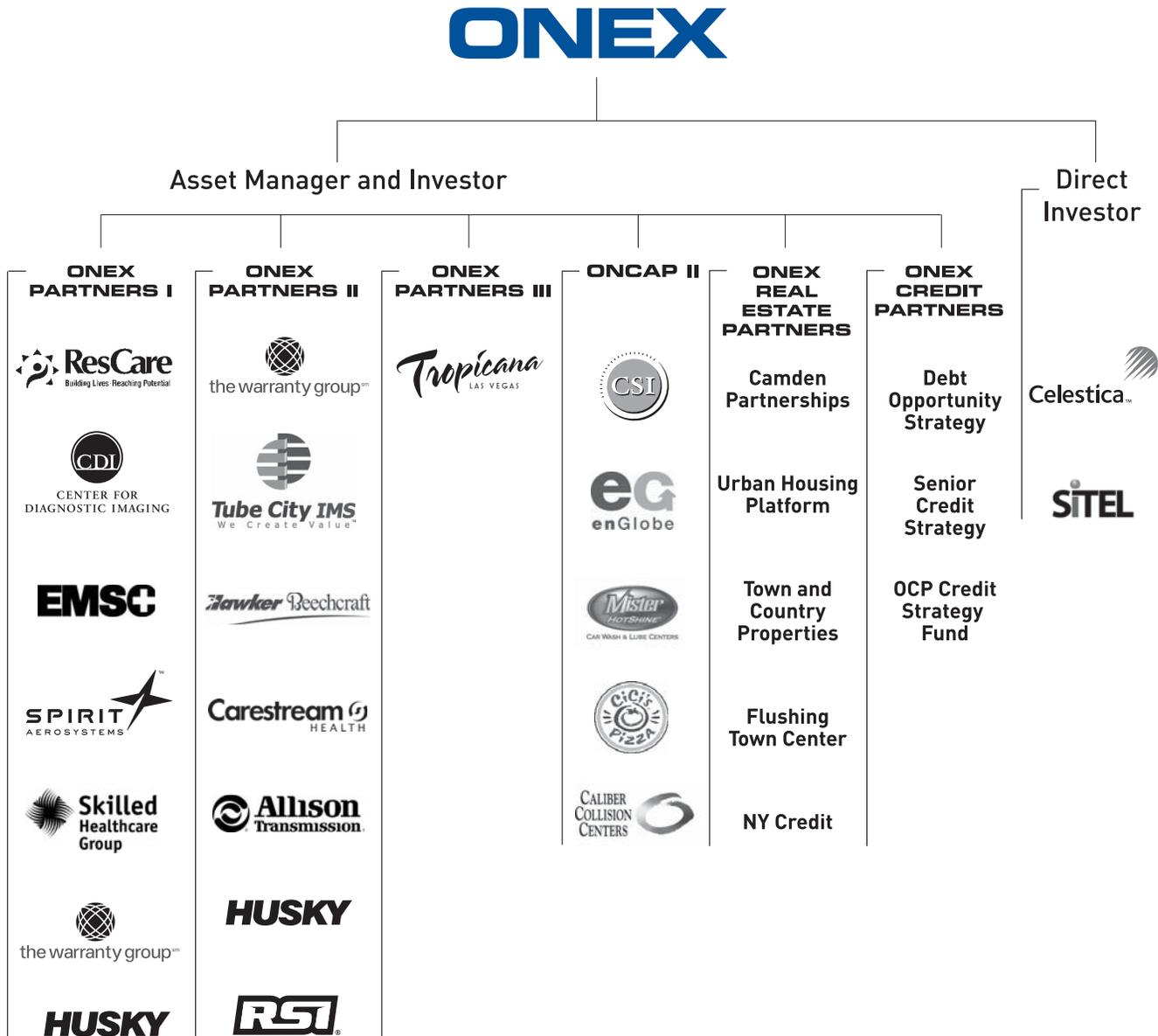


# Management's Discussion and Analysis and Financial Statements

First Quarter Ended March 31, 2010

# THE ONEX OPERATING COMPANIES

Onex' businesses generate annual revenues of \$31 billion, have assets of \$34 billion and employ over 210,000 people worldwide.



The investment in The Warranty Group is split almost equally between Onex Partners I and II.  
 The investment in Husky is split approximately 20%/80% between Onex Partners I and II, respectively.

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# ONEX CORPORATION

## Over 25 Years of Successful Investing

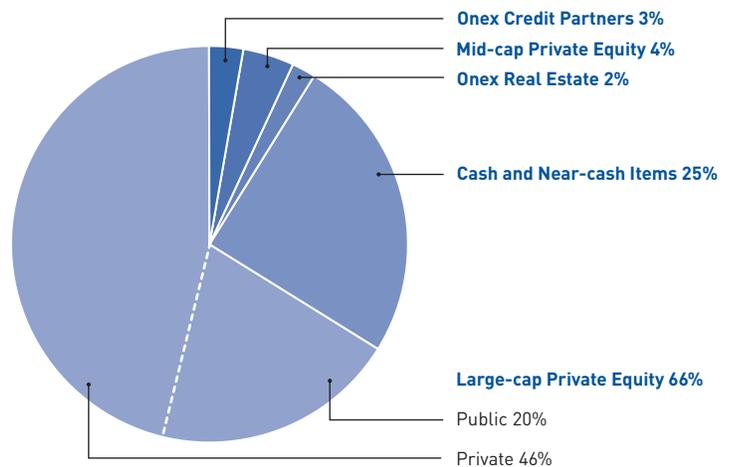
Founded in 1984, Onex is one of North America's oldest and most successful investment firms committed to acquiring and building high-quality businesses. Onex has completed more than 270 acquisitions with a total value of approximately \$43 billion. Employing a value-oriented and active ownership investment approach in acquiring and building industry-leading businesses in partnership with talented management teams, Onex has generated 3.4 times the capital it has invested and managed, earning a 29 percent compound IRR on realized and publicly traded investments.

As an investor first and foremost, Onex invests its \$3.9 billion of proprietary capital largely through Onex Partners, its flagship private equity platform. Onex also invests through ONCAP, its mid-market private equity platform, Onex Real Estate Partners and Onex Credit Partners. Onex is in excellent financial condition, with ample cash on hand and no debt at the parent company.

Onex is entrusted with third-party capital from institutional investors from around the world. The Company currently has approximately US\$7.7 billion of invested and committed capital that it manages on behalf of these limited partners. In return, Onex receives a stable and growing stream of annual management fees that offsets the ongoing operating expenses. In addition, Onex is entitled to a share of the profits on the capital it manages for these investors. This is commonly referred to as carried interest. Carried interest, if realized, could significantly enhance Onex' investment returns.

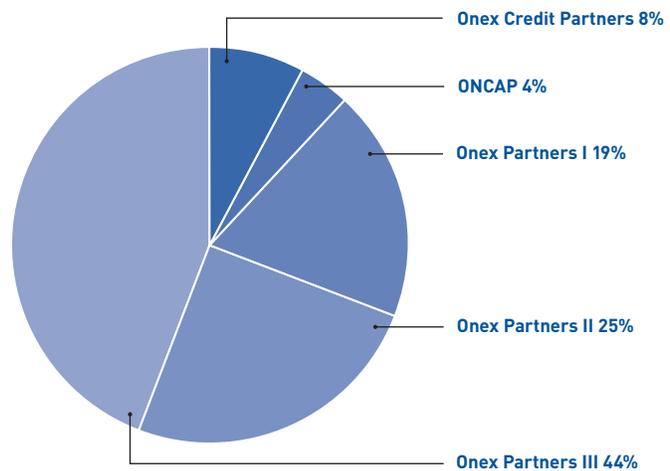
Onex is a public company whose shares trade on the Toronto Stock Exchange under the symbol OCX.

How Onex' \$3.9 billion of Capital is Deployed at March 31, 2010



Investments are valued at fair value as at March 31, 2010 with the exception of a limited number of Onex direct investments held at cost.

The Components of Onex' US\$7.7 billion of Third-Party Assets under Management at March 31, 2010



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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The interim Management's Discussion and Analysis ("interim MD&A") of the financial condition and results of operations analyzes significant changes in the unaudited interim consolidated statements of earnings, the unaudited interim consolidated balance sheets and the unaudited interim consolidated statements of cash flows of Onex Corporation ("Onex"). As such, this interim MD&A should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto of this report. The interim MD&A and the Onex unaudited interim consolidated financial statements have been prepared to provide information on Onex on a consolidated basis and should not be considered as providing sufficient information to make an investment decision in regard to any particular Onex operating company.

The following interim MD&A is the responsibility of management and is as of May 5, 2010. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and approved the disclosure.

The interim MD&A is presented in the following sections:

- 3** Industry Segments
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Onex Corporation's interim financial filings, including the 2010 First Quarter MD&A and Financial Statements, and Annual Reports, Annual Information Form and Management Information Circular, are available on Onex' website, [www.onex.com](http://www.onex.com), or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## Forward-Looking/Safe Harbour Statements

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

## Cautionary Statement Regarding Use of Non-GAAP Accounting Measures

*This interim MD&A makes reference to operating earnings. Onex uses operating earnings as a measure to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as certain non-cash charges including stock-based compensation, amortization of intangible assets and any unusual or non-recurring charges. Onex' method of determining operating earnings may differ from other companies' methods and, accordingly, operating earnings may not be comparable to measures used by other companies. Operating earnings is not a performance measure under Canadian GAAP and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with Canadian GAAP.*

## INDUSTRY SEGMENTS

At March 31, 2010, Onex had seven reportable industry segments. A description of our operating companies by industry segment, and the managed, economic and voting ownership of Onex in those businesses, is presented below.

Industry Segments	Companies	Onex Manages <sup>(a)</sup>	Onex' Economic/Voting Ownership
Electronics Manufacturing Services	<b>Celestica Inc.</b> (TSX/NYSE: CLS), a global provider of electronics manufacturing services (website: www.celestica.com). <b>Onex shares held: 17.7 million</b>	-	8% <sup>(b)</sup> /69%
Aerostructures	<b>Spirit AeroSystems, Inc.</b> (NYSE: SPR), the world's largest independent designer and manufacturer of aerostructures (website: www.spiritaero.com). <b>Onex shares held: 8.6 million</b> <b>Onex Partners I shares subject to a carried interest: 17.2 million</b>	23%	6% <sup>(b)</sup> /76%
Healthcare	<b>Emergency Medical Services Corporation</b> (NYSE: EMS), the leading provider of emergency medical services in the United States (website: www.emsc.net). <b>Onex shares held: 4.8 million</b> <b>Onex Partners I shares subject to a carried interest: 7.0 million</b>	31%	11% <sup>(b)</sup> /82%
	<b>Center for Diagnostic Imaging, Inc.</b> , a U.S. provider of diagnostic and therapeutic radiology services (website: www.cdiradiology.com). <b>Total Onex, Onex Partners I and Onex management investment at cost: \$88 million (US\$73 million)</b> <b>Onex portion: \$21 million (US\$17 million)</b> <b>Onex Partners I portion subject to a carried interest: \$64 million (US\$53 million)</b>	81%	19%/100%
	<b>Skilled Healthcare Group, Inc.</b> (NYSE: SKH), an organization of skilled nursing and assisted living facilities operators in the United States (website: www.skilledhealthcaregroup.com). <b>Onex shares held: 3.5 million</b> <b>Onex Partners I shares subject to a carried interest: 10.7 million</b>	40%	9%/89%
	<b>Carestream Health, Inc.</b> , a global provider of medical and dental imaging and health-care information technology solutions (website: www.carestreamhealth.com). <b>Total Onex, Onex Partners II and Onex management investment at cost: \$521 million (US\$471 million)</b> <b>Onex portion: \$206 million (US\$186 million)</b> <b>Onex Partners II portion subject to a carried interest: \$292 million (US\$266 million)</b>	97%	38%/100%
	<b>Res-Care, Inc.</b> <sup>(c)</sup> (NASDAQ: RSCR), the largest U.S. provider of residential, training, educational and support services for people with disabilities and special needs (website: www.rescare.com). <b>Onex shares held: 2.0 million</b> <b>Onex Partners I shares subject to a carried interest: 6.2 million</b>	25%	6% <sup>(d)</sup>

(a) "Onex manages" represents the economic ownership collectively held by Onex and the third-party limited partners of the Onex Partners Funds.

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

(c) This investment is accounted for on an equity basis in Onex' unaudited interim consolidated financial statements.

(d) Onex exerts significant influence over this equity-accounted investment through its right to appoint members to the Board of Directors of the entity.

Industry Segments	Companies	Onex Manages <sup>(a)</sup>	Onex' Economic/ Voting Ownership
Financial Services	<p><b>The Warranty Group, Inc.</b>, the world's largest provider of extended warranty contracts (website: www.thewarrantygroup.com).</p> <p><b>Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: \$556 million (US\$488 million)</b>                      Onex portion: \$175 million (US\$154 million)                      Onex Partners I portion subject to a carried interest: \$204 million (US\$178 million)                      Onex Partners II portion subject to a carried interest: \$155 million (US\$137 million)</p>	94%	29%/100%
Customer Support Services	<p><b>Sitel Worldwide Corporation</b>, a global provider of outsourced customer care services (website: www.sitel.com).</p> <p><b>Onex investment at cost: \$340 million (US\$251 million)</b></p>	–	66%/88%
Metal Services	<p><b>Tube City IMS Corporation</b>, a leading provider of outsourced industrial services to steel mills globally (website: www.tubecityims.com).</p> <p><b>Total Onex, Onex Partners II and Onex management investment at cost: \$277 million (US\$235 million)</b>                      Onex portion: \$109 million (US\$93 million)                      Onex Partners II portion subject to a carried interest: \$156 million (US\$133 million)</p>	91%	36%/100%
Other Businesses			
• Aircraft & Aftermarket	<p><b>Hawker Beechcraft Corporation<sup>(b)</sup></b>, the largest privately owned designer and manufacturer of business jet, turboprop and piston aircraft (website: www.hawkerbeechcraft.com).</p> <p><b>Total Onex, Onex Partners II and Onex management investment at cost: \$620 million (US\$537 million)</b>                      Onex portion: \$244 million (US\$212 million)                      Onex Partners II portion subject to a carried interest: \$350 million (US\$303 million)</p>	49%	19%/(c)
• Commercial Vehicles	<p><b>Allison Transmission, Inc.<sup>(b)</sup></b>, the world leader in the design and manufacture of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles (website: www.allisontransmission.com).</p> <p><b>Total Onex, Onex Partners II, certain limited partners and Onex management investment at cost: \$805 million (US\$763 million)</b>                      Onex portion: \$250 million (US\$237 million)                      Onex Partners II portion subject to a carried interest: \$357 million (US\$339 million)</p>	49%	15%/(c)
• Injection Molding	<p><b>Husky International Ltd.</b>, the leading global supplier of injection molding equipment and services to the PET plastics industry (website: www.husky.ca).</p> <p><b>Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: \$626 million (US\$622 million)</b>                      Onex portion: \$226 million (US\$225 million)                      Onex Partners I portion subject to a carried interest: \$97 million (US\$96 million)                      Onex Partners II portion subject to a carried interest: \$278 million (US\$276 million)</p>	98%	36%/100%
• Gaming	<p><b>Tropicana Las Vegas, Inc.</b>, located directly on the Las Vegas Strip, is one of the best-known casinos in Las Vegas (www.troplv.com).</p> <p><b>Total Onex, Onex Partners III and Onex management investment at cost: \$225 million (US\$205 million)</b>                      Onex portion: \$49 million (US\$45 million)                      Onex Partners III portion subject to a carried interest: \$159 million (US\$144 million)</p>	71%	15%/71%

(a) "Onex manages" represents the economic ownership collectively held by Onex and the third-party limited partners of the Onex Partners Funds.

(b) These investments are accounted for on an equity basis in Onex' unaudited interim consolidated financial statements.

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

Industry Segments	Companies	Onex Manages <sup>(a)</sup>	Onex' Economic/Voting Ownership
<b>Other Businesses (cont'd)</b>			
• <i>Building Products</i>	<p><b>RSI Home Products, Inc.</b><sup>(b)</sup>, a leading manufacturer of kitchen, bathroom and home organization cabinetry sold through home centre retailers, independent kitchen and bath dealers and other distributors (www.rsiholdingcorp.com).</p> <p><b>Total Onex, Onex Partners II and Onex management investment at cost: \$338 million (US\$318 million)</b>  <b>Onex portion: \$133 million (US\$126 million)</b>  <b>Onex Partners II portion subject to a carried interest: \$190 million (US\$179 million)</b></p>	50%	20%/50% <sup>(c)</sup>
• <i>Mid-cap Opportunities</i>	<p><b>ONCAP</b>, a private equity fund focused on acquiring and building the value of mid-capitalization companies based in North America (website: www.oncap.com). ONCAP II actively manages investments in CSI Global Education Inc., EnGlobe Corp. (TSX: EG), Mister Car Wash, CiCi's Pizza and Caliber Collision Centers.</p> <p><b>Total Onex, ONCAP II and Onex management investment at cost: \$265 million</b>  <b>Onex portion: \$117 million</b>  <b>ONCAP II portion: \$132 million</b></p>	-	44%/100%
• <i>Real Estate</i>	<p><b>Onex Real Estate Partners</b>, a platform dedicated to acquiring and improving real estate assets in North America.</p> <p><b>Onex investment in Onex Real Estate transactions at cost: \$219 million (US\$204 million)</b><sup>(d)</sup></p>	-	86%/100%
• <i>Credit Securities</i>	<p><b>Onex Credit Partners</b>, a credit investing platform focused on generating attractive risk-adjusted returns through the purchase of undervalued credit securities.</p> <p><b>Onex investment in Onex Credit Partners' funds at market: \$246 million (US\$243 million), of which \$153 million (US\$150 million) is in an Onex Credit Partners' unleveraged senior secured loan portfolio that purchases assets with greater liquidity</b></p>	-	50% <sup>(e)</sup> /50% <sup>(e)</sup>

(a) "Onex manages" represents the economic ownership collectively held by Onex and the third-party limited partners of the Onex Partners Funds.

(b) This investment is accounted for on an equity basis in Onex' unaudited interim consolidated financial statements.

(c) Onex exerts significant influence over this equity-accounted investment through its right to appoint members to the Board of Directors of the entity.

(d) Investment at cost in Onex Real Estate excludes Onex' investment in Town and Country properties as Town and Country has been substantially realized and has returned all of Onex' invested capital.

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

## FINANCIAL REVIEW

This section discusses the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three months ended March 31, 2010 compared to those for the same period ended March 31, 2009 and compares Onex' financial condition at March 31, 2010 to that at December 31, 2009.

### CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the unaudited interim consolidated statements of earnings for the three months ended March 31, 2010 and 2009, the corresponding notes thereto and the December 31, 2009 audited annual consolidated financial statements.

#### Critical accounting policies and estimates

Onex prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of these financial statements in conformity with Canadian GAAP requires management of Onex and management of the operating companies to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in the preparation of the unaudited interim consolidated financial statements are described in note 1 to the December 31, 2009 audited annual consolidated financial statements. There were no significant changes in accounting policies in the quarter. Onex and its operating companies evaluate their estimates and assumptions on a regular basis based on historical experience and other relevant factors. Included in Onex' unaudited interim consolidated financial statements are estimates used in determining the allowance for doubtful accounts, inventory valuation, the valuation of deferred taxes, intangible assets and goodwill, the useful lives of property, plant and equipment and intangible assets, revenue recognition under contract accounting, pension and post-employment benefits, losses and loss adjustment expenses reserves, restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

#### Variability of results

Onex' unaudited interim consolidated operating results may vary substantially from year to year for a number of reasons, including some of the following: the current economic environment; acquisitions or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the Canadian dollar and certain foreign currencies, primarily the U.S. dollar; the change in market value of stock-based compensation for both the parent company and its operating companies; changes in the market value of Onex' publicly traded operating companies; changes in tax legislation or in the application of tax legislation and activities at Onex' operating companies. These activities may include the purchase or sale of businesses; fluctuations in customer demand, materials and employee-related costs; changes in the mix of products and services produced or delivered; changes in the financing of the business, impairments of goodwill, intangible assets or long-lived assets; and charges to restructure operations.

#### U.S. dollar to Canadian dollar exchange rate movement

Since most of Onex' operating companies report in U.S. dollars, the upward or downward movement of the U.S. dollar to Canadian dollar exchange rate for the quarter compared to the same quarter last year will affect Onex' reported consolidated results of operations. During the first quarter of 2010, the average U.S. dollar to Canadian dollar exchange rate was 1.0409 Canadian dollars, approximately 16 percent lower, compared to 1.2453 Canadian dollars for the first quarter of 2009.

#### 2010 market environment

There were further indications of improvement in the economy from our businesses during the first quarter of 2010. In particular, Tube City IMS, a leading provider of outsourced industrial services to steel mills globally, recorded meaningful increases in revenues across all its service lines. The improvement in steel production is one important indicator

of overall economic activity. The Warranty Group also recorded increases in activity, which is an indicator that consumer spending is starting to improve. The credit markets are continuing to open up. A number of our businesses were active in refinancing debt and in retiring debt. We are seeing more initial public offerings of equity coming to market and financing for sizeable acquisitions appears to be more available. Both these factors should lead to increased investing activities. While the high rate of unemployment in both the U.S. and Canada remains a concern for economic growth, many other factors are showing positive economic trends.

### Acquisitions and dispositions

There were no significant acquisitions or dispositions completed in the first quarter of 2010.

### Consolidation of Flushing Town Center

In the first quarter of 2010, a subsidiary of Onex became the managing partner of the Flushing Town Center joint venture, at which point it began consolidating its interest. Previously, Onex accounted for its interest in Flushing Town Center using the equity method. Flushing Town Center is a mixed-use development located just outside Manhattan in New York City. The development is being constructed in two phases and will consist of approximately 800,000 square feet of retail space, a 2,500 space parking structure and approximately 1,100 condominium units.

## REVIEW OF MARCH 31, 2010 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The discussions that follow identify those material factors that affected Onex' operating segments and Onex' unaudited interim consolidated results for the quarter ended March 31, 2010.

### Consolidated revenues and cost of sales

Consolidated revenues were \$5.8 billion for the first quarter of 2010, down 10 percent from \$6.5 billion for the same quarter of 2009. Consolidated cost of sales was \$4.6 billion for the three months ended March 31, 2010 compared to \$5.0 billion for the same period of 2009.

The reported revenues and cost of sales of Onex' U.S.-based operating companies in Canadian dollars may not reflect the true nature of the operating results of those companies due to the translation of those amounts and the associated fluctuation of the U.S. dollar to the Canadian dollar exchange rate. In table 1, revenues and cost of sales by industry segment are presented in Canadian dollars as well as in the functional currency of the companies for the three months ended March 31, 2010 and 2009. The percentage change in revenues and cost of sales in Canadian dollars and in the functional currency of the companies for those quarters is also shown. The discussions of revenues and cost of sales by industry segment that follow are in the companies' functional currency in order to eliminate the impact of foreign currency translation on those revenues and cost of sales.

### Revenues by Industry Segment for the Three-Month Period Ended March 31

TABLE 1	(Unaudited) (\$ millions)	Revenues			Revenues		
		Canadian Dollars			Functional Currency		
Three months ended March 31	2010	2009	Change (%)	2010	2009	Change (%)	
Electronics Manufacturing Services	\$ 1,580	\$ 1,830	(14)%	US\$ 1,518	US\$ 1,469	3 %	
Aerostructures	1,086	1,105	(2)%	US\$ 1,043	US\$ 887	18 %	
Healthcare	1,490	1,667	(11)%	US\$ 1,431	US\$ 1,339	7 %	
Financial Services	324	365	(11)%	US\$ 311	US\$ 294	6 %	
Customer Support Services	373	495	(25)%	US\$ 358	US\$ 397	(10)%	
Metal Services	490	383	28 %	US\$ 471	US\$ 308	53 %	
Other <sup>(a)</sup>	457	624	(27)%	C\$ 457	C\$ 624	(27)%	
Total	\$ 5,800	\$ 6,469	(10)%				

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes CEI, Husky, ONCAP II and the parent company.

### Cost of Sales by Industry Segment for the Three-Month Period Ended March 31

		Cost of Sales					
TABLE 1	(Unaudited) (\$ millions)	Canadian Dollars			Functional Currency		
Three months ended March 31	2010	2009	Change (%)	2010	2009	Change (%)	
Electronics Manufacturing Services	\$ 1,448	\$ 1,665	(13)%	US\$ 1,391	US\$ 1,337	4 %	
Aerostructures	909	886	3 %	US\$ 873	US\$ 711	23 %	
Healthcare	1,104	1,221	(10)%	US\$ 1,060	US\$ 983	8 %	
Financial Services	148	179	(17)%	US\$ 142	US\$ 144	(1)%	
Customer Support Services	239	315	(24)%	US\$ 230	US\$ 253	(9)%	
Metal Services	451	346	30 %	US\$ 433	US\$ 278	56 %	
Other <sup>(a)</sup>	270	409	(34)%	C\$ 270	C\$ 409	(34)%	
Total	\$ 4,569	\$ 5,021	(9)%				

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes CEI, Husky, ONCAP II and the parent company.

#### Electronics Manufacturing Services

Celestica Inc. ("Celestica") reported a 3 percent increase in revenues to US\$1.5 billion in the first quarter of 2010 compared to the same quarter of 2009. Celestica's revenue increase was primarily from new program wins from existing customers and generally increased volumes reflecting an improving economic environment. These more than offset particular program declines.

Cost of sales was US\$1.4 billion for the three months ended March 31, 2010 compared to US\$1.3 billion for the first quarter of 2009. Gross profit as a percentage of revenues decreased to 8 percent in the first quarter of 2010 compared to 9 percent for the same quarter of 2009. The percentage increase in cost of sales was due primarily to the changes in product mix and lower cost recoveries, partially offset by benefits from cost reductions and restructuring activities.

#### Aerostructures

Spirit AeroSystems, Inc. ("Spirit AeroSystems") reported revenues of US\$1.0 billion for the first three months of 2010, up 18 percent from US\$887 million for the three months ended March 31, 2009. The increase in revenues was primarily due to higher ship set deliveries to Boeing in the first quarter of 2010 as Spirit AeroSystems operated at a higher production rate for Boeing in the first quarter of 2010 compared to the same period in 2009. The beginning of 2009 was impacted by the strike at Boeing in the fall of 2008. The 22 percent increase in ship set deliveries to Boeing contributed US\$158 million of the total revenue increase in the quarter.

Cost of sales was up 23 percent to US\$873 million for the first quarter of 2010 compared to US\$711 million for the same period last year. This was due primarily to higher volumes. Although the increase in deliveries to Boeing grew revenues compared to the first quarter of 2009, overall margins were lower due to US\$18 million of volume-based pricing adjustments recognized in the first quarter of 2009 as well as lower margins on follow-on production blocks compared to 2009. In addition, the first quarter of 2010 reflected an unfavourable cumulative catch-up adjustment of production costs of US\$8 million compared to US\$3 million during the first quarter of 2009.

## Healthcare

The healthcare segment revenues and cost of sales consist of the operations of Emergency Medical Services Corporation ("EMSC"), Center for Diagnostic Imaging, Inc. ("CDI"), Skilled Healthcare Group, Inc. ("Skilled Healthcare") and Carestream Health, Inc. ("Carestream Health"). Res-Care, Inc. ("ResCare") is accounted for on an equity basis and, accordingly, that company's revenues and cost of sales are not consolidated. During the first three months

of 2010, the healthcare segment reported consolidated revenues of US\$1.4 billion, up 7 percent from the first quarter of 2009. Cost of sales increased 8 percent to US\$1.1 billion for the three months ended March 31, 2010 compared to US\$1.0 billion for the same quarter of 2009.

Table 2 provides revenues and cost of sales by operating company in the healthcare segment for the quarters ended March 31, 2010 and 2009 in both Canadian dollars and the companies' functional currency.

### Healthcare Revenues and Cost of Sales for the Three-Month Period Ended March 31

		<b>Revenues</b>					
<i>(Unaudited) (\$ millions)</i>		Canadian Dollars			Functional Currency		
Three months ended March 31	<b>2010</b>	2009	<b>Change (%)</b>	<b>2010</b>	2009	<b>Change (%)</b>	
Emergency Medical Services	<b>\$ 707</b>	\$ 763	<b>(7)%</b>	<b>US\$ 679</b>	US\$ 613	<b>11%</b>	
Center for Diagnostic Imaging	<b>35</b>	42	<b>(17)%</b>	<b>US\$ 34</b>	US\$ 34	-	
Skilled Healthcare	<b>197</b>	236	<b>(17)%</b>	<b>US\$ 189</b>	US\$ 189	-	
Carestream Health	<b>551</b>	626	<b>(12)%</b>	<b>US\$ 529</b>	US\$ 503	<b>5%</b>	
<b>Total</b>	<b>\$ 1,490</b>	\$ 1,667	<b>(11)%</b>	<b>US\$ 1,431</b>	US\$ 1,339	<b>7%</b>	

		<b>Cost of Sales</b>					
<i>(Unaudited) (\$ millions)</i>		Canadian Dollars			Functional Currency		
Three months ended March 31	<b>2010</b>	2009	<b>Change (%)</b>	<b>2010</b>	2009	<b>Change (%)</b>	
Emergency Medical Services	<b>\$ 611</b>	\$ 662	<b>(8)%</b>	<b>US\$ 587</b>	US\$ 532	<b>10%</b>	
Center for Diagnostic Imaging	<b>12</b>	14	<b>(14)%</b>	<b>US\$ 11</b>	US\$ 11	-	
Skilled Healthcare	<b>163</b>	190	<b>(14)%</b>	<b>US\$ 156</b>	US\$ 155	-	
Carestream Health	<b>318</b>	355	<b>(10)%</b>	<b>US\$ 306</b>	US\$ 285	<b>7%</b>	
<b>Total</b>	<b>\$ 1,104</b>	\$ 1,221	<b>(10)%</b>	<b>US\$ 1,060</b>	US\$ 983	<b>8%</b>	

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

### Emergency Medical Services

EMSC's first-quarter revenues increased US\$66 million, or 11 percent, to US\$679 million from US\$613 million in the same quarter last year. The increase was attributable primarily to increases in rates and volumes on existing contracts combined with increased volume from net new contracts and acquisitions.

Cost of sales grew 10 percent to US\$587 million in the first three months of 2010, consistent with revenue growth in the quarter.

### Carestream Health

Carestream Health reported a 5 percent, or US\$26 million, increase in revenues to US\$529 million for the three months ended March 31, 2010. Since Carestream Health has operations worldwide, approximately US\$22 million of the revenue increase was due to favourable foreign exchange rates on its non-U.S. revenues compared to the first quarter of 2009. Excluding the impact of foreign exchange, the company reported an increase in revenues of US\$17 million from its growing digital medical and dental businesses. Partially offsetting this increase was a US\$13 million decline in revenues from its traditional film business.

Cost of sales was US\$306 million for the three months ended March 31, 2010, up 7 percent from US\$285 million for the first quarter of 2009. Gross profit for the first quarter of 2010 was US\$223 million compared to US\$218 million in the same quarter last year. Gross profit increased compared to last year despite higher commodities' costs of US\$20 million for polyester and silver, used in the production of film. These increased costs were more than offset by the favourable impact of foreign exchange of US\$15 million and higher digital sales volumes and productivity across the businesses.

### Financial Services

The Warranty Group, Inc. ("The Warranty Group") reported revenues of US\$311 million for the first quarter of 2010, up 6 percent, or US\$17 million, from US\$294 million for the three months ended March 31, 2009. The company reported a year-over-year increase in new business production during the first quarter of 2010 driven by resumed global economic growth and new client wins.

Cost of sales was US\$142 million for the first quarter of 2010, down 1 percent, or US\$2 million, from US\$144 million for the first three months of 2009 due primarily to continued improvement in claim trends and severity.

### Customer Support Services

Sitel Worldwide Corporation ("Sitel Worldwide") reported revenues of US\$358 million for the first three months of 2010, down 10 percent, or US\$39 million, from US\$397 million for the same period of 2009. The decline was due primarily to the loss of two clients in 2009 whose volumes were included in the comparable quarter of 2009 as well as lower call volumes with existing clients. Partially offsetting this decline was US\$19 million of foreign exchange gains due to the depreciation of the U.S. dollar in the first quarter of 2010, as Sitel Worldwide has global contracts in multiple currencies.

Sitel Worldwide reported a 9 percent decline in cost of sales to US\$230 million in the first quarter of 2010 compared to US\$253 million in the same quarter last year. This decline resulted from Sitel Worldwide adjusting cost levels to correspond with decreased activity.

### Metal Services

First-quarter revenues at Tube City IMS Corporation ("Tube City IMS") were US\$471 million, up 53 percent, or US\$163 million, from US\$308 million for the first quarter of 2009 with the vast majority of the increase attributable to higher levels of steel production affecting the services business and the balance attributable to higher sales in the outsourced purchasing business. Tube City IMS' service revenues are typically charged to customers based on tons of raw steel produced. The increase in steel production activity resulted in a 22 percent increase in Tube City IMS' service revenues.

Cost of sales was US\$433 million in the first three months of 2010, up 56 percent from US\$278 million in the first quarter of 2009. Although raw material procurement activities increased by approximately 56 percent, as demand increased, the margins derived from raw material procurement activities declined as some of the opportunities that were available for higher margin shipments in the first quarter of 2009 were not available during the first quarter of 2010.

## Other Businesses

The other businesses segment primarily includes the revenues of Husky International Ltd. ("Husky"), the ONCAP II companies – CSI Global Education Inc. ("CSI"), EnGlobe Corp. ("EnGlobe"), Mister Car Wash, CiCi's Pizza and Caliber Collision Centers ("Caliber Collision"), Tropicana Las Vegas, Inc. ("Tropicana Las Vegas") and Cosmetic Essence, Inc. ("CEI"). Table 3 provides revenues and cost of sales by operating company in the other businesses segment for the quarters ended March 31, 2010 and 2009 in both Canadian dollars and the companies' functional currency.

### Other Businesses Revenues and Cost of Sales for the Three Months Ended March 31

		<b>Revenues</b>					
<i>(Unaudited) (\$ millions)</i>		Canadian Dollars			Functional Currency		
Three months ended March 31	<b>2010</b>	2009	<b>Change (%)</b>	<b>2010</b>	2009	<b>Change (%)</b>	
Husky	<b>\$ 250</b>	\$ 359	<b>(30)%</b>	<b>US\$ 240</b>	US\$ 288	<b>(17)%</b>	
ONCAP II companies	<b>192</b>	207	<b>(7)%</b>	<b>US\$ 184</b>	US\$ 166	<b>11 %</b>	
Other <sup>(a)</sup>	<b>15</b>	58	<b>(74)%</b>	<b>C\$ 15</b>	C\$ 58	<b>(74)%</b>	
<b>Total</b>	<b>\$ 457</b>	\$ 624	<b>(27)%</b>				

		<b>Cost of Sales</b>					
<i>(Unaudited) (\$ millions)</i>		Canadian Dollars			Functional Currency		
Three months ended March 31	<b>2010</b>	2009	<b>Change (%)</b>	<b>2010</b>	2009	<b>Change (%)</b>	
Husky	<b>\$ 165</b>	\$ 252	<b>(35)%</b>	<b>US\$ 159</b>	US\$ 202	<b>(21)%</b>	
ONCAP II companies	<b>104</b>	113	<b>(8)%</b>	<b>US\$ 100</b>	US\$ 91	<b>10 %</b>	
Other <sup>(a)</sup>	<b>1</b>	44	<b>(98)%</b>	<b>C\$ 1</b>	C\$ 44	<b>(98)%</b>	
<b>Total</b>	<b>\$ 270</b>	\$ 409	<b>(34)%</b>				

(a) 2010 other includes Flushing Town Center, Tropicana Las Vegas and the parent company. 2009 other includes CEI and the parent company.

Revenues in the other businesses segment were down 27 percent to \$457 million for the first three months of 2010 from \$624 million for the first three months of 2009. Contributing to this decrease was a 17 percent decline in revenues at Husky to US\$240 million in the first quarter of 2010 from US\$288 million in the same quarter of 2009. The decrease was due primarily to Husky's shipments being down in all territories in the first quarter of 2010 due to the overall downturn in the economy and the lead time for orders of its equipment.

Cost of sales for the other businesses segment was \$270 million for the three months ended March 31, 2010, down 34 percent, or \$139 million, from \$409 million for the same period of 2009. The majority of the decrease came from Husky as a result of the decline in sales volume and the positive effects of its transformation plan initiatives.

### Operating earnings

Management at Onex reviews the performance of individual operating companies based on an operating earnings measure. Onex uses operating earnings as a measure to evaluate each operating company's performance because it eliminates interest charges, which are a function of the operating company's particular financing structure, as well as certain non-cash charges including stock-based compensation, amortization of intangible assets and any unusual or non-recurring charges. Operating earnings is not a defined measure under Canadian GAAP. The term operating earnings, as used here, is defined as earnings before interest expense, amortization of intangible assets and deferred charges, and income taxes. Onex also excludes from operating earnings accounting measures that do not reflect the actual operating performance of the business, such as earnings (loss) from equity-accounted investments, foreign exchange gains (loss), stock-based compensation recovery (expense), non-recurring items such as gains on dispositions of operating investments, acquisition and restructuring charges, other income (expense), writedown of goodwill, intangible assets and long-lived assets, as well as non-controlling interests and discontinued operations.

Table 4 provides a reconciliation of the unaudited interim consolidated statements of earnings to operating earnings for the three months ended March 31, 2010 and 2009.

### Operating Earnings Reconciliation

TABLE 4	<i>(Unaudited) (\$ millions)</i> Three months ended March 31	2010	2009
	Earnings before the undernoted items	<b>\$ 581</b>	\$ 678
	Amortization of property, plant and equipment	<b>(131)</b>	(170)
	Interest income	<b>7</b>	15
	<b>Operating earnings</b>	<b>\$ 457</b>	\$ 523
	Amortization of intangible assets and deferred charges	<b>(84)</b>	(102)
	Interest expense of operating companies	<b>(104)</b>	(153)
	Earnings (loss) from equity-accounted investments	<b>(23)</b>	10
	Foreign exchange gains (loss)	<b>(39)</b>	5
	Stock-based compensation recovery (expense)	<b>(82)</b>	6
	Other income (expense)	<b>2</b>	(17)
	Acquisition, restructuring and other expenses	<b>(31)</b>	(44)
	Earnings before income taxes and non-controlling interests	<b>\$ 96</b>	\$ 228

Table 5 provides a breakdown of and the change in operating earnings by industry segment in Canadian dollars and the companies' functional currency for the three months ended March 31, 2010 and 2009.

### Operating Earnings by Industry Segment

TABLE 5	(Unaudited) (\$ millions)	Canadian Dollars			Functional Currency		
		2010	2009	Change (\$)	2010	2009	Change (\$)
Three months ended March 31							
Electronics Manufacturing Services	\$ 60	\$ 66	\$ (6)	US\$ 58	US\$ 53	US\$ 5	
Aerostructures	108	130	(22)	US\$ 104	US\$ 105	US\$ (1)	
Healthcare	172	193	(21)	US\$ 165	US\$ 155	US\$ 10	
Financial Services	46	42	4	US\$ 45	US\$ 34	US\$ 11	
Customer Support Services	22	31	(9)	US\$ 22	US\$ 25	US\$ (3)	
Metal Services	13	4	9	US\$ 13	US\$ 3	US\$ 10	
Other <sup>(a)</sup>	36	57	(21)	C\$ 36	C\$ 57	C\$ (21)	
Total	\$ 457	\$ 523	\$ (66)				

Results are reported in accordance with Canadian generally accepted accounting principles. These results may differ from those reported by the individual operating companies.

(a) 2010 other includes Husky, Tropicana Las Vegas, ONCAP II, Flushing Town Center and the parent company. 2009 other includes CEI, Husky, ONCAP II and the parent company.

Consolidated operating earnings were \$457 million in the first three months of 2010, down 13 percent, or \$66 million, from \$523 million in the first three months of 2009. Much of the quarter-over-quarter decrease resulted from the currency translation of U.S. operations with the weakening of the U.S. dollar to Canadian dollar exchange rate in the first quarter of 2010 compared to 2009. On a functional currency basis, most of the businesses reported increased operating earnings for the first quarter of 2010 over the same period of 2009. The decrease in operating earnings in the other segment was due primarily to the following:

- a decrease of \$13 million at Husky due to lower revenues; and
- an operating loss of \$8 million at Tropicana Las Vegas during its restructuring and refurbishment stage.

### Interest expense of operating companies

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

Consolidated interest expense was down \$49 million to \$104 million in the first quarter of 2010 from \$153 million in the first quarter of 2009. A component of this decrease was the effect of foreign currency translation on U.S.-dollar-denominated interest costs. Excluding the impact of foreign exchange, Carestream Health recorded a US\$16 million decline in interest expense in the first quarter of 2010 due primarily to lower debt as well as lower interest rates in the quarter compared to the same quarter last year. Other companies benefited from lower interest rates on the floating rate portion of their debt.

In addition, Celestica recorded a US\$4 million decline in interest expense primarily due to debt extinguished in 2009 in addition to the company's repurchase of its outstanding 2013 senior subordinated notes in the first quarter of 2010.

### Earnings (loss) from equity-accounted investments

Earnings (loss) from equity-accounted investments for the first quarter of 2010 represent Onex' and Onex Partners' portion of the earnings (loss) of Allison Transmission, Inc. ("Allison Transmission"); Hawker Beechcraft Corporation ("Hawker Beechcraft"); ResCare; RSI Home Products, Inc. ("RSI"); Cypress Insurance Group ("Cypress"); Onex Real Estate's investments in the Camden properties, Urban Housing Platform, Town and Country and NY Credit; and Onex Credit Partners. The first quarter of 2009 also included Cineplex Entertainment and Onex Real Estate's investment in Flushing Town Center.

During the first three months of 2010, a subsidiary of Onex Real Estate became the managing partner of the Flushing Town Center joint venture. As a result, it began consolidating its interest in the first quarter of 2010. Up to December 31, 2009, Onex accounted for its interest in Flushing Town Center using the equity method.

Onex reported a loss on equity-accounted investments of \$23 million for the three months ended March 31, 2010 compared to earnings on equity-accounted investments of \$10 million for the first three months of 2009. Table 6 details the earnings (loss) from equity-accounted investments by company, as well as Onex' share of these earnings (loss) for the first quarters of 2010 and 2009.

### Earnings (Loss) from Equity-accounted Investments

TABLE 6 | (Unaudited) (\$ millions) Three months ended March 31

	2010		2009	
	Net Earnings (Loss) <sup>(a)</sup>	Onex' Share of Net Earnings (Loss)	Net Earnings (Loss) <sup>(a)</sup>	Onex' Share of Net Earnings (Loss)
Allison Transmission	\$ 7	\$ 2	\$ (40)	\$ (13)
Hawker Beechcraft	(32)	(13)	43	14
Other <sup>(b)</sup>	2	(2)	7	3
Total	\$ (23)	\$ (13)	\$ 10	\$ 4

(a) The net earnings (loss) represents Onex' and Onex Partners' share of the net earnings (loss) in those businesses.

(b) 2010 other includes Cypress, Onex Credit Partners, Onex Real Estate (Camden properties, Urban Housing Platform, Town and Country and NY Credit), ResCare and RSI. 2009 other includes Cineplex Entertainment, Cypress, Onex Credit Partners, Onex Real Estate (Camden properties, Urban Housing Platform, Town and Country, Flushing Town Center and NY Credit), ResCare and RSI.

### Allison Transmission

The investment in Allison Transmission contributed \$7 million of earnings from equity-accounted investments, of which Onex' share was \$2 million, in the first quarter of 2010. This compares to a loss from equity-accounted investments of \$40 million, of which Onex' share was \$13 million, in the first quarter of 2009. Allison Transmission reported US\$10 million in net earnings in the quarter in its functional currency compared to a loss of US\$81 million in the first quarter of last year. The primary drivers of the increased earnings were improved revenues and margins in the first quarter of 2010 compared to 2009. As well, the first quarter of 2009 included one-time non-recurring charges totalling US\$43 million associated with employee reduction actions, including severance payments and pension curtailment charges, taken in the first quarter of 2009.

### Hawker Beechcraft

For the first three months ended March 31, 2010, Hawker Beechcraft accounted for \$32 million of losses from equity-accounted investments. Onex' share of those losses was \$13 million. This compares to earnings of \$43 million for the first three months of 2009, of which Onex' share was \$14 million. Excluding the impact of foreign exchange translation, Hawker Beechcraft reported a US\$63 million loss in the first quarter of 2010, of which Onex' and Onex Partners' share was US\$31 million. This compares to 2009 first-quarter earnings of US\$68 million, of which Onex' and Onex Partners' share was US\$33 million. The year-over-year decrease in earnings was due primarily to a US\$177 million gain on the purchase of US\$222 million of the company's debt securities at a significant discount that occurred during the first quarter of 2009.

### Foreign exchange gains (loss)

Foreign exchange gains (loss) reflect the impact of changes in foreign currency exchange rates, primarily on cash amounts held. A consolidated foreign exchange loss of \$39 million was recorded in the first three months of 2010. This compares to a consolidated foreign exchange gain of \$5 million in the first quarter of 2009.

Approximately \$29 million of the foreign exchange loss in the first quarter of 2010 was reported by Onex, the parent company. The value of the U.S. dollar relative to the Canadian dollar decreased to 1.0158 Canadian dollars at March 31, 2010, down from 1.0510 Canadian dollars at December 31, 2009. The weakening of the U.S. dollar in the quarter generated the loss recorded by Onex, the parent company, primarily on its U.S. cash and near-cash items. This compares to an \$18 million foreign exchange gain recorded by the parent company in the first quarter of 2009.

### Stock-based compensation

During the first quarter of 2010, Onex recorded a consolidated stock-based compensation expense of \$82 million compared to a stock-based compensation recovery of \$6 million in the first quarter of 2009. Onex, the parent company, recorded a stock-based compensation expense of \$67 million in the first three months of 2010 due to the change in its stock-based compensation liability. Onex is required to revalue the liability for stock options and deferred share units based on changes in the market value of Onex shares. The increase in Onex' share price to \$28.89 per share at March 31, 2010 from \$23.60 per share at December 31, 2009 resulted in a \$63 million upward revaluation of the liability for stock options and a corresponding expense. The remaining amount relates to the revaluation of the potential liability under the Management Investment Plan as described in note 24(g) of the December 31, 2009 audited annual consolidated financial statements. This compares to a \$20 million stock-based compensation recovery at Onex, the parent company, in the first three months of 2009 due primarily to the 15 percent decrease in Onex' share price in the first quarter of last year.

### Other income (expense)

Onex reported consolidated other income of \$2 million in the first quarter of 2010 compared to \$17 million of other expense in the same quarter of 2009. Approximately \$16 million of the expense in 2009 was recorded by Carestream Health due primarily to the settlement with Kodak of acquisition-related working capital adjustments.

### Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred by the operating companies to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of those businesses. Acquisition, restructuring and other expenses totalled \$31 million in the first quarter of 2010, down \$13 million from \$44 million in the same quarter of 2009. Restructuring costs at Husky were lower by \$14 million as the cost of programs initiated in 2008 to streamline the company's operations and optimize its procurement activities was primarily incurred in 2009 and such costs are beginning to taper off. In addition, restructuring costs declined by \$6 million at Carestream Health due to the one-time non-recurring charges recorded in the first quarter of 2009 associated with the company's transition to a stand-alone entity.

Table 7 provides a breakdown of and the change in acquisition, restructuring and other expenses by operating company for the first quarters ended March 31, 2010 and 2009.

### Acquisition, Restructuring and Other Expenses

TABLE 7	<i>(Unaudited) (\$ millions)</i>		
	Three months ended March 31	2010	2009
Carestream Health	\$ 8	\$ 14	\$ (6)
Celestica	8	8	-
Husky	4	18	(14)
Sitel Worldwide	6	2	4
Other	5	2	3
<b>Total</b>	<b>\$ 31</b>	<b>\$ 44</b>	<b>\$ (13)</b>

### Income taxes

Onex reported a consolidated income tax expense of \$82 million for the first quarter of 2010 compared to a \$41 million consolidated income tax recovery for the same quarter last year. During the first quarter of 2009, Onex, the parent company, reduced its future income tax liability by approximately \$100 million and recorded a corresponding amount as a recovery in income tax. This reduction in 2009 was the result of lower enacted income tax rates being applied to future income tax liabilities to bring the liability in line with current income tax rates. There was not a similar adjustment of rates in 2010.

### Non-controlling interests in net earnings of operating companies

In the unaudited interim consolidated statements of earnings, the non-controlling interests amount represents the interests of shareholders, other than Onex, in the net earnings or losses of Onex' operating companies. For the first quarter of 2010, this amount was a \$98 million share of Onex' operating companies' earnings compared to a \$100 million share of earnings for the first quarter of 2009. Table 8 details the earnings (loss) by industry segment attributable to non-controlling shareholders in our operating companies.

### Non-controlling Interests in Net Earnings (Loss) of Operating Companies by Industry Segment

TABLE 8	<i>(Unaudited) (\$ millions)</i>			
	Three months ended March 31	2010	2009	Change (\$)
Net earnings (loss) of non-controlling interests in:				
Electronics Manufacturing				
Services	\$ 25	\$ 21	\$ 4	
Aerostructures	57	71	(14)	
Healthcare	38	18	20	
Financial Services	19	15	4	
Customer Support Services	-	-	-	
Metal Services	(2)	(6)	4	
Other <sup>(a)</sup>	(39)	(19)	(20)	
<b>Total</b>	<b>\$ 98</b>	<b>\$ 100</b>	<b>\$ (2)</b>	

(a) 2010 other includes Hawker Beechcraft, Allison Transmission, Husky, Tropicana Las Vegas, RSI, ONCAP II, Onex Real Estate and the parent company. 2009 other includes CEI, Hawker Beechcraft, Allison Transmission, Husky, RSI, ONCAP II, Onex Real Estate and the parent company.

The \$2 million change in non-controlling interests for the first quarter of 2010 was due primarily to:

- Spirit AeroSystems, in the aerostructures segment, as a result of lower margins on follow-on production blocks as well as volume-based pricing adjustments; and
- Tropicana Las Vegas, in the other segment, which represents \$9 million of the change in non-controlling interests. Tropicana Las Vegas was acquired in July 2009 and continues its restructuring and refurbishment program, resulting in the current operating losses at the property.

Partially offsetting the above were:

- An increased non-controlling interest at Celestica, in the electronics manufacturing services segment, as a result of Onex selling a portion of its ownership interest in Celestica in the fourth quarter of 2009, thus increasing non-controlling interests compared to the first quarter of 2009; and
- Higher earnings at Carestream Health, in the healthcare segment, which accounted for \$21 million of the change in non-controlling interests. The earnings improvement was due primarily to favourable foreign exchange rates on its non-U.S. revenues compared to the first quarter of 2009 and increased productivity across the businesses.

### Consolidated net earnings (loss)

Onex' consolidated net loss was \$84 million (\$0.70 per share) for the first quarter of 2010 compared to net earnings of \$169 million (\$1.38 per share) reported for the three months ended March 31, 2009. Table 9 details the net earnings (loss) by industry segment.

### Consolidated Net Earnings (Loss) by Industry Segment

TABLE 9	<i>(Unaudited) (\$ millions)</i>	
	Three months ended March 31	
	2010	2009
Net earnings (loss):		
Electronics Manufacturing		
Services	\$ 2	\$ 3
Aerostructures	4	5
Healthcare	4	(2)
Financial Services	8	6
Customer Support Services	(11)	(6)
Metal Services	(1)	(3)
Other <sup>(a)</sup>	(90)	166
Total	\$ (84)	\$ 169

(a) 2010 other includes Hawker Beechcraft, Allison Transmission, Husky, Tropicana Las Vegas, RSI, ONCAP II, Onex Real Estate, Onex Credit Partners and the parent company. 2009 other includes Cineplex Entertainment, CEI, Hawker Beechcraft, Allison Transmission, Husky, RSI, ONCAP II, Onex Real Estate, Onex Credit Partners and the parent company.

The decrease in earnings was primarily from the parent company, in the other segment, for the following reasons:

- In the first quarter of 2009, a \$100 million income tax recovery was recorded by Onex, the parent company, resulting from lower enacted income tax rates being applied to future income tax liabilities;
- The parent company's change in both stock compensation and foreign exchange between the first quarter of 2010 and the first quarter of 2009 accounted for approximately \$134 million of the decrease in earnings; and
- In the first quarter of 2010, equity-accounted investments reported a loss of \$23 million compared to earnings of \$10 million in the first quarter of 2009. These changes are described in greater detail starting on page 14.

## SUMMARY QUARTERLY INFORMATION

Table 10 summarizes Onex' key consolidated financial information for the last eight quarters.

TABLE 10	<i>(Unaudited) (\$ millions except per share amounts)</i>	2010	2009				2008			
			Mar.	Dec.	Sept.	June	Mar.	Dec.	Sept.	June
		<b>\$ 5,800</b>	\$ 6,153	\$ 6,078	\$ 6,131	\$ 6,469	\$ 6,774	\$ 7,066	\$ 6,815	
		<b>\$ (84)</b>	\$ 40	\$ (180)	\$ 83	\$ 169	\$ (348)	\$ 34	\$ (18)	
		<b>\$ (84)</b>	\$ 40	\$ (180)	\$ 83	\$ 169	\$ (348)	\$ 38	\$ (18)	
		<b>Earnings (loss) per Subordinate Voting Share</b>								
		Basic and Diluted:								
		Continuing operations	<b>\$ (0.70)</b>	\$ 0.33	\$ (1.48)	\$ 0.68	\$ 1.38	\$ (2.85)	\$ 0.26	\$ (0.14)
		Net earnings (loss)	<b>\$ (0.70)</b>	\$ 0.33	\$ (1.48)	\$ 0.68	\$ 1.38	\$ (2.85)	\$ 0.30	\$ (0.14)

Onex' quarterly consolidated financial results do not follow any specific trends due to the acquisitions or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the U.S. dollar and the Canadian dollar; and varying business cycles at Onex' operating companies.

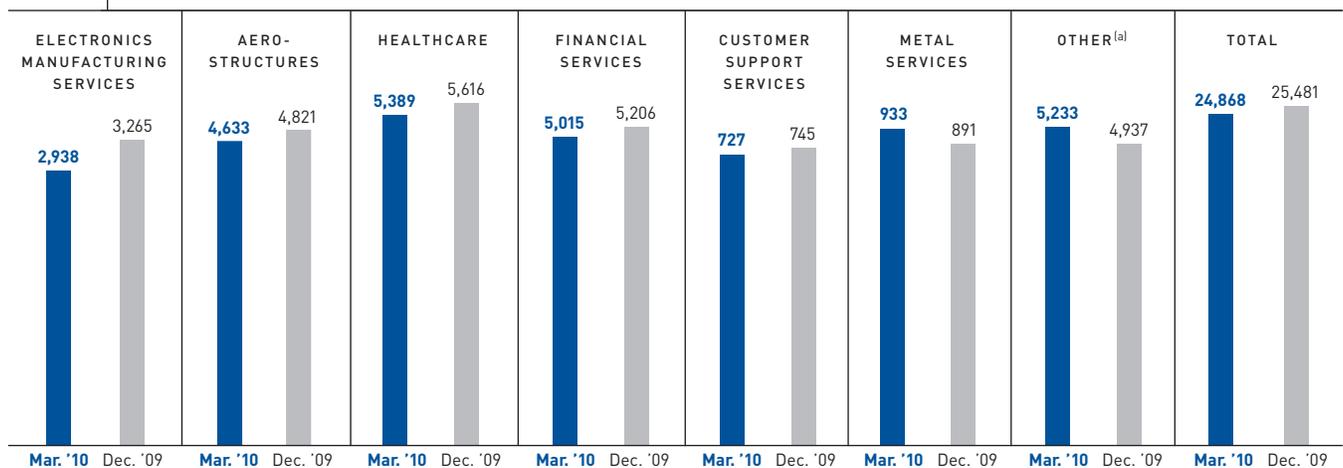
## CONSOLIDATED FINANCIAL POSITION

### Consolidated assets

Consolidated assets totalled \$24.9 billion at March 31, 2010 compared to \$25.5 billion at December 31, 2009. Essentially all of the \$613 million decrease in assets was due to currency translation of U.S.-based assets with the weakening of the U.S. dollar compared to the Canadian dollar. Partially offsetting that decrease was the inclusion of the assets of Flushing Town Center, which totalled \$530 million. The underlying currency for most of Onex' consolidated assets is the U.S. dollar as almost all of the activities of Onex' operating companies are reported in U.S. dollars. The closing U.S. dollar to Canadian dollar exchange rate decreased 3 percent to 1.0158 Canadian dollars at March 31, 2010 from 1.0510 Canadian dollars at December 31, 2009.

### Asset Diversification by Industry Segment

CHART 1 | (Unaudited) (\$ millions)



(a) 2010 and 2009 other includes Allison Transmission, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate, Tropicana Las Vegas and the parent company.

### Consolidated long-term debt, without recourse to Onex

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

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

covenants. Changes in business conditions relevant to an operating company, including those resulting from changes in financial markets and economic conditions generally, may result in non-compliance with certain covenants by that operating company.

Total long-term debt (consisting of the current and long-term portions of long-term debt, net of deferred charges) was \$6.0 billion at March 31, 2010 compared to \$5.9 billion at December 31, 2009. Since Onex reports in Canadian dollars but the majority of its operating companies report in U.S. dollars, much of the change in total reported consolidated long-term debt was caused by currency translation due to the weakening of the U.S. dollar relative to the Canadian dollar. Partially offsetting this change was the inclusion of the long-term debt of Flushing Town Center.

Celestica repurchased, in the first quarter of 2010, all of its outstanding 2013 senior subordinated notes. These had a principal amount of US\$223 million and were repurchased at a premium of approximately US\$9 million. Celestica no longer has any outstanding debt.

Sitel Worldwide's long-term debt increased to US\$726 million at March 31, 2010 from US\$693 million at December 31, 2009 due primarily to the company's issuance of new 2018 senior notes, with a principal amount of US\$300 million, in the first quarter of 2010. The proceeds of the issue were primarily used to repay other outstanding debt.

As described earlier, in the first quarter of 2010, Onex began consolidating Flushing Town Center, and as a result, at March 31, 2010, Onex' consolidated long-term debt included US\$459 million relating to Flushing Town

Center. Flushing Town Center's long-term debt consists primarily of a senior construction loan and a mezzanine loan, both of which are without recourse to Onex.

Table 11 details the aggregate debt maturities for Onex' consolidated operating companies and equity-accounted operating companies for each of the years up to 2014 and in total thereafter. As equity-accounted businesses are included in the table, the total amount of debt is in excess of the reported consolidated debt. The table is presented in U.S. dollars as the debt of most of Onex' operating companies is denominated in U.S. dollars. Below that, we have converted the amounts to Canadian dollars at the March 31, 2010 exchange rate. As can be seen from the following tables, most of the maturities occur in 2013 and 2014.

### Debt Maturity Amounts by Year

TABLE 11	(Unaudited) (\$ millions)	U.S. Dollars						
		2010	2011	2012	2013	2014	Thereafter	Total
		\$ 129	\$ 764	\$ 1,295	\$ 2,497	\$ 364	\$ 1,121	\$ 6,170
		145	72	47	195	4,072	1,600	6,131
		\$ 274	\$ 836	\$ 1,342	\$ 2,692	\$ 4,436	\$ 2,721	\$ 12,301

	(Unaudited) (\$ millions)	Above Table Converted to Canadian Dollars						
		2010	2011	2012	2013	2014	Thereafter	Total
		\$ 131	\$ 776	\$ 1,315	\$ 2,536	\$ 370	\$ 1,139	\$ 6,267
		147	73	48	198	4,136	1,625	6,227
		\$ 278	\$ 849	\$ 1,363	\$ 2,734	\$ 4,506	\$ 2,764	\$ 12,494

(a) Includes debt amounts of subsidiaries held by Onex, the parent company, and are gross of deferred financing fees.

## Non-controlling interests

The non-controlling interests liability in Onex' unaudited interim consolidated balance sheet as at March 31, 2010 primarily represents the ownership interests of shareholders, other than Onex, in Onex' consolidated operating companies and equity-accounted investments. At March 31, 2010, the non-controlling interests balance decreased to \$6.3 billion compared to \$6.4 billion at December 31, 2009. Table 12 details the change in the non-controlling interests balance from December 31, 2009 to March 31, 2010.

### Change in Non-controlling Interests

TABLE 12 | (Unaudited) (\$ millions)

Non-controlling interests as at December 31, 2009	<b>\$ 6,370</b>
Non-controlling interests in 2010 operating companies' net earnings (loss)	<b>98</b>
Investments by shareholders other than Onex in Onex operating companies	<b>67</b>
Distribution to limited partners <sup>(a)</sup>	<b>(26)</b>
Other comprehensive loss	<b>(226)</b>
Non-controlling interests as at March 31, 2010	<b>\$ 6,283</b>

(a) Includes distributions to Onex Partners II for the Tube City IMS debt repayment and The Warranty Group dividend.

The decrease in the non-controlling interests balance was driven primarily by:

- a 3 percent decrease in the value of the U.S. dollar relative to the Canadian dollar, which contributed \$232 million to the decrease. The value of the U.S. dollar was 1.0158 Canadian dollars at March 31, 2010 compared to 1.0510 Canadian dollars at December 31, 2009. This amount is included in other comprehensive earnings; and
- the \$98 million of non-controlling interests' share of operating companies' net earnings (loss) in the first quarter of 2010.

## Shareholders' equity

Shareholders' equity totalled \$1.5 billion at March 31, 2010 compared to \$1.7 billion at December 31, 2009. The \$84 million net loss reported in the first quarter of 2010 accounted for much of the change in shareholders' equity in the quarter. Table 13 provides a reconciliation of the change in shareholders' equity from December 31, 2009 to March 31, 2010.

### Change in Shareholders' Equity

TABLE 13 | (Unaudited) (\$ millions)

Shareholders' equity as at December 31, 2009	<b>\$ 1,659</b>
Regular dividends declared	<b>(3)</b>
Shares repurchased and cancelled	<b>(2)</b>
Net loss	<b>(84)</b>
Other comprehensive loss for 2010	<b>(44)</b>
Shareholders' equity as at March 31, 2010	<b>\$ 1,526</b>

Onex' unaudited interim consolidated statements of shareholders' equity and comprehensive earnings (loss) also show the changes to the components of shareholders' equity for the three months ended March 31, 2010 and 2009.

## Shares outstanding

At April 30, 2010, Onex had 120,219,417 Subordinate Voting Shares issued and outstanding. Table 14 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2009 to April 30, 2010.

### Change in Subordinate Voting Shares Outstanding

TABLE 14 | (Unaudited)

Subordinate Voting Shares outstanding at December 31, 2009	<b>120,317,445</b>
Shares repurchased and cancelled under Onex' Normal Course Issuer Bid	<b>(99,300)</b>
Issue of shares – Dividend Reinvestment Plan	<b>1,272</b>
Subordinate Voting Shares outstanding at April 30, 2010	<b>120,219,417</b>

Onex also has 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value, and 176,078 Series 1 Senior Preferred Shares, which have no paid-in amount reflected in Onex' audited annual consolidated financial statements. Note 4 to the unaudited interim consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares and Series 1 Senior Preferred Shares outstanding during the first quarter of 2010.

Under Onex' Dividend Reinvestment Plan, Onex issued 1,272 Subordinate Voting Shares at an average cost of \$27.00 per Subordinate Voting Share, creating a cash savings of less than \$1 million during the period ended April 30, 2010.

Onex, the parent company, repurchased 99,300 Subordinate Voting Shares under the Normal Course Issuer Bid during the four months ended April 30, 2010 at an average cost per share of \$24.03 for a total cost of \$2 million.

In January 2010, Onex issued 119,967 Management Deferred Share Units ("Management DSUs") to certain Onex management members at an aggregate value on the date of grant of approximately \$3 million. The Management DSUs were issued in lieu of a portion of cash compensation for the Company's 2009 fiscal year. At March 31, 2010, there were 393,151 Management DSUs outstanding. Onex has entered into forward contracts to hedge the exposure on the Management DSUs.

### Management of capital

Onex considers the capital it manages to be the amounts it has in cash and near-cash investments, and the investments made by it in the operating companies, Onex Real Estate Partners 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 appropriate liquidity and no, or a limited amount of, debt so that it has funds available to pursue new acquisitions and growth opportunities, as well as support the building of its existing businesses. Onex does not generally have the ability to draw cash from its operating companies. Accordingly, maintaining adequate liquidity at the parent company is important;

- achieve an appropriate return on capital invested commensurate with the level of risk taken on;
- build the long-term value of its operating companies;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each company is required to support its own debt. Onex does not 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 investors.

At March 31, 2010, Onex, the parent company, had \$800 million of cash on hand and \$153 million of near-cash items at market value. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market instruments. This policy is driven toward maintaining liquidity and preserving principal in all money market investments.

At March 31, 2010, Onex had access to US\$3.9 billion of uncalled committed third-party capital for acquisitions through the Onex Partners and ONCAP Funds. This includes approximately US\$3.4 billion of committed third-party capital for Onex Partners III.

The strategy for risk management of capital did not change in the first quarter of 2010.

## LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows for the first quarters ended March 31, 2010 and 2009 and the corresponding notes thereto. Table 15 summarizes the major consolidated cash flow components for the first three months of 2010 and 2009.

### Major Cash Flow Components

TABLE 15	(Unaudited) (\$ millions) Three months ended March 31	2010	2009
	Cash from (used in) operating activities	\$ 9	\$ (3)
	Cash used in financing activities	\$ (182)	\$ (97)
	Cash used in investing activities	\$ (285)	\$ (217)
	Consolidated cash and cash equivalents – continuing operations	\$ 2,662	\$ 2,699

### Cash from (used in) operating activities

Cash from operating activities totalled \$9 million for the first quarter of 2010 compared to cash used in operating activities of \$3 million for the same period of 2009. Table 16 provides a breakdown of cash from (used in) operating activities by cash generated from operations and non-cash working capital items, warranty reserves and unearned premiums and other liabilities for the first quarters of 2010 and 2009.

### Components of Cash from (Used in) Operating Activities

TABLE 16	(Unaudited) (\$ millions) Three months ended March 31	2010	2009
	Cash generated from operations	\$ 394	\$ 433
	Changes in non-cash working capital items		
	Accounts receivable	(63)	286
	Inventories	(245)	(108)
	Other current assets	18	78
	Accounts payable, accrued liabilities and other current liabilities	(7)	(558)
	Decrease in cash due to changes in non-cash working capital items	\$ (297)	\$ (302)
	Decrease in warranty reserves and unearned premiums and other liabilities	(88)	(134)
	Cash from (used in) operating activities	\$ 9	\$ (3)

Cash generated from operations excludes changes in non-cash working capital items, warranty reserves and unearned premiums and other liabilities. Non-cash working capital items decreased cash by \$297 million for the first quarter of 2010 compared to a \$302 million decrease in cash for the first quarter of 2009. This change was due to:

- a \$63 million increase in accounts receivable primarily at Spirit AeroSystems (US\$76 million); and
- a \$245 million overall increase in inventory primarily at Spirit AeroSystems, which continued to build up inventory associated with its various programs (US\$105 million). As well, there were inventory increases at Celestica (US\$48 million) and Carestream Health (US\$34 million).

### Cash used in financing activities

Cash used in financing activities totalled \$182 million for the first quarter of 2010 compared to \$97 million for the same quarter of 2009. The increase was due primarily to Celestica's repurchase of its outstanding 2013 senior subordinated notes with a principal amount of US\$223 million in the first quarter of 2010 compared to the US\$150 million repurchase of its 2011 senior subordinated notes in the first quarter of 2009.

### Cash used in investing activities

Cash used in investing activities totalled \$285 million in the first quarter of 2010 compared to \$217 million of cash used in investing activities in the first quarter of 2009. Included in cash used in investing activities for the three-month period ended March 31, 2010 was:

- Approximately US\$75 million of cash invested by Onex and/or Onex Partners II in Onex Credit Partners, Hawker Beechcraft debt and Onex Real Estate.

In addition, approximately \$186 million of the cash used in investing activities was for property, plant and equipment expenditures by Onex' operating companies. Significant components were:

- Spirit AeroSystems invested approximately US\$69 million in property, plant and equipment primarily associated with the construction of the company's new manufacturing site in North Carolina as well as sustained production capacity;
- Flushing Town Center incurred US\$40 million for the continued construction of the project;
- Tropicana Las Vegas invested approximately US\$18 million during the quarter primarily associated with the ongoing refurbishment project for the resort; and
- Tube City IMS invested US\$10 million in property, plant and equipment primarily for new contracted services and productivity improvements.

### Consolidated cash resources

At March 31, 2010, consolidated cash was \$2.7 billion compared to \$3.2 billion at December 31, 2009. The major components at March 31, 2010 were Onex, the parent company, which represented approximately \$800 million of cash on hand, and Celestica, which had approximately \$720 million of cash.

Onex believes that maintaining a strong financial position at the parent company with appropriate liquidity enables the Company to pursue new opportunities to create long-term value and support Onex' existing operating companies. In addition to the \$800 million of cash at the parent company at March 31, 2010, there was \$153 million of near-cash items in a segregated unleveraged fund managed by Onex Credit Partners. The investments in these funds are focused on liquid senior debt securities.

Table 17 provides a reconciliation of the change in cash at Onex, the parent company, from December 31, 2009 to March 31, 2010.

### Change in Cash at Onex, the Parent Company

TABLE 17 | (Unaudited) (\$ millions)

<b>Cash on hand at December 31, 2009</b>	<b>\$ 890</b>
Tube City IMS debt repayment	9
Onex share repurchases	(2)
Investment in Onex Real Estate	(13)
Investment managed by Onex Credit Partners	(21)
Investment in Hawker Beechcraft debt	(22)
Exchange loss on value of U.S. dollar cash held	(29)
Other, net, including dividends	(12)
<b>Cash on hand at March 31, 2010</b>	<b>\$ 800</b>

### Private equity funds Uncalled Committed Capital

At March 31, 2010, the third-party limited partners in the Onex Partners and ONCAP Funds had remaining commitments to provide funding for future Onex-sponsored acquisitions as follows:

TABLE 18   (Unaudited) (\$ millions)	Available Uncalled Committed Capital (Excluding Onex) <sup>(a)</sup>
Onex Partners I	US\$ 86
Onex Partners II	US\$ 260
Onex Partners III	US\$ 3,389
ONCAP II	C\$ 125

(a) Includes amounts from Onex management and directors.

The amounts committed by the third-party limited partners are not included in Onex' consolidated cash and will be funded as acquisitions are made.

## Recent or pending transactions

### Onex Normal Course Issuer Bid

On April 14, 2010, Onex renewed its Normal Course Issuer Bid ("NCIB") following the expiry of its previous NCIB on April 13, 2010. At March 31, 2010, Onex had issued and outstanding Subordinate Voting Shares of 120,218,778, of which the public float was 91,006,361 Subordinate Voting Shares. Under the new NCIB, Onex will be permitted to purchase up to 10 percent of its public float in its Subordinate Voting Shares, or 9,100,636 Subordinate Voting Shares. Onex may purchase up to 53,830 Subordinate Voting Shares during any trading day, being 25 percent of its average daily trading volume for the six-month period ended March 31, 2010. Onex may also purchase Subordinate Voting Shares from time to time under the Toronto Stock Exchange's block purchase exemption, if available, under the new NCIB. The new NCIB commenced on April 14, 2010 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 13, 2011. A copy of the Notice of Intention to make the Normal Course Issuer Bid filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 13, 2010, Onex repurchased 1,878,200 Subordinate Voting Shares at a total cost of \$43 million, or an average purchase price of \$23.11 per share. Onex believes that it is advantageous for it and its shareholders to continue to engage in repurchases of Subordinate Voting Shares from time to time, particularly when they are trading at prices that reflect a significant discount from their value as perceived by Onex.

### Pending acquisition of Sport Supply Group

In March 2010, OnCap II entered into an agreement with Sport Supply Group, Inc. ("Sport Supply Group") to acquire the company in a transaction valued at approximately US\$200 million. Sport Supply Group is a leading manufacturer and distributor of sporting goods and branded team uniforms to the institutional and team sports market in the United States and is a public company quoted on NASDAQ. Under the agreement, Sport Supply Group shareholders and certain members of management holding 19.6 percent of the

issued and outstanding shares, on a fully diluted basis, have agreed to roll over their shares and certain stock options into equity or options to purchase equity of the new entity. The transaction is subject to customary closing conditions including approval of the transaction by a majority of the common shareholders of Sport Supply Group. The transaction is expected to close in the June to July timeframe.

### Tropicana Las Vegas second rights offering

In April 2010, under a second rights offering of Tropicana Las Vegas, Onex, Onex Partners III and Onex management purchased an additional US\$45 million of preferred shares of Tropicana Las Vegas, of which Onex' share was US\$10 million. The additional preferred shares have similar terms to the 2009 preferred share offering, accrue dividends at a rate of 12.5 percent and are convertible into common shares of Tropicana Las Vegas at a fixed ratio including accrued and unpaid dividends. After giving effect to the offering, Onex, Onex Partners III and Onex management own on an as-converted basis approximately 73 percent of Tropicana Las Vegas, of which Onex' share was 16 percent.

### EMSC credit facilities

In April 2010, EMSC entered into a new senior secured credit agreement. The new agreement consists of a US\$425 million term loan and a US\$150 million revolving credit facility. The term loan and credit facility mature in April 2015. The proceeds of the new facilities were used to repay and terminate the previous US\$200 million term loan and redeem its senior subordinated notes with an outstanding balance of US\$250 million.

### Skilled Healthcare credit facilities

In April 2010, Skilled Healthcare entered into a new US\$330 million term loan and a US\$100 million revolving credit facility. The term loan matures in 2016 and the revolving facility matures in 2015. No amounts were drawn on the revolving credit facility at closing. Substantially all of Skilled Healthcare's assets are pledged as collateral under the term loan and revolving credit facility. The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving facility.

## TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the first quarter of 2010, Onex continued to work on its transition plan to International Financial Reporting Standards ("IFRS"). The implementation of a new financial reporting system to accommodate IFRS reporting is proceeding as planned. The "Transition to International Financial Reporting Standards" section of Onex' Management's Discussion and Analysis for the year ended December 31, 2009 provides a full description of Onex' transition to IFRS, the accounting policy choices being made and the significant differences from Canadian GAAP. The financial reporting impact of transitioning to IFRS is currently being evaluated and the quantitative impact has not been calculated. Based on the work completed to date, the Company expects that a material change to its Internal Controls over Financial Reporting ("ICFR") will be required with the addition of new key controls to accommodate the adoption of IFRS reporting for share-based payments. Once the Company has completed the preparation of its opening balance sheet under IFRS, it will evaluate if additional changes to its ICFR are required.

The evaluation of IFRS accounting policies by the International Accounting Standards Board ("IASB") is ongoing. Current projects under review include the accounting policies for consolidation and financial instruments, two significant policies affecting IFRS reporting. The potential impact, if any, of these current IASB projects on Onex' consolidated financial reporting is not known at this time.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

### Disclosure controls and procedures

During the first quarter of 2010, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we evaluated the design and effectiveness of the Company's disclosure controls and procedures as at March 31, 2010 and have concluded that those disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the required time period for the quarter ended March 31, 2010.

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

### Internal controls over financial reporting

During the first quarter of 2010, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we evaluated the design of internal controls over financial reporting as at March 31, 2010. We have concluded that there were no significant changes in internal controls in the first quarter of 2010 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles.

## OUTLOOK

There are signs of a nascent economic recovery, including improved job market statistics and increased consumer spending. Equity markets continue to rally and the credit markets are strengthening.

The quarter included the historic passing of U.S. healthcare reform legislation. It is still early days in understanding the effects, both positive and negative, that this legislation will have on our operating companies generally, and more specifically on those in the healthcare sector. We continue to believe that by investing in low-cost, high-quality healthcare providers, our businesses should become industry leaders that generate attractive returns for Onex over time.

Alex Yemenidjian, our gaming industry partner and CEO of Tropicana Las Vegas, and his team continue to make progress on the operational and physical transformation of the property. With the expectation of continued weakness in the Las Vegas market, the decision was made to accelerate the second phase of the renovation into a single, comprehensive redevelopment. Once the transformation is complete, we believe Tropicana Las Vegas will be well-positioned when the Las Vegas market eventually recovers.

We continue to believe that the current cycle will yield attractive acquisition opportunities for value investors like Onex. Our investment pipeline activity is starting to return to more normal levels, including proprietary opportunities generated by our team as well as more traditional bank-led sales processes. The meaningful rebound in the credit markets for large-cap acquisitions may stimulate further activity. There may also be opportunities for some of our businesses to pursue equity offerings if the markets remain receptive.

ONCAP II expects to complete the recently announced acquisition of Sports Supply Group in June or July. At that time, the Fund will be approximately 60 percent invested. Consequently, ONCAP may begin planning for ONCAP III either later this year or in early 2011.

Onex continues to be in excellent financial condition, with approximately \$1 billion in cash and near-cash items at the end of April, no debt at the parent company and approximately US\$3.9 billion of third-party uncalled capital for acquisitions through the Onex Partners and ONCAP Funds.

# CONSOLIDATED BALANCE SHEETS

<i>(in millions of dollars)</i>	<i>(Unaudited)</i> As at March 31 <b>2010</b>	As at December 31 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	<b>\$ 2,662</b>	\$ 3,206
Marketable securities	<b>713</b>	636
Accounts receivable	<b>3,023</b>	3,062
Inventories	<b>3,212</b>	3,085
Other current assets	<b>1,279</b>	1,384
	<b>10,889</b>	11,373
Property, plant and equipment	<b>4,107</b>	3,759
Investments	<b>3,124</b>	3,255
Other long-term assets	<b>2,548</b>	2,696
Intangible assets	<b>2,015</b>	2,086
Goodwill	<b>2,185</b>	2,312
	<b>\$ 24,868</b>	\$ 25,481
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<b>\$ 3,674</b>	\$ 3,832
Other current liabilities	<b>1,010</b>	992
Current portion of long-term debt, without recourse to Onex	<b>202</b>	425
Current portion of obligations under capital leases, without recourse to Onex	<b>21</b>	21
Current portion of warranty reserves and unearned premiums	<b>1,327</b>	1,410
	<b>6,234</b>	6,680
Long-term debt of operating companies, without recourse to Onex (note 3)	<b>5,774</b>	5,505
Long-term portion of obligations under capital leases of operating companies, without recourse to Onex	<b>40</b>	41
Long-term portion of warranty reserves and unearned premiums	<b>1,898</b>	2,034
Other liabilities	<b>1,935</b>	1,955
Future income taxes	<b>1,178</b>	1,237
	<b>17,059</b>	17,452
Non-controlling interests	<b>6,283</b>	6,370
<b>Shareholders' equity</b>	<b>1,526</b>	1,659
	<b>\$ 24,868</b>	\$ 25,481

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

## CONSOLIDATED STATEMENTS OF EARNINGS

<i>(Unaudited)</i> <i>(in millions of dollars, except per share data)</i>	Three months ended March 31	
	2010	2009
<b>Revenues</b>	<b>\$ 5,800</b>	\$ 6,469
Cost of sales	<b>(4,569)</b>	(5,021)
Selling, general and administrative expenses	<b>(650)</b>	(770)
<b>Earnings Before the Undernoted Items</b>	<b>581</b>	678
Amortization of property, plant and equipment	<b>(131)</b>	(170)
Amortization of intangible assets and deferred charges	<b>(84)</b>	(102)
Interest expense of operating companies	<b>(104)</b>	(153)
Interest income	<b>7</b>	15
Earnings (loss) from equity-accounted investments (note 5)	<b>(23)</b>	10
Foreign exchange gains (loss)	<b>(39)</b>	5
Stock-based compensation recovery (expense)	<b>(82)</b>	6
Other income (expense)	<b>2</b>	(17)
Acquisition, restructuring and other expenses (note 6)	<b>(31)</b>	(44)
<b>Earnings before income taxes and non-controlling interests</b>	<b>96</b>	228
Recovery of (provision for) income taxes	<b>(82)</b>	41
Non-controlling interests	<b>(98)</b>	(100)
<b>Net Earnings (Loss) for the Period</b>	<b>\$ (84)</b>	\$ 169
<b>Net Earnings (Loss) per Subordinate Voting Share</b> (note 7)		
Basic and Diluted:		
Net earnings (loss)	<b>\$ (0.70)</b>	\$ 1.38

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE EARNINGS

<i>(Unaudited)</i> <i>(in millions of dollars, except per share data)</i> Three months ended March 31	Share Capital (note 4)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
<b>Balance – December 31, 2008</b>	\$ 515	\$ 1,199	\$ (161)	\$ 1,553
Dividends declared <sup>(a)</sup>	-	(3)	-	(3)
<b>Comprehensive Earnings</b>				
Net earnings for the period	-	169	-	169
Other comprehensive earnings for the period:				
Currency translation adjustments	-	-	49	49
Change in fair value of derivatives designated as hedges	-	-	12	12
Other	-	-	1	1
<b>Balance – March 31, 2009</b>	<b>\$ 515</b>	<b>\$ 1,365</b>	<b>\$ (99)<sup>(b)</sup></b>	<b>\$ 1,781</b>
<b>Balance – December 31, 2009</b>	<b>\$ 508</b>	<b>\$ 1,264</b>	<b>\$ (113)</b>	<b>\$ 1,659</b>
Dividends declared <sup>(a)</sup>	-	(3)	-	(3)
Purchase and cancellation of shares	-	(2)	-	(2)
<b>Comprehensive Earnings (Loss)</b>				
Net loss for the period	-	(84)	-	(84)
Other comprehensive earnings (loss) for the period:				
Currency translation adjustments	-	-	(51)	(51)
Change in fair value of derivatives designated as hedges	-	-	6	6
Other	-	-	1	1
<b>Balance – March 31, 2010</b>	<b>\$ 508</b>	<b>\$ 1,175</b>	<b>\$ (157)<sup>(c)</sup></b>	<b>\$ 1,526</b>

(a) Dividends declared per Subordinate Voting Share were \$0.0275 for the three months ended March 31, 2010 and 2009.

(b) Accumulated Other Comprehensive Earnings (Loss) as at March 31, 2009 consists of currency translation adjustments of \$34, unrealized losses on the effective portion of cash flow hedges of \$130 and unrealized losses on available-for-sale financial assets and other of \$3. Income taxes did not have a significant effect on these items.

(c) Accumulated Other Comprehensive Earnings (Loss) as at March 31, 2010 consists of currency translation adjustments of negative \$140, unrealized losses on the effective portion of cash flow hedges of \$27 and unrealized gains on available-for-sale financial assets and other of \$10. Income taxes did not have a significant effect on these items.

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i> <i>(in millions of dollars)</i>	Three months ended March 31	
	2010	2009
<b>Operating Activities</b>		
Net earnings (loss) for the period	\$ (84)	\$ 169
Items not affecting cash:		
Amortization of property, plant and equipment	131	170
Amortization of intangible assets and deferred charges	84	102
Amortization of deferred warranty costs	27	19
Loss (earnings) from equity-accounted investments	23	(10)
Foreign exchange loss (gains)	29	(18)
Stock-based compensation expense (recovery)	82	(6)
Non-controlling interests	98	100
Future income taxes	9	(105)
Other	(5)	12
	394	433
Changes in non-cash working capital items:		
Accounts receivable	(63)	286
Inventories	(245)	(108)
Other current assets	18	78
Accounts payable, accrued liabilities and other current liabilities	(7)	(558)
Decrease in cash due to changes in working capital items	(297)	(302)
Decrease in warranty reserves and unearned premiums and other liabilities	(88)	(134)
	9	(3)
<b>Financing Activities</b>		
Issuance of long-term debt	552	309
Repayment of long-term debt	(760)	(440)
Cash dividends paid	(3)	(3)
Repurchase of share capital	(2)	-
Issuance of share capital provided by L.P. investors and operating companies	67	36
Distributions by operating companies and to L.P. investors	(26)	(2)
Increase (decrease) due to other financing activities	(10)	3
	(182)	(97)
<b>Investing Activities</b>		
Acquisitions, net of cash in acquired companies of \$24 (2009 – nil)	3	-
Purchase of property, plant and equipment	(186)	(198)
Decrease due to other investing activities	(102)	(19)
	(285)	(217)
<b>Decrease in Cash for the Period</b>	<b>(458)</b>	<b>(317)</b>
Increase (decrease) in cash due to changes in foreign exchange rates	(86)	95
Cash and cash equivalents, beginning of the period	3,206	2,921
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 2,662</b>	<b>\$ 2,699</b>

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2009 audited annual consolidated financial statements.

# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) (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 to the audited annual consolidated financial statements). All significant intercompany balances and transactions have been eliminated.

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

	March 31, 2010		December 31, 2009	
	Onex Ownership	Voting	Onex Ownership	Voting
<i>Investments made through Onex</i>				
Celestica Inc. (“Celestica”)	8%	69%	8%	69%
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%
Emergency Medical Services Corporation (“EMSC”)	12%	82%	12%	82%
Res-Care, Inc. (“ResCare”)	6%	(a)	6%	(a)
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%	(a)	15%	(a)
Carestream Health, Inc. (“Carestream Health”)	38%	100%	38%	100%
Hawker Beechcraft Corporation (“Hawker Beechcraft”)	19%	(a)	19%	(a)
RSI Home Products, Inc. (“RSI”)	20%	50% <sup>(a)</sup>	20%	50% <sup>(a)</sup>
Tube City IMS Corporation (“Tube City IMS”)	36%	100%	36%	100%
<i>Investments made through Onex, Onex Partners I and Onex Partners II</i>				
Husky International 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%	15%	71%
<i>Other investments</i>				
ONCAP II L.P. (“ONCAP II”)	44%	100%	44%	100%
Onex Real Estate Partners (“Onex Real Estate”)	86%	100%	86%	100%

(a) Onex exerts significant influence over these equity-accounted investments through its right to appoint members to the Board of Directors 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) to the audited annual consolidated financial statements.

**SIGNIFICANT ACCOUNTING POLICIES**

The Company prepares its consolidated financial statements in accordance with Canadian GAAP. The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction

with the audited annual consolidated financial statements for the year ended December 31, 2009. Certain amounts presented in the comparative periods have been reclassified to conform to the presentation adopted in the current period.

The unaudited interim consolidated financial statements are based on accounting principles consistent with those used and described in the audited annual consolidated financial statements.

**2. ACQUISITIONS**

During the first quarter of 2010, the following acquisitions were completed either directly by Onex or through subsidiaries of Onex. Details of the acquisitions are as follows:

	Flushing <sup>(a)</sup>	Other <sup>(b)</sup>	Total
Cash	\$ 24	\$ -	\$ 24
Other current assets	-	1	1
Intangible assets with limited life	-	5	5
Goodwill	-	7	7
Property, plant and equipment and other long-term assets	505	2	507
	529	15	544
Current liabilities	(29)	(2)	(31)
Long-term liabilities	(491)	(1)	(492)
	9	12	21
Non-controlling interests in net assets	-	-	-
Interest in net assets acquired	\$ 9	\$ 12	\$ 21

**a)** In the first quarter of 2010, a subsidiary of Onex became the managing partner of the Flushing Town Center joint venture, a mixed-use development located just outside Manhattan in New York City. As a result, it began consolidating its interest in the first quarter of 2010. Previously, Onex accounted for its interest in Flushing Town Center using the equity method. Flushing Town Center's long-term debt, which is described in note 3, is without recourse to Onex. The development is being constructed in two phases and will consist of approximately 800,000 square feet of retail space, a 2,500 space parking structure and approximately 1,100 condominium units. At March 31, 2010, Onex and Onex Real Estate had invested \$89, of which Onex' share was \$77.

**b)** Other includes acquisitions made by Caliber Collision Centers, EMSC and Celestica.

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

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2009 audited annual consolidated financial statements.

#### a) Celestica

During the first quarter of 2010, Celestica redeemed all of its outstanding 7.625% Senior Subordinated Notes due 2013. Celestica paid US\$232 to redeem notes with a principal amount of US\$223. As a result of redeeming the notes Celestica recognized a charge of US\$9, which is included in interest expense in the unaudited interim consolidated statement of earnings.

#### b) Sitel Worldwide

In March 2010, Sitel Worldwide issued US\$300 in aggregate principal amount of new senior notes due December 2018. The notes bear interest at an annual rate of 11.5% with no principal payments due until maturity. Proceeds were primarily used to repay a portion of the indebtedness outstanding under the senior secured credit facility. In conjunction with this repayment, the debt covenants of the senior secured credit facility were amended to reduce the minimum adjusted EBITDA to interest ratio requirement and to change the total debt to adjusted EBITDA covenant to a senior secured debt to adjusted EBITDA covenant. The amended senior secured credit facility also contains certain customary affirmative and negative covenants.

#### c) Tropicana Las Vegas

In March 2010, Tropicana Las Vegas entered into a new credit agreement. The new agreement consists of a US\$50 revolving credit facility and a delayed draw US\$10 term loan. The revolving credit facility and term loan bear interest at a fixed annual rate of 4.00% and 6.00%, respectively, and mature in March 2014. The proceeds from the revolving credit facility, when drawn, will be used to finance current ongoing capital improvement projects and other general corporate purposes. The proceeds from the term loan, when drawn, will be used to finance the completion of the capital improvement project. At March 31, 2010, no amounts were outstanding under the revolving credit facility or the term loan. Substantially all of Tropicana Las Vegas' assets are pledged as security under the agreement.

#### d) Flushing Town Center

In the first quarter of 2010, Onex began consolidating Flushing Town Center, as described in note 2. As a result, at March 31, 2010, Onex' consolidated long-term debt includes the long-term debt of Flushing Town Center. Flushing Town Center's long-term debt consists primarily of a senior construction loan and a mezzanine loan, both of which are without recourse to Onex.

The senior construction loan consists of two mortgage loan agreements that provide an aggregate maximum loan of US\$510 for the construction project. The senior construction loan requires monthly payments of interest at a rate of LIBOR plus 1.55%, with the principal due at maturity in April 2011. At March 31, 2010, US\$419 was outstanding on the senior construction loan. In addition, letters of credit of US\$37 were outstanding, which reduce the amount available to be drawn under the senior construction loan. The senior construction loan is secured by mortgages on the Flushing Town Center project.

The mezzanine loan is subordinate to the senior construction loan and bears interest at LIBOR plus 3.65%. The mezzanine loan requires monthly payments of interest, with the principal due at maturity in April 2011. At March 31, 2010, US\$38 was outstanding on the mezzanine loan, with no further amounts available to be drawn under the mezzanine loan.

The senior construction loan and mezzanine loan agreements contain certain financial and operational restrictive covenants that must be met by Flushing Town Center.

In conjunction with the loan agreements, Flushing Town Center entered into an interest rate swap agreement that fixes LIBOR at 4.81% on a notional amount of US\$200, through to January 2011.

### 4. SHARE CAPITAL

a) At March 31, 2010, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2009 – 100,000), 120,218,778 Subordinate Voting Shares (December 31, 2009 – 120,317,445) and 176,078 Series 1 Senior Preferred Shares (December 31, 2009 – 176,078). 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.

b) During the first quarter of 2010, under the Dividend Reinvestment Plan, the Company issued 633 Subordinate Voting Shares (2009 – 704) at a total value of less than \$1 (2009 – less than \$1). In the first quarter of both 2010 and 2009, no Subordinate Voting Shares were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2010 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 9.1 million shares.

The Company repurchased and cancelled 99,300 Subordinate Voting Shares at a cash cost of \$2 under its Normal Course Issuer Bid during the first three months of 2010. The excess of the purchase cost of these shares over the average paid-in amount was \$2, which was charged to retained earnings. In the first quarter of 2009, the Company did not purchase any shares under its Normal Course Issuer Bid.

c) During the first three months of 2010, the total cash consideration paid on 98,000 options (2009 – nil) surrendered was \$1 (2009 – nil). 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 Onex' Stock Option Plan, as described in note 15 to the December 31, 2009 audited annual consolidated financial statements. In addition, 450 options (2009 – nil) expired during the first three months of 2010. At March 31, 2010, the Company had 13,351,600 options (December 31, 2009 – 13,450,050) outstanding to acquire Subordinate Voting Shares, of which 11,393,617 were vested, and of those, 10,956,450 options were exercisable.

d) Certain directors have chosen to receive their directors' fees in Deferred Share Units ("DSUs") in lieu of cash. At March 31, 2010, there were 335,162 director DSUs outstanding (December 31, 2009 – 369,019). In the first quarter of 2010, there were 38,705 DSUs redeemed at a total cash cost of \$1.

Certain members of Onex management have chosen to apply a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. At March 31, 2010, there were 393,151 Management DSUs outstanding (December 31, 2009 – 272,880). In January 2010, 119,967 DSUs were issued to certain members of Onex management in lieu of a portion of cash compensation for the 2009 fiscal year. The Company has entered into forward agreements with a counterparty financial institution to hedge the Company's exposure to changes in the market value of Onex' subordinate voting shares associated with

the Management DSUs, as described in note 1 to the December 31, 2009 audited annual consolidated financial statements.

## 5. EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS

Three months ended March 31	2010	2009
Allison Transmission	\$ 7	\$ (40)
Hawker Beechcraft	(32)	43
Other	2	7
	\$ (23)	\$ 10

## 6. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Three months ended March 31	2010	2009
Carestream Health	\$ 8	\$ 14
Celestica	8	8
Husky	4	18
Sitel Worldwide	6	2
Other	5	2
	\$ 31	\$ 44

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 table below provides a summary of acquisition, restructuring and other expenses 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 first initiated.

Years prior to 2009	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
Total estimated expected costs	\$ 833	\$ 259	\$ 56	\$ 398	\$ 1,546 <sup>(a)</sup>
Cumulative costs expensed to date	\$ 791	\$ 228	\$ 55	\$ 398	\$ 1,472 <sup>(b)</sup>
Expense for the period ended					
March 31, 2010	\$ 7	\$ 2	\$ 8	\$ –	\$ 17
Reconciliation of accrued liability					
Closing balance – December 31, 2009	\$ 41	\$ 29	\$ 3		\$ 73
Cash payments	(29)	(7)	(8)		(44)
Charges	7	2	8		17
Other adjustments	(3)	(1)	2		(2)
Closing balance – March 31, 2010	\$ 16	\$ 23	\$ 5		\$ 44

(a) Includes Celestica \$1,433.

(b) Includes Celestica \$1,396.

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

	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
<b>Initiated in 2009</b>					
Total estimated expected costs	\$ 12	\$ 13	\$ 9	\$ -	\$ 34 <sup>(a)</sup>
Cumulative costs expensed to date	\$ 12	\$ 12	\$ 6	\$ -	\$ 30 <sup>(b)</sup>
Expense for the period ended					
March 31, 2010	\$ -	\$ 1	\$ 3	\$ -	\$ 4
Reconciliation of accrued liability					
Closing balance – December 31, 2009	\$ 11	\$ 4	\$ 5		\$ 20
Cash payments	(4)	-	(2)		(6)
Charges	-	1	3		4
Other adjustments	1	-	(2)		(1)
Closing balance – March 31, 2010	\$ 8	\$ 5	\$ 4		\$ 17

(a) Includes Sitel Worldwide \$15.

(b) Includes Sitel Worldwide \$15.

	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
<b>Initiated in 2010</b>					
Total estimated expected costs	\$ 17	\$ 5	\$ 4	\$ -	\$ 26 <sup>(a)</sup>
Cumulative costs expensed to date	\$ 8	\$ 1	\$ 2	\$ -	\$ 11 <sup>(b)</sup>
Expense for the period ended					
March 31, 2010	\$ 8	\$ -	\$ 2	\$ -	\$ 10
Reconciliation of accrued liability					
Cash payments	\$ (3)	\$ -	\$ (2)		\$ (5)
Charges	8	-	2		10
Closing balance – March 31, 2010	\$ 5	\$ -	\$ -		\$ 5

(a) Includes Sitel Worldwide \$20.

(b) Includes Sitel Worldwide \$5.

	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Costs and Other	Non-cash Charges	Total
<b>Total</b>					
Total estimated expected costs	\$ 862	\$ 277	\$ 69	\$ 398	\$ 1,606
Cumulative costs expensed to date	\$ 811	\$ 241	\$ 63	\$ 398	\$ 1,513
Expense for the period ended					
March 31, 2010	\$ 15	\$ 3	\$ 13	\$ -	\$ 31
Reconciliation of accrued liability					
Closing balance – December 31, 2009	\$ 52	\$ 33	\$ 8		\$ 93
Cash payments	(36)	(7)	(12)		(55)
Charges	15	3	13		31
Other adjustments	(2)	(1)	-		(3)
Closing balance – March 31, 2010	\$ 29	\$ 28	\$ 9		\$ 66

## 7. NET EARNINGS (LOSS) PER SUBORDINATE VOTING SHARE

The weighted average number of Subordinate Voting Shares for the purpose of the earnings (loss) per share calculations was as follows:

Three months ended March 31	2010	2009
Weighted average number of shares outstanding <i>(in millions)</i>		
Basic	120	122
Diluted	120	122

## 8. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

Three months ended March 31	2010	2009
Interest	\$ 136	\$ 189
Taxes	\$ 3	\$ 28

## 9. PENSION

The following expense (income) has been recorded related to defined benefit pension plans at certain of the operating companies:

Three months ended March 31	2010	2009
Defined benefit expense (income)	\$ -	\$ 7

## 10. SUBSEQUENT EVENTS

Certain operating companies have entered 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 these planned transactions, if completed, on the consolidated financial position of Onex is not known at this time.

a) In April 2010, Onex entered into the 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 \$8 in cash for tax losses of \$70. The entire \$8 will be recorded as a gain in the second quarter. 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. The Audit and Corporate Governance Committee, all the members of which are independent directors, unanimously approved the transaction.

b) In March 2010, Oncap II offered to acquire the issued and outstanding common shares of Sport Supply Group, Inc. ("Sport Supply Group") in a transaction valued at approximately US\$200. Under the agreement, Sport Supply Group's shareholders and certain members of management holding 19.6% of the issued and outstanding shares, on a fully diluted basis, have agreed to roll over their shares and certain stock options into equity or options to purchase equity of the new entity. The transaction is subject to customary closing conditions including approval of the transaction by a majority of the common shareholders of Sport Supply Group. The transaction is expected to close in June or July of 2010.

c) In April 2010, EMSC completed the financing of new senior secured credit facilities consisting of a US\$425 term loan and a US\$150 revolving facility. The term loan bears interest at LIBOR plus a margin of 3.00%, and requires quarterly principal repayments until maturity in 2015. The revolving facility bears interest at LIBOR plus a margin of 3.00%, and is repayable at maturity in 2015. The senior secured credit facilities can be expanded and the interest rate margins stepped down to 2.75% upon achieving certain leverage ratios. Substantially all of EMSC's assets are pledged as collateral under the new senior secured credit facilities.

The proceeds from the new facilities were used to repay the US\$200 term loan and will be used to redeem its senior subordinated notes with an outstanding balance of US\$250.

d) In April 2010, Onex, Onex Partners III and Onex management invested an additional US\$45 in preferred shares of Tropicana Las Vegas, of which Onex' share was US\$10. The preferred shares have similar terms to the 2009 preferred share offering and accrue dividends at an annual rate of 12.5%, and are convertible into common shares of Tropicana Las Vegas at a fixed ratio including accrued and unpaid dividends. After giving effect to the additional investment, Onex, Onex Partners III and Onex management's ownership on an as-converted basis was 73%, of which Onex' share was 16%.

e) In April 2010, Skilled Healthcare entered into a new US\$330 term loan and US\$100 revolving credit facility. The term loan bears interest at LIBOR (subject to a floor of 1.50%) plus a margin of 3.75%, and requires quarterly principal repayments of US\$1 until maturity in 2016. The term loan can be increased by an additional US\$30 until December 2010 to fund potential acquisitions. The revolving credit facility bears interest at LIBOR (subject to a floor of 1.50%) plus a margin of 3.75%, and is repayable at maturity in 2015. No amounts were drawn on the revolving credit facility at closing. Substantially all of Skilled Healthcare's assets are pledged as collateral under the term loan and revolving credit facility.

The proceeds from the new term loan were used to repay the amounts outstanding under the former term loan and revolving facility.

## 11. INFORMATION BY INDUSTRY SEGMENT

<i>(Unaudited)</i> <i>(in millions of dollars)</i> Three months ended March 31, 2010	Electronics Manufacturing Services	Aero- structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other <sup>(a)</sup>	Consolidated Total
Revenues	\$ 1,580	\$ 1,086	\$ 1,490	\$ 324	\$ 373	\$ 490	\$ 457	\$ 5,800
Cost of sales	(1,448)	(909)	(1,104)	(148)	(239)	(451)	(270)	(4,569)
Selling, general and administrative expenses	(53)	(42)	(174)	(127)	(102)	(12)	(140)	(650)
Earnings before the undernoted items	79	135	212	49	32	27	47	581
Amortization of property, plant and equipment	(19)	(27)	(41)	(3)	(10)	(14)	(17)	(131)
Amortization of intangible assets and deferred charges	(4)	(1)	(54)	(4)	(5)	(3)	(13)	(84)
Interest expense of operating companies	(13)	(15)	(36)	(1)	(18)	(12)	(9)	(104)
Interest income	-	-	1	-	-	-	6	7
Loss from equity-accounted investments	-	-	(1)	-	-	-	(22)	(23)
Foreign exchange gain (loss)	(2)	(7)	(3)	-	2	-	(29)	(39)
Stock-based compensation expense	(9)	(3)	(2)	-	-	-	(68)	(82)
Other income (expense)	-	1	-	3	(3)	-	1	2
Acquisition, restructuring and other expenses	(8)	-	(8)	-	(6)	-	(9)	(31)
Earnings (loss) before income taxes and non-controlling interests	24	83	68	44	(8)	(2)	(113)	96
Recovery of (provision for) income taxes	3	(22)	(26)	(17)	(3)	(1)	(16)	(82)
Non-controlling interests	(25)	(57)	(38)	(19)	-	2	39	(98)
Net earnings (loss)	\$ 2	\$ 4	\$ 4	\$ 8	\$ (11)	\$ (1)	\$ (90)	\$ (84)
Total assets	\$ 2,938	\$ 4,633	\$ 5,389	\$ 5,015	\$ 727	\$ 933	\$ 5,233	\$ 24,868
Long-term debt <sup>(b)</sup>	\$ -	\$ 873	\$ 2,678	\$ 195	\$ 669	\$ 405	\$ 1,156	\$ 5,976

(a) Includes Allison Transmission, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate, Tropicana Las Vegas and the parent company.

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<i>(Unaudited)</i> <i>(in millions of dollars)</i> Three months ended March 31, 2009	Electronics Manufacturing Services	Aero- structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other <sup>(a)</sup>	Consolidated Total
Revenues	\$ 1,830	\$ 1,105	\$ 1,667	\$ 365	\$ 495	\$ 383	\$ 624	\$ 6,469
Cost of sales	(1,665)	(886)	(1,221)	(179)	(315)	(346)	(409)	(5,021)
Selling, general and administrative expenses	(75)	(60)	(201)	(141)	(134)	(15)	(144)	(770)
Earnings before the undernoted items	90	159	245	45	46	22	71	678
Amortization of property, plant and equipment	(24)	(32)	(54)	(3)	(16)	(18)	(23)	(170)
Amortization of intangible assets and deferred charges	(7)	(1)	(64)	(6)	(6)	(4)	(14)	(102)
Interest expense of operating companies	(21)	(11)	(67)	(1)	(23)	(13)	(17)	(153)
Interest income	-	3	2	-	1	-	9	15
Earnings from equity-accounted investments	-	-	5	-	-	-	5	10
Foreign exchange gains (loss)	(3)	1	(8)	-	(1)	1	15	5
Stock-based compensation recovery (expense)	(8)	(4)	(2)	-	-	-	20	6
Other income (expense)	-	1	(15)	(1)	(1)	-	(1)	(17)
Acquisition, restructuring and other expenses	(8)	-	(14)	-	(2)	-	(20)	(44)
Earnings (loss) before income taxes and non-controlling interests	19	116	28	34	(2)	(12)	45	228
Recovery of (provision for) income taxes	5	(40)	(12)	(13)	(4)	3	102	41
Non-controlling interests	(21)	(71)	(18)	(15)	-	6	19	(100)
Net earnings (loss)	\$ 3	\$ 5	\$ (2)	\$ 6	\$ (6)	\$ (3)	\$ 166	\$ 169
Total assets at December 31, 2009	\$ 3,265	\$ 4,821	\$ 5,616	\$ 5,206	\$ 745	\$ 891	\$ 4,937	\$ 25,481
Long-term debt at December 31, 2009 <sup>(b)</sup>	\$ 234	\$ 902	\$ 2,792	\$ 203	\$ 660	\$ 401	\$ 738	\$ 5,930

(a) Includes Allison Transmission, CEI, Cineplex Entertainment, Hawker Beechcraft, Husky, RSI, ONCAP II, Onex Real Estate and the parent company.

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

# SHAREHOLDER INFORMATION

## First Quarter Dividend

A dividend of \$0.0275 per Subordinate Voting Share was paid on April 30, 2010 to shareholders of record as of April 9, 2010.

## Shares

Subordinate Voting Shares of the Company are listed and traded on the Toronto Stock Exchange.

## Share Symbol

OCX

## Shareholder Dividend

### Reinvestment Plan

The Dividend Reinvestment Plan provides shareholders of record who are resident in Canada a means to reinvest cash dividends in new Subordinate Voting Shares of Onex Corporation at a market-related price and without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, CIBC Mellon Trust Company. Non-registered shareholders who wish to participate should contact their investment dealer or broker.

## Registrar and Transfer Agent

CIBC Mellon Trust Company  
P.O. Box 7010  
Adelaide Street Postal Station  
Toronto, Ontario M5C 2W9  
(416) 643-5500  
or call toll-free throughout  
Canada and the United States  
1-800-387-0825  
www.cibcmellon.ca  
or inquiries@cibcmellon.ca (e-mail)

All questions about accounts, stock certificates or dividend cheques should be directed to the Registrar and Transfer Agent.

## Electronic Communication with Shareholders

We encourage individuals to receive Onex' future shareholder communications electronically. You can submit your request online by visiting CIBC Mellon Trust Company's website [www.cibcmellon.com/electronicdelivery](http://www.cibcmellon.com/electronicdelivery) or contacting them at 1-800-387-0825.

## Investor Relations Contact

Requests for copies of this report, quarterly reports and other corporate communications should be directed to:  
Investor Relations  
Onex Corporation  
161 Bay Street  
P.O. Box 700  
Toronto, Ontario M5J 2S1  
Tel: (416) 362-7711  
E-mail: [info@onex.com](mailto:info@onex.com)

## Website:

[www.onex.com](http://www.onex.com)

## Duplicate Communication

Registered holders of Onex Corporation shares may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when shares are registered under different names and/or addresses, multiple mailings result. Shareholders who receive but do not require more than one mailing for the same ownership are requested to write to the Registrar and Transfer Agent and arrangements will be made to combine the accounts for mailing purposes.

## Shares Held in Nominee Name

To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Investor Relations at Onex.

# ONEX

ONEX PARTNERS

**ONCAP**

**ONEX**  
REAL ESTATE PARTNERS

**ONEX**  
CREDIT PARTNERS

