

# **ONEX CORPORATION**

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Annual Information Form  
for the Year Ended December 31, 2009

February 24, 2010

**ONEX**



## TABLE OF CONTENTS

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	<b>Key Definitions</b>	3
<b>ITEM 1</b>	<b>Background of Onex</b>	5
<b>ITEM 2</b>	<b>General Development of Onex</b>	
	Principal Businesses	6
	<i>Celestica</i>	6
	<i>Spirit AeroSystems</i>	7
	<i>Center for Diagnostic Imaging, Emergency Medical Services, Skilled Healthcare, Carestream Health and ResCare</i>	7
	<i>The Warranty Group</i>	9
	<i>Sitel Worldwide</i>	9
	<i>Tube City IMS</i>	10
	<i>Hawker Beechcraft</i>	10
	<i>Allison Transmission</i>	11
	<i>Husky</i>	11
	<i>RSI</i>	11
	<i>Tropicana Las Vegas</i>	12
	<i>ONCAP</i>	12
	<i>Onex Real Estate Partners</i>	13
	<i>Onex Credit Partners</i>	14
<b>ITEM 3</b>	<b>Business of Onex</b>	
	Overview	16
	Electronics Manufacturing Services Segment	19
	Aerostructures Segment	23
	Healthcare Segment	29
	Financial Services Segment	44
	Customer Support Services Segment	49
	Metal Services Segment	54
	Aircraft & Aftermarket Business	58
	Commercial Vehicles Business	61
	Injection Molding Business	64
	Building Products Business	70
	Gaming Business	72
	Mid-Capitalization Business	75
	Real Estate Business	81
	Credit Securities Business	83
	Prior Businesses	84
<b>ITEM 4</b>	<b>Selected Consolidated Financial Information</b>	
	Financial Information	87
	Quarterly Information	88
	Dividend Policy	89
<b>ITEM 5</b>	<b>Management’s Discussion and Analysis of Results of Operations and Financial Conditions</b>	90
<b>ITEM 6</b>	<b>Capital Structure</b>	91

## **T A B L E   O F   C O N T E N T S**

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*(continued)*

<b>ITEM 7</b>	<b>Markets for the Securities of Onex</b>	93
<b>ITEM 8</b>	<b>Material Contracts</b>	95
<b>ITEM 9</b>	<b>Interests of Experts</b>	97
<b>ITEM 10</b>	<b>Directors and Officers</b>	98
<b>ITEM 11</b>	<b>Audit and Corporate Governance Committee</b>	100
<b>ITEM 12</b>	<b>Additional Information</b>	111

## KEY DEFINITIONS

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

<b>AIF</b>	This Annual Information Form for Onex dated February 24, 2010
<b>Allison Transmission</b>	Allison Transmission, Inc. and all of its subsidiaries
<b>AMR</b>	American Medical Response, Inc. and all of its subsidiaries
<b>Caliber</b>	Caliber Holdings Corporation and all of its subsidiaries
<b>Carestream Health</b>	Carestream Health, Inc. and all of its subsidiaries
<b>CDI or Center for Diagnostic Imaging</b>	Center for Diagnostic Imaging, Inc. and all of its subsidiaries
<b>Celestica</b>	Celestica Inc. and all of its subsidiaries
<b>CiCi's Pizza</b>	CiCi's Holdings, Inc. and all of its subsidiaries
<b>ClientLogic or Sitel Worldwide</b>	Sitel Worldwide Corporation and all of its subsidiaries
<b>Consolidated Financial Information</b>	The consolidated financial information in respect of Onex and its subsidiaries or investees as set out in this AIF
<b>CSI or CSI Global Education</b>	CSI Global Education Inc. and all of its subsidiaries
<b>Cypress</b>	Cypress Property and Casualty Insurance Company, all of its subsidiaries and its affiliates
<b>EmCare</b>	EmCare Holdings, Inc. and all of its subsidiaries
<b>EMSC or Emergency Medical Services</b>	Emergency Medical Services Corporation and all of its subsidiaries
<b>EnGlobe</b>	EnGlobe Corp. and all of its subsidiaries
<b>Hawker Beechcraft</b>	Hawker Beechcraft Corporation and all of its subsidiaries
<b>Husky</b>	Husky Injection Molding Systems Ltd. and all of its subsidiaries
<b>Mister Car Wash</b>	Car Wash Holdings, Inc. and all of its subsidiaries
<b>OEM</b>	Original equipment manufacturer
<b>ONCAP I</b>	ONCAP L.P. and ONCAP (Cayman) L.P.
<b>ONCAP II</b>	ONCAP II L.P., ONCAP (US) II L.P., ONCAP (US) II-A L.P. and Onex Parallel Investment (ONCAP) L.P.
<b>Onex or Company</b>	Onex Corporation
<b>Onex Credit Partners or OCP</b>	Onex Credit Holdings LLC and all of its subsidiaries
<b>Onex Partners I</b>	Onex Partners LP
<b>Onex Partners II</b>	Onex Partners II LP
<b>Onex Partners III</b>	Onex Partners III LP
<b>Onex Real Estate Partners</b>	Onex Real Estate Holdings Inc., all of its subsidiaries and its affiliates
<b>ResCare</b>	Res-Care, Inc. and all of its subsidiaries
<b>RSI</b>	RSI Home Products, Inc. and all its subsidiaries
<b>Spirit AeroSystems</b>	Spirit AeroSystems, Inc. and all of its subsidiaries
<b>Skilled Healthcare</b>	Skilled Healthcare Group, Inc. and all of its subsidiaries
<b>The Warranty Group</b>	The Warranty Group, Inc. and all of its subsidiaries
<b>Tropicana Las Vegas</b>	Tropicana Las Vegas, Inc. and all of its subsidiaries

## **KEY DEFINITIONS**

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*(continued)*

<b>Tube City IMS or TCIMS</b>	Tube City IMS Corporation and all of its subsidiaries
<b>2009 Information Circular</b>	Notice of Annual Meeting of Shareholders and Information Circular of Onex dated March 23, 2009
<b>2010 Information Circular</b>	Notice of Annual Meeting of Shareholders and Information Circular of Onex dated March 26, 2010

*All references in this AIF to dollar amounts are in Canadian dollars, unless otherwise specified.*

## **ITEM 1      Background of Onex**

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### **A Leading Private Equity Investor and Asset Manager**

Founded in 1984, Onex is one of North America's oldest and most successful private equity investors and asset managers. Onex has completed more than 260 acquisitions valued at approximately \$43 billion. Employing a disciplined, active ownership investment approach in these acquisitions, Onex has generated 3.4 times the capital it has invested and managed by earning a 29 percent compound IRR on realized and publicly traded investments.

Onex manages approximately US\$7.5 billion of third-party capital through its Onex Partners and ONCAP families of funds, as well as Onex Credit Partners. Through these Funds, Onex generates annual management fee income from third parties and is entitled to a carried interest on that third-party capital. Onex also has a real estate investment platform, Onex Real Estate Partners.

### **Incorporation and Principal Office**

Onex was incorporated under the Business Corporations Act (Ontario) on December 30, 1980 and its corporate name was changed to its present name by articles of amendment dated March 11, 1987. The business of Onex commenced in January 1984 through a related private equity company, Onex Capital Corporation. On March 13, 1987, through a series of transactions, substantially all the business interests of Onex Capital Corporation at that date were acquired by Onex.

The share provisions of Onex were established by articles of amendment dated April 16, 1987, and amended on August 5, 1993 to remove all dividend rights attaching to the Multiple Voting Shares. The articles were subsequently restated on August 13, 1993. On December 3, 1998, the articles were further amended to create Senior Preferred Shares, Series 1. A summary of the Company's share provisions can be found in the 2008 and 2009 Information Circular.

For convenience, references to "Onex" or the "Company" for any period prior to March 13, 1987 shall refer to Onex Capital Corporation and, unless the context otherwise requires, references to the "Company" include its subsidiaries.

Onex' registered and principal office is located on the 49<sup>th</sup> Floor, Brookfield Place, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.

## ITEM 2 General Development of Onex

### Business Development Highlights

This section reviews the major events in the development of the businesses that currently form Onex Corporation.

### Principal Business

The following are the principal operating companies of Onex and the percentage equity interest held:

Principal Operating Companies	Organized under the laws of	Percentage of Equity Shares	
		Directly or Indirectly Held by Onex	Percentage Voting Interest of Onex
		At December 31, 2009 <sup>(a)</sup>	At December 31, 2009
<i>Investments made through Onex</i>			
Celestica	Ontario	8%	69%
Sitel Worldwide	Delaware	66%	88%
<i>Investments made through Onex and Onex Partners I</i>			
Center for Diagnostic Imaging	Delaware	19%	100%
Emergency Medical Services	Delaware	12%	82%
ResCare	Kentucky	6%	<sup>(b)</sup>
Skilled Healthcare	Delaware	9%	89%
Spirit AeroSystems	Delaware	7%	76%
<i>Investments made through Onex, Onex Partners I and Onex Partners II</i>			
Husky	Ontario	36%	100%
The Warranty Group	Delaware	29%	100%
<i>Investments made through Onex and Onex Partners II</i>			
Allison Transmission	Delaware	15%	<sup>(b)</sup>
Carestream Health	Delaware	38%	100%
Hawker Beechcraft	Delaware	19%	<sup>(b)</sup>
RSI	Delaware	20%	50% <sup>(b)</sup>
Tube City IMS	Delaware	36%	100%
<i>Investments made through Onex and Onex Partners III</i>			
Tropicana Las Vegas	Nevada	15%	71%

(a) On a fully-diluted basis, equity ownership as at December 31, 2009 is as follows: Celestica – 7%, Sitel Worldwide – 64%, Center for Diagnostic Imaging – 16%, Emergency Medical Services – 11%, ResCare – 5%, Skilled Healthcare – 9%, Spirit AeroSystems – 6%, Allison Transmission – 14%, Carestream Health – 35%, Hawker Beechcraft – 18%, RSI – 17%, Tropicana Las Vegas – 14%, Tube City IMS – 32%, Husky – 32% and The Warranty Group – 27%.

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

### Celestica

In October 1996, Onex acquired Celestica, a global provider of electronics manufacturing services. Celestica offers a range of services and solutions to a diversified group of customers in the consumer, communications, enterprise computing, industrial, aerospace and defense, healthcare and green technology end-markets. Celestica's innovative supply chain solutions include: design, manufacturing, engineering, order fulfillment, logistics and after-market services.

Celestica has completed numerous acquisitions since its purchase by Onex, greatly expanding its customer base, service offerings and manufacturing capabilities in Asia, the Americas and Europe.

In July 1998, Celestica completed its initial public offering of shares with secondary offerings completed in March 1999, November 1999, March 2000 and May 2001. The shares are listed on the New York (NYSE: CLS) and Toronto Stock Exchanges (TSX: CLS).

### ***Spirit AeroSystems***

In June 2005, Onex' subsidiary, Mid-Western Aircraft Systems, Inc., purchased assets and assumed certain liabilities of The Boeing Company's ("Boeing") Wichita-Tulsa commercial aerostructures manufacturing operations in a transaction valued at approximately \$1.5 billion. The equity investment of \$464 million was funded by Onex, Onex Partners I and certain of its limited partners, of which Onex' initial share of the investment was approximately \$134 million for an approximate 29% ownership interest.

On July 19, 2005, Mid-Western Aircraft Systems, Inc. changed its name to Spirit AeroSystems, Inc. ("Spirit AeroSystems").

Spirit AeroSystems, headquartered in Wichita, Kansas, is the largest independent non-OEM parts designer and manufacturer of commercial aerostructures in the world, based on annual revenues, as well as the largest independent supplier of aerostructures to The Boeing Company ("Boeing"). In addition Spirit AeroSystems is one of the largest independent suppliers of aerostructures to Airbus. The company's core competencies are designing and manufacturing large-scale structural components for commercial aircraft. Spirit AeroSystems' core products include fuselage structures, nacelles (the structure that houses the engine and contains the thrust reverser), struts/pylons (structure that attaches the engine to the airplane wing) and wing components. It has leading expertise in both metal and composite materials. Spirit AeroSystems, under long-term contracts, manufactures components for Boeing's B737, B747, B767, B777 and B787 aircraft, Airbus' A320 family, A330/A340 and A380 aircraft and has won new contracts to build components for business jet platforms.

On November 21, 2006, Spirit AeroSystems Holdings, Inc. (NYSE:SPR) became a publicly traded company with an initial public offering of 63.4 million shares, of which 10.4 million shares were sold by Spirit AeroSystems and 53.0 million shares by existing stockholders, including Onex. On May 21, 2007, existing stockholders, including Onex, sold an additional 34.3 million shares. Onex, Onex Partners I and certain of its limited partners' equity and voting interests were diluted to 24% and 76%, respectively, as a result of these offerings. Onex' share of the equity and voting interests was diluted to 7% and 76%, respectively.

### ***ResCare, Center for Diagnostic Imaging, Emergency Medical Services, Skilled Healthcare and Carestream Health***

In June 2004, Onex completed a \$114 million equity investment in Res-Care, Inc. ("ResCare") for an initial 28% ownership interest in the company. ResCare is a human service company providing residential, therapeutic, job training and educational supports to people with developmental or other disabilities, to youth with special needs and to adults who are experiencing barriers to employment. The investment in ResCare was funded through Onex Partners I, with Onex' portion of that investment being about \$27 million for an approximate 7% initial ownership interest.

In early January 2005, Onex acquired Center for Diagnostic Imaging, Inc. (“CDI”) in a transaction valued at approximately \$225 million. CDI is a leading provider of diagnostic and therapeutic radiology services. The company operates 54 diagnostic imaging centres in 12 markets in the United States. CDI’s imaging services include magnetic resonance imaging (“MRI”), computed tomography (“CT”), diagnostic and therapeutic injection procedures and other procedures such as PET/CT, conventional x-ray, mammography and ultrasound. This acquisition was undertaken through Onex and Onex Partners I, which invested approximately \$88 million in the equity of the business for an approximate 84% ownership interest. Onex’ share of this investment was \$21 million for an initial 20% ownership interest.

In early February 2005, Onex purchased American Medical Response, Inc. (“AMR”) and EmCare Holdings Inc. (“EmCare”) in a transaction valued at approximately \$1 billion. The purchase of these businesses was completed through Emergency Medical Services Corporation (“EMSC”), headquartered in Greenwood Village, Colorado. This equity investment was \$266 million for an approximate 97% ownership interest. This investment was funded through Onex, Onex Partners I and certain of its limited partners, of which Onex’ initial share of that investment was approximately \$100 million for an approximate 36% ownership interest.

AMR is a leading U.S. provider of ground and fixed-wing air ambulance services. The company provides emergency response services on behalf of communities, municipalities and other local government agencies as well as non-emergency transports between healthcare facilities or from a healthcare facility to a patient’s home. AMR also provides additional services such as Medicare and Medicaid managed transportation services, contracted dispatching to public safety agencies, medical stand-by support for public events, mobile health services, and paramedic training. AMR has the broadest geographic footprint and the largest network of ambulance services in the United States, operating 4,100 vehicles in 38 states and the District of Columbia with approximately 17,300 employees.

EmCare is a leading provider of outsourced facility-based physician staffing and management services. The company principally assists its clients in the operation of their emergency departments (“EDs”), providing recruiting services, staff coordination, quality assurance, departmental accreditation, risk management, billing, record keeping, third-party reimbursement and other administrative services. EmCare provides additional facility-based physician services for hospitalist/inpatient, anesthesiology, radiology and teleradiology. EmCare has operations across the United States, with over 500 contracts in 39 states and the District of Columbia and approximately 8,200 employees and clinicians.

In December 2005, EMSC completed an initial public offering of 8.1 million shares. While Onex did not sell any shares in this offering, Onex, Onex Partners I and certain limited partners’ equity and voting interests were diluted to 77% and 97%, respectively. Onex’ share of the equity and voting interests was diluted to 29% and 97%, respectively.

In August and November 2009, public secondary offerings were closed in which a total of 18.4 million shares were sold, reducing Onex’ equity and voting interest to 12% and 82%, respectively and Onex Partners I and certain limited partners’ equity and voting interests to 32% and 82%, respectively.

Skilled Healthcare Group, Inc. (“Skilled Healthcare”), based in Orange County, California, is a holding company that owns subsidiaries, which are leading providers in the US\$100 billion long-

term care industry of integrated long-term healthcare services through its subsidiaries' skilled nursing and assisted living companies. Skilled Healthcare's operations are comprised of 78 skilled nursing facilities and 22 assisted living facilities in seven states, which are generally clustered in large urban or suburban markets. Skilled Healthcare provides a variety of ancillary services such as physical, occupational and speech therapy in Skilled Healthcare-operated facilities and unaffiliated facilities. Furthermore, Skilled Healthcare provides hospice care in the California and New Mexico markets. Skilled Healthcare also has an administrative service company that provides a full complement of administrative and consulting services that allow its facility operators and those unrelated facility operators with whom the Skilled Healthcare contracts, to better focus on delivery of healthcare services. Skilled Healthcare has one such service agreement with unrelated facility operators. Skilled Healthcare is also a member in a joint venture located in Texas that provides institutional pharmacy services, which currently serves eight of the Skilled Healthcare's SNFs and other facilities unaffiliated with Skilled Healthcare. In December 2005, Onex and Onex Partners I invested \$243 million for a 93% ownership interest in Skilled Healthcare. This investment was funded by Onex and Onex Partners I, of which Onex' initial share of that investment was \$57 million for an initial 22% ownership interest.

In May 2007, Skilled Healthcare completed an initial public offering of 8.3 million new common shares. As part of that offering, Onex and Onex Partners I sold 10.6 million shares, of which Onex' portion was 2.5 million shares. Onex and Onex Partners I's equity and voting interests were diluted to 40% and 90%, respectively. Onex' share of the equity and voting interests was diluted to 9% and 90%, respectively.

In late April 2007, Onex completed the \$2.6 billion acquisition of the Health Group of Eastman Kodak Company ("Kodak"). Following the purchase, the business continued operations under the new name of Carestream Health, Inc. ("Carestream Health"). Onex, Onex Partners II and management invested \$527 million in the equity of Carestream Health for a 100% ownership interest. Onex' share of the total equity was \$206 million for an initial 39% ownership interest. Carestream Health is a leading provider of medical and dental imaging products and services and healthcare information technology solutions. In September 2009, the company redeemed \$24 million of its preferred stock. Onex' share of this redemption was \$9 million.

### ***The Warranty Group***

In late November 2006, Onex acquired The Warranty Group, Inc. ("The Warranty Group") in a transaction valued at approximately US\$710 million. The Warranty Group is one of the world's largest providers of extended warranty contracts. The company operates in 35 countries and has over 2,000 employees. It underwrites and administers extended warranties on a wide variety of consumer goods, including automobiles, consumer electronics and major home appliances. The Warranty Group also provides consumer credit and other specialty insurance products in connection with consumer loans. This acquisition was completed through Onex, Onex Partners I and Onex Partners II, which collectively invested approximately \$568 million in the equity of the business for an initial 98% ownership interest. Onex' share of this investment was \$179 million for an approximate 31% initial ownership interest. In June 2007, a \$12 million purchase price adjustment was received by Onex, Onex Partners I and Onex Partners II, of which Onex' share was \$4 million.

***Sitel Worldwide***

On February 1, 2007, ClientLogic Corporation (“ClientLogic”) changed its name to Sitel Worldwide Corporation (“Sitel Worldwide”) following the January 2007 acquisition of Sitel Corporation. Sitel Worldwide is one of the world’s largest and most diversified providers of customer care outsourcing services. Sitel Worldwide serves over 300 clients covering a broad range of end-markets including wireless telecommunications, technology, financial services, retail and customer products, media and entertainment, energy and utilities, travel and tourism, insurance and healthcare. Sitel Worldwide’s global and flexible operating platform is one of the industry’s most geographically diverse, with services delivered in 36 languages through its network of 126 customer care centers in 27 countries covering North America, Central America, South America, Europe, Africa and the Asia Pacific region.

Onex formed ClientLogic Corporation in September 1998, following the purchase of North Direct Response, Inc. and SOFTBANK Services Group. Onex’ initial investment in ClientLogic was \$82 million for an 83% ownership interest.

ClientLogic has completed several add-on acquisitions from January 1999 to December 2008. As part of the funding of those acquisitions, Onex had invested \$136 million.

In August 2000, ClientLogic completed a \$149 million equity offering, of which Onex invested an additional \$34 million and the balance was from a large Canadian pension fund.

In January 2007, ClientLogic acquired 100% of the issued and outstanding voting stock of SITEL Corporation (NYSE:SWW), a global provider of outsourced customer support services. The aggregate purchase price was US\$4.25 per outstanding share or approximately US\$450 million in cash, funded through Sitel Worldwide’s new credit facility.

During 2008, Onex invested \$55 million in preferred shares of Sitel Worldwide. Onex currently has a 66% ownership interest in Sitel Worldwide.

***Tube City IMS***

In late January 2007, Onex acquired Tube City IMS Corporation (“Tube City IMS”) in a transaction valued at approximately \$730 million. This transaction was funded by Onex, Onex Partners II and management, with an equity investment of \$257 million for a 100% ownership interest. Onex’ share of the equity investment was \$92 million for an initial 36% ownership interest. Tube City IMS is a leading provider of outsourced services to steel mills. The company, which provides services at 75 mill sites throughout the United States, Canada, Europe and Latin America through its Raw Materials and Optimization Group and Mill Services Group, provides raw materials procurement, raw materials optimization, scrap and materials management, surface conditioning and slag processing services.

During the fourth quarter of 2008 and early 2009, Onex, Onex Partners II and management made an additional investment of US\$50 million in Tube City IMS. Tube City IMS will use the funds for capital expenditures, including capital expenditures at new facilities required pursuant to new customer contracts.

***Hawker Beechcraft***

In late March 2007, Onex, in partnership with Goldman Sachs Capital Partners, acquired Raytheon Aircraft Company in a transaction valued at \$3.8 billion. The acquired business was renamed and operates as Hawker Beechcraft Corporation. (“Hawker Beechcraft”). The total initial equity invested by Onex, Onex Partners II and Onex management was \$605 million for a 49% ownership interest, of which Onex’ share was \$238 million for an initial 20% ownership interest. Hawker Beechcraft is a leading manufacturer of business jet, turboprop and piston aircraft through its Hawker and Beechcraft brands.

In July 2007, Onex, Onex Partners II and Onex management received a \$41 million distribution from Hawker Beechcraft resulting from a purchase price adjustment under the purchase agreement. As a result of this adjustment, the total equity investment in Hawker Beechcraft by Onex, Onex Partners II and Onex management was reduced to \$564 million. Onex’ share of this investment was reduced by \$15 million to \$223 million and Onex’ ownership interest in Hawker Beechcraft remained unchanged from the initial 20%.

***Allison Transmission***

In August 2007, Onex, Onex Partners II and certain limited partners, in partnership with The Carlyle Group, acquired Allison Transmission, Inc. (“Allison Transmission”) from General Motors Corporation in a transaction valued at \$5.9 billion. Onex Partners II and The Carlyle Group equally split the total equity investment of \$1.6 billion (US\$1.5 billion). Onex, Onex Partners II, certain limited partners and management invested approximately \$805 million for an initial 50% economic ownership interest. Onex’ portion of that investment was \$250 million for an initial 16% economic ownership interest and 49% voting interest. Allison Transmission is a world leader in the design and manufacture of automatic transmissions for commercial vehicles, including on-highway trucks and buses, off-highway and military vehicles.

***Husky***

In early December 2007, Onex acquired Husky Injection Molding Systems Ltd. and its subsidiaries in a transaction valued at \$960 million. This transaction was completed through 2151000 Ontario Inc. (as the indirect parent of Husky Injection Molding Systems Ltd., collectively “Husky”) and Onex, Onex Partners I, Onex Partners II and Onex management, with an investment of \$633 million for an initial 100% ownership interest. Onex’ share of that investment was \$226 million for an initial 36% ownership interest. On November 20, 2009, 2151000 Ontario Inc. changed its name to Husky International Ltd.

Husky is a leading global provider of injection molding systems and services, serving customers in more than 100 countries through its service and sales network. Husky’s broad product lines offer its customers the ability to manufacture a wide range of plastic products, such as PET packaging, which is primarily used for food, beverage and other containers, packaging closures, medical applications and components for consumer electronics. Husky’s primary manufacturing facilities are located in Canada, China, the United States and Luxembourg.

***RSI Home Products***

In early October 2008, Onex, Onex Partners II and Onex management invested \$338 million to acquire a 50% ownership interest in RSI Home Products, Inc. (“RSI”) from the company’s founder, CEO and other existing shareholders. Onex’ share of this investment was \$133 million for an approximate 20% ownership interest. Onex, Onex Partners II and Onex management invested in a convertible preferred security that, in a downside scenario, provides for a priority return of capital and a 10% compound annual return, but otherwise participates equally with the common shareholders. RSI is a leading manufacturer of kitchen, bathroom, and home organization cabinetry sold through home centre retailers, independent kitchen and bath dealers, and other distributors.

***Tropicana Las Vegas***

Tropicana Las Vegas is one of the most storied casinos in Las Vegas located at the corner of Tropicana Avenue and The Strip, with over 1,700 hotel rooms and 50,000 square feet of casino space.

In May 2008, Tropicana Entertainment, LLC and its Las Vegas subsidiaries (collectively, “Tropicana”) filed for relief under Chapter 11 of the U.S. Bankruptcy Code. While in bankruptcy, Onex and Onex Partners III, through a special purpose entity, acquired a majority interest in the company’s US\$440 million term loan secured against Tropicana Las Vegas, its Las Vegas property. Onex worked with Tropicana’s management and bankruptcy advisors as well as the other debt holders on a restructuring plan that provided for the debt holders to gain control of the Las Vegas property upon emergence from bankruptcy.

On May 5, 2009, the U.S. Bankruptcy Court confirmed the company’s plan of reorganization, and on July 1, 2009, the newly restructured company, now operating as Tropicana Las Vegas, Inc., emerged from bankruptcy with no debt. The plan converted all the debt of the secured creditors, including Onex, Onex Partners III and the other holders of the US\$440 million term loan, into 100% of the equity in the Las Vegas property. The plan named Alex Yemenidjian, Onex’ operating partner in this investment, CEO and Chairman of the new company and appointed a five-member board of directors, including Mr. Yemenidjian, Tim Duncanson of Onex, two independent directors appointed by Onex and one independent director appointed by the other debt holders. Onex and Onex Partners III converted their debt for an initial 59% equity interest in the company of which Onex’ share was an initial 13% equity interest in the company.

On August 18, 2009, the company raised US\$75 million of additional capital through a rights offering, which was subscribed for as part of the reorganization plan. Onex backstopped this offering and as a result increased its ownership. Onex, Onex Partners III and Onex management’s investment in the new company, Tropicana Las Vegas, Inc. at December 31, 2009 was US\$205 million for a 71% ownership interest. This includes Mr. Yemenidjian’s 3% ownership interest. Onex’ portion of this investment was US\$45 million, which represents a 15% ownership interest.

In January 2010, the company initiated a second rights offering for up to US\$75 million of additional capital. While not yet finalized, Onex and Onex Partners III expect to contribute their prorata share of the offering, plus additional amounts should certain third-party investors not

participate. Of the total Onex and Onex Partners III investment, Onex would contribute its share based on its commitment level to Onex Partners III at the time of the initial Tropicana Las Vegas investment. Combined, both rights offerings amount to a potential total of US\$150 million. The amount of the second rights offering will be finalized in the first quarter of 2010.

***ONCAP***

In 2005, Onex formed ONCAP II L.P. (“ONCAP II”), a \$574 million private equity fund, of which Onex has committed approximately \$252 million. A subsidiary of Onex is the General Partner of ONCAP II.

In January 2006, ONCAP II completed the acquisition of CSI Global Education Inc. (“CSI”), the leading provider in Canada of financial education and testing services designed for the financial community. CSI provides a comprehensive range of educational solutions and custom training programs to financial institutions, financial professionals and individuals seeking to pursue a career in finance. ONCAP II invested \$25 million, of which Onex’ share was \$12 million.

In March 2006, ONCAP II made an investment in EnGlobe Corp. (“EnGlobe”), a leading environmental services company specializing in the management, treatment, reuse and disposal of organic waste and contaminated soil, with an emphasis on beneficial reuse. ONCAP II invested \$20 million in Series 1 preferred shares and convertible debentures of EnGlobe, of which Onex’ share was approximately \$9 million. In November 2006, ONCAP II made an add-on investment in EnGlobe of \$10 million, of which Onex’ share was \$4 million. In March 2008, ONCAP II made a further investment in EnGlobe of \$10 million, of which Onex’ share was \$4 million. The company used the proceeds to repay existing debt and to partially finance EnGlobe’s acquisition of Biogenie S.R.D.C. In December 2008, ONCAP II invested an additional \$18 million of equity in EnGlobe, of which Onex’ share was \$8 million.

In April 2007, ONCAP II completed its \$51 million acquisition of Car Wash Holdings, Inc. (“Mister Car Wash”), based in Tucson, Arizona. Mister Car Wash is a leading car wash operator with 64 car washes and 24 lube centres in eight regional markets throughout the western United States. Onex invested a total of \$23 million in this transaction, which included \$9 million in debt. In August and December 2008, ONCAP II invested an additional \$9 million in total in Mister Car Wash primarily relating to add-on acquisitions completed by the company. Onex invested \$4 million as part of these transactions. In July 2009, ONCAP II purchased less than \$1 million in additional debt of Mister Car Wash with cash on hand.

In June 2007, ONCAP II completed its \$54 million investment in CiCi’s Pizza, based in Coppell, Texas. CiCi’s Pizza is a franchisor of family-oriented “all you want” buffet style restaurants serving fresh pizza, pasta, salads and desserts. CiCi’s Pizza operates over 625 restaurants in 33 states serving more than 107 million guests annually. Onex invested a total of \$24 million in CiCi’s Pizza.

In October 2008, ONCAP II completed a \$67 million investment in Caliber Collision Centers, based in Irvine, California. Caliber is a leading provider of auto repair services with 68 collision centres located in Texas and Southern California. Onex invested a total of \$30 million in Caliber. In October 2009, ONCAP II invested an additional \$1 million; Onex’ share of this transaction was approximately half.

***Onex Real Estate Partners***

In January 2005, Onex established Onex Real Estate Partners, a partnership dedicated to acquiring and improving real estate assets in North America.

During 2006, Onex Real Estate Partners formed three partnerships with Camden Property Trust: Camden Norfolk Plaza, LP, Camden Jamboree, LP and Camden College Park, LP (collectively “The Camden Partnerships”). Onex Real Estate Partners is a 70% partner in the Camden Partnerships. Onex Real Estate Partners invested US\$21 million in the Camden Partnerships, of which Onex’ portion was US\$18 million. Camden Norfolk Plaza, LP is a development project consisting of a 271-unit apartment community in Houston, Texas. Camden Jamboree, LP is a development project consisting of a 290-unit apartment community in Irvine (Orange Country), California. Camden College Park, LP is a development project consisting of a 508-unit apartment community in College Park, Maryland (near Washington D.C.). During 2008, Onex Real Estate Partners invested an additional US\$3 million in the Camden Partnerships, of which Onex’ share was US\$2 million. In May 2009, the Camden Norfolk Plaza construction loan was refinanced with a US\$23 million 10-year permanent loan and a US\$9 million mezzanine loan. Onex Real Estate Partners formed a new partnership to provide US\$5 million of the US\$9 million mezzanine loan. The remainder was provided from Camden Property Trust. In August 2009, Camden Jamboree, LP restructured and extended its construction loan for a period of one year.

In December 2006, Onex Real Estate Partners formed a partnership with Cronus Capital to acquire rent-regulated housing communities in New York City. The business plan is to acquire assets and through capital investment and active property management, decrease the gap between in-place and market rents and improve the quality of the assets. Onex Real Estate Partners is a 70% partner in this partnership. Onex Real Estate Partners has invested US\$60 million in this partnership. Onex’ portion was US\$53 million. As of February 24, 2010, the partnership had completed the acquisition of 30 properties.

During 2007, Onex Real Estate Partners partnered with Muss Development to construct the Flushing Town Center project, a three million square foot development located on approximately 14 acres in Flushing, New York. The project will be developed in two phases over a five-year period and will ultimately consist of 1,074 condominium units constructed above approximately 800,000 square feet of retail space and a 2,500 space parking garage. Onex Real Estate Partners is a 50% partner in the Flushing Town Center project. As at February 24, 2010, Onex Real Estate Partners had invested US\$86 million in the Flushing Town Center project, of which Onex’ portion was US\$75 million.

During 2007, Onex initially invested US\$50 million into NY Credit Operating Partnership LP (“NY Credit”) for a 33% ownership interest. NY Credit is an externally managed specialty finance company based in New York with operations around the United States. In December 2008, Onex invested an additional US\$6 million in NY Credit. After sales to co-investors, Onex’ net investment at February 24, 2010 was US\$49 million.

In December 2007, Onex Real Estate Partners and NY Credit established a limited partnership focused on acquiring real estate credit securities at attractive valuations. The partnership invested in mezzanine debt backed by strong commercial real estate collateral. As of February 24, 2010, the limited partnership had invested US\$59 million, of which Onex’ portion was US\$12 million.

***Onex Credit Partners***

In November 2007, Onex acquired a 50% interest in GK Capital, an investment advisor that manages an event driven long/short stressed and distressed strategy with a historical track record of achieving attractive risk-adjusted returns while focusing on capital preservation. Following this acquisition, GK Capital was renamed Onex Credit Partners and launched a leveraged investment strategy in December 2007 to take advantage of the dislocation in the leveraged loan market that occurred as a result of the sub-prime and structured finance crisis. In 2009, Onex Credit Partners launched a closed-end investment fund listed on the Toronto Stock Exchange (TSX: OCS-UN). Onex Credit Partners is registered as an investment adviser with the U.S. Securities and Exchange Commission and as a portfolio manager in the Canadian provinces of Ontario, Alberta and Manitoba. Onex Credit Partners serves as a credit-investing platform focused on generating attractive risk adjusted returns during each stage of the credit cycle.

Onex made an aggregate investment of US\$80 million in 2007 in the acquisition of a 50% interest in GK Capital and in strategies managed by Onex Credit Partners. During 2008 and 2009, Onex invested an additional US\$25 million and US\$130 million, respectively in strategies managed by Onex Credit Partners. At February 24, 2010, Onex Credit Partners had approximately US\$875 million assets under management, including an additional US\$20 million invested by Onex in 2010.

## ITEM 3 Business of Onex

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### *Overview*

Onex makes private equity investments through the Onex Partners and ONCAP families of Funds. Through these Funds, which have third-party capital and Onex capital, Onex generates annual management fee income from third-party capital and is currently entitled to a carried interest on more than US\$7.5 billion of that capital. It also has Real Estate and a Credit Securities investing platforms.

Onex' businesses had 2009 annual revenues of \$32 billion, assets of \$36 billion and over 210,000 employees worldwide. These companies are in a variety of industries, including electronics services, customer support services, aircraft & aftermarket, injection molding, building products, gaming and real estate. Onex works in partnership with the management teams of our operating companies to build the value of these businesses.

Management's objective is to build substantial value for its shareholders, customers, partners and employees. Onex' compound annual return on its invested capital for all its realized, substantially realized and publicly traded businesses is 29% from inception in 1984 to December 31, 2009.

Since early 2004, Onex has completed its large-cap private equity acquisitions with funding from the Onex Partners Fund. The Onex Partners Funds collectively refer to Onex Partners I, Onex Partners II and Onex Partners III. Onex Partners I has total capital commitments of US\$1.7 billion (including Onex' commitment of US\$400 million), and was initiated in November 2003. Onex Partners II, which closed in August 2006, has total capital commitments of US\$3.5 billion (including Onex' commitment of US\$1.4 billion). Onex Partners III, which closed in December 2009, has total capital commitments of US\$4.3 billion (including Onex' commitment of US\$800 million). The Limited Partnership Agreement for Onex Partners III provides that Onex may increase or decrease its commitment in future transactions with six months advance notice to Limited Partners. Onex had a US\$1.0 billion commitment for the period from January 1, 2009 to June 30, 2009. On December 31, 2008, Onex gave notice to the investors of Onex Partners III that Onex' commitment would be decreasing to US\$500 million effective July 1, 2009. In December 2009, Onex notified the investors of Onex Partners III that it would be increasing its commitment to US\$800 million effective June 16, 2010. This commitment may be increased up to approximately US\$1.5 billion, at the option of Onex but may not be decreased.

New investments generally include a meaningful amount of third-party debt. This debt is serviced or supported by the cash flow, profitability and assets of the acquired company. All debt financing of the operating companies is without recourse to Onex, and there are no cross-guarantees of such debt between the operating companies. Management of an acquired company generally purchase equity ownership in such company at the time of the acquisition, and the vendor or outside investors may take an equity interest. The major operating companies as at February 24, 2010 are as follows:

- ***Electronics Manufacturing Services:*** Celestica is a global provider of electronics manufacturing services to original equipment manufacturers ("OEMs") in a variety of industries.
- ***Aerostructures:*** Spirit AeroSystems is the world's largest independent non-OEM designer and manufacturer of aerostructures.

- **Healthcare:** ResCare is the largest U.S. provider of residential, therapeutic, job training and educational supports services to people with disabilities and special needs. CDI is a U.S. provider of diagnostic and therapeutic radiology services. Emergency Medical Services is the leading U.S. provider of ambulance transportation services and outsourced services for hospital emergency departments, operating primarily through two businesses: AMR and EmCare. Skilled Healthcare is an organization of leading skilled nursing and assisted living facility operators in the United States. Carestream Health is a leading global provider of medical and dental imaging products and services and healthcare information technology solutions.
- **Financial Services:** The Warranty Group is the world's largest provider of extended warranty contracts.
- **Customer Support Services:** Sitel Worldwide provides world-class solutions from over 126 facilities throughout North America, Central America, South America, Europe, Africa and the Asia Pacific region.
- **Metal Services:** Tube City IMS is an outsourced services provider to steel mills. The company, which provides services at 75 steel mills throughout the U.S., Canada and Europe, through its Tube City and IMS divisions, provides raw materials procurement, scrap and materials management, and slag processing services.
- **Aircraft & Aftermarket Business:** Hawker Beechcraft is the largest privately owned designer and manufacturer of business jet, turboprop and piston aircraft.
- **Commercial Vehicles Business:** Allison Transmission is the world leader in the design and manufacturer of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles.
- **Injection Molding Business:** Husky is the leading global supplier of injection molding equipment and services to the PET plastics industry.
- **Building Products Business:** RSI is a leading manufacturer of cabinetry for the home.
- **Gaming:** Tropicana Las Vegas is one of the best-known and most storied casinos in Las Vegas.
- **Mid-Capitalization Opportunities:** ONCAP II is a private equity fund focused on acquiring and building the value of mid-capitalization companies based in North America.
- **Real Estate:** Onex Real Estate Partners is dedicated to acquiring and improving real estate assets in North America.
- **Credit Securities:** Onex Credit Partners is a partnership focused on generating attractive risk adjusted returns through the purchase of undervalued credit securities.

Revenues of Onex by industry segment for the years ended December 31, 2009 and 2008 are presented in the following table:

(\$ millions)	Year Ended December 31,	
	2009	2008
Electronics Manufacturing Services	<b>\$6,909</b>	\$8,220
Aerostructures	<b>4,641</b>	3,965
Healthcare	<b>6,590</b>	6,152
Financial Services	<b>1,359</b>	1,388
Customer Support Services	<b>1,780</b>	1,856
Metal Services	<b>1,472</b>	3,112
Other <sup>(1)</sup>	<b>2,080</b>	2,188
<b>Total Revenues</b>	<b>\$24,831</b>	\$26,881

(1) 2009 other includes revenues of CEI (up to May 2009), Husky, Tropicana Las Vegas, ONCAP II and the parent company. 2008 other includes CEI, Husky, Radian, ONCAP II and the parent company.

During 2009, Onex operated primarily in the geographical areas of North America, Europe, Asia and Oceania and other. The following table shows 2009 consolidated revenues by industry segment and geography.

	Consolidated Revenues (\$ millions)	North America	Europe	Asia and Oceania	Other
Electronics Manufacturing Services	\$6,909	41%	8%	51%	-
Aerostructures	4,641	87%	12%	1%	-
Healthcare	6,590	75%	14%	8%	3%
Financial Services	1,359	58%	32%	6%	4%
Customer Support Services	1,780	35%	44%	13%	8%
Metal Services	1,472	77%	9%	13%	1%
Other <sup>(1)</sup>	2,080	58%	13%	18%	11%
<b>Total</b>	<b>\$24,831</b>				

(1) 2009 other includes revenues of CEI (up to May 2009), Husky, Tropicana Las Vegas, ONCAP II and the parent company. 2008 other includes CEI, Husky, Radian, ONCAP II and the parent company.

The following sections set out the industry segments in which Onex has operating companies and a description of those companies. Within each description, the operating company is referred to as the “company”.

**Electronics Manufacturing Services Segment**

The Electronics Manufacturing Services (“EMS”) segment consists of the business of Celestica Inc. and its subsidiaries.

***Overview of the Business***

Celestica is a global provider of electronics manufacturing services to original equipment manufacturers (“OEMs”), with revenues of US\$6.1 billion for 2009. Celestica operates approximately 30 facilities in Asia, the Americas and Europe. The company has a global operating network and offers innovative supply chain solutions including design, manufacturing, order fulfillment, logistics and after-market services.

Since the 1990s, OEMs have shifted more of their manufacturing and supply chain activities to EMS providers in an effort to drive greater manufacturing flexibility and to improve their financial returns. In response to this shift by OEMs, the EMS industry grew and its capabilities and services evolved. The EMS industry is highly competitive with multiple global EMS providers competing for the same customers and programs. Although the industry is characterized by large revenue opportunities, operating margins are comparatively low and aggressive pricing pressure is common. Asset utilization and return-on-invested-capital are important metrics for measuring an EMS provider’s financial success.

EMS companies are exposed to a variety of customers and end-markets. Demand visibility is limited which makes revenue difficult to predict. Shorter product lifecycles inherent in technology markets, rapid shifts in technology for end products, and general economic conditions are contributing factors. In the early 2000s, a global economic downturn led to a decline in demand for many technology products. Celestica was negatively impacted by significant changes in demand from its largest customers, which led them to initiate a series of restructuring plans to rebalance their global manufacturing network, to improve capacity utilization, and to shift production to lower-cost geographies. Recent global economic conditions and uncertainty, including the global economic downturn and volatile capital markets continued to negatively impact the operations of many EMS providers, including Celestica.

***Development of the Business***

In October 1996, Onex acquired Celestica in a transaction valued at approximately US\$560 million. Onex initially invested US\$114 million for a 55% equity interest. The acquisition was financed through equity of US\$200 million, a U.S. private placement of Senior Subordinated Notes of US\$200 million and secured credit facilities. The debt of Celestica was without recourse to Onex.

***Equity Offerings***

In January 1997, the total equity of Celestica was increased to provide a pool of capital for acquisitions by Celestica. In conjunction with this, Onex increased its investment in Celestica’s equity from US\$114 million to US\$148 million. Onex’ ownership interest at that time was 42%. Other investors acquired shares from treasury during 1997, thereby diluting Onex’ ownership interest at December 31, 1997 to 41% from 42%.

On July 7, 1998, Celestica completed an initial public offering of equity resulting in net after-tax proceeds to Celestica of US\$399 million. The shares are listed on the New York Stock (NYSE: CLS) and Toronto Stock Exchanges (TSX: CLS). This transaction caused Onex' ownership interest to be reduced to 29%. Onex' ownership decreased to 27% following the issuance of additional shares for the acquisition of International Manufacturing Services, Inc. in December 1998.

Celestica completed several other public offerings, further reducing Onex' ownership from 27% to 19%, as follows:

- March 1999 - 18.4 million shares at US\$14.325 per share
- November 1999 - 16.1 million shares at US\$30.313 per share
- March 2000 - 16.6 million shares at US\$45.625 per share

Following the March 2000 transaction, Onex effectively purchased additional shares of Celestica at a market value of \$60 million, increasing its ownership from 19% to 20%.

In August 2000, Celestica issued 20-year Liquid Yield Option Notes ("LYONs") with a principal amount at maturity of US\$1.8 billion, exchangeable for Celestica subordinate voting shares. Net after-tax proceeds were US\$850 million. During 2002, Celestica began repurchasing its LYONs in the open market. By the end of 2005, Celestica had repurchased all of its outstanding LYONs with a total principal amount at maturity of US\$1.8 billion for total cash of US\$975.5 million.

In October 2009, Onex sold approximately 11 million subordinate voting shares of Celestica for \$104 million reducing its ownership interest to 8%.

### ***Principal Products/Operations***

Celestica serves OEMs across the consumer, communications, enterprise computing, industrial, aerospace and defense, healthcare and green technology industries. The products that Celestica manufactures can be found in a wide variety of end products, including smartphones; networking, wireless and telecommunications equipment; storage devices; servers; aerospace and defense electronics such as in-flight entertainment and guidance systems; healthcare products; audio visual equipment including set-top boxes and flat-panel televisions; printers and related supplies; peripherals; gaming products; and a range of industrial and green technology electronic equipment. Celestica offers innovative supply chain solutions including design, manufacturing, order fulfillment, logistics and after-market services.

Celestica employed approximately 33,000 permanent and temporary (contract) employees at December 31, 2009. The variable nature of Celestica's production flows requires its plants to employ a skilled temporary work force. This provides flexibility to quickly respond to its customer's demand, allowing them to quickly ramp production up or down to maximize efficiency. Some of Celestica's employees in China, Japan, Mexico, Singapore and Spain are represented by unions.

Celestica operates the majority of its business through full-services mega-sites, strategically located around the world. Through its Ring Strategy, Celestica strives to align a network of suppliers around each of its centres of excellence in order to increase flexibility in its supply chain and to deliver shorter overall product lead times to its customers. Celestica also operates other sites around the globe with specialized supply chain management and high-mix/low-volume manufacturing capabilities to meet the specific production and product lifecycle requirements of its customers.

Celestica has an environmental policy and is subject to federal, provincial, state, local and multi-national environmental, health and safety laws and regulations relating to the release, use, storage, treatment, transportation, discharge, disposal and redemption of contaminants, hazardous substances and wastes. The company does not expect its continued environmental compliance efforts to result in any unusual level of costs. Most of Celestica's facilities are also ISO 14001 registrants (International Standards Organization, Environmental Standards).

More complex and stringent environmental legislation continues to be imposed, including laws which place increased responsibility and requirements on the 'producers' of electronic equipment and in turn, their providers and suppliers. These laws include the European Union's Restrictions of Hazardous Substances (RoHS) legislation and Waste Electrical and Electronic Equipment (WEEE) directives, and similar restrictions in China. Celestica continuously monitors these legislative changes and through its Green Services™ offering, helps its customers comply with or prepare for these environmental changes.

Celestica holds licenses to various technologies, which were acquired in connection with prior acquisitions. The company believes they have secured access to all required technology that is material to the current conduct of its business.

During 2009, Celestica invested approximately US\$7 million in research and development (2008 – US\$8 million).

### ***Markets and Competition***

Historically, OEMs were fully integrated product development and manufacturing companies. They invested heavily in manufacturing assets and established facilities around the world to support the manufacturing, servicing and distribution of their products. Since the 1990s, the EMS market has evolved significantly. In the early stages of the electronics manufacturing services development, EMS companies acted as subcontractors and performed simple material assembly functions mainly on a consignment basis for OEMs. Significant advances in manufacturing process technology during the 1980s enabled EMS companies to transfer cost savings to the OEMs while increasing the quality of their products.

OEMs now utilize the wide range of end-to-end services and expertise offered by EMS companies on a global basis. Some OEMs have made the decision not to compete on the basis of manufacturing, electing to focus on other core competencies and to outsource significant amounts of their manufacturing and supply-chain management requirements. In addition, a number of OEMs have divested manufacturing facilities to EMS companies as part of their movement towards outsourcing. In recent years, to support the evolving needs of their OEM customers, large EMS providers have further expanded their capabilities to include services in support of their OEM customers; these services range from design and engineering services, new product introduction and supply chain management, to systems integration, fulfillment and after-market services.

With their global manufacturing networks and large, diversified customer bases, the major EMS companies generally achieved a lower-cost structure, superior technological know-how and more advanced manufacturing processes relative to most of the OEM customers they served.

The EMS industry is highly competitive. Celestica's competitors include a number of large domestic and foreign companies, such as Benchmark Electronics, Flextronics International, Hon Hai Precision Industry, Jabil Circuit and Sanmina-SCI, as well as smaller EMS companies that have a

regional, product, service or industry-specific focus. EMS companies also face competition from original design manufacturers, companies that provide internally designed products and manufacturing services to OEMs, particularly in the consumer markets for personal computer motherboards, notebook and desktop computers and cell phones.

Celestica supplies products and services to approximately 100 OEMs. Celestica’s customers are in the consumer, communications, enterprise computing, industrial, aerospace and defense, healthcare and green technology markets. The majority of Celestica’s 2009 revenue is derived from customers in the communications, enterprise computing and consumer end-markets. The consumer market was Celestica’s largest end market in 2009, representing 29% of its total revenue, with over half of that business generated by smartphones. Celestica’s largest customer was also in their consumer end market. In general, the consumer business, and smartphones in particular, is characterized by shorter product lifecycles, significant increases or decreases in program volumes based on strength in end-market demand, rapid changes in consumer preferences for these products and devices, and greater ease in shifting these products among EMS providers. Celestica’s increased exposure to this segment may make their revenue more volatile and could result in increased risk to their financial results.

Celestica depends upon a relatively small number of customers for a significant portion of its revenue. Celestica’s top ten customers accounted for 71% and 63% of revenues in 2009 and 2008, respectively. Revenue can vary from period to period as a result of seasonality of business, the level of program wins or losses from new, existing and disengaging customers, the phasing in or out of programs, variations in end-market demand for the products we manufacture, general economic conditions, price competition, and changes in the customers’ manufacturing strategies, amongst other factors.

**Properties**

The location, size and nature of the ownership of the company’s principal facilities are summarized as follows:

<b>Location</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
Ontario *	906,000	Owned/Leased
Texas *	200,000	Leased
California *	693,000	Leased
Tennessee	529,000	Leased
Mexico *	657,000	Leased
Ireland	133,000	Leased
Spain	418,000	Owned
Czech Republic	185,000	Owned
Romania	200,000	Owned
China *	1,050,000	Owned/Leased
Japan *	315,000	Owned/Leased
Thailand *	1,085,000	Owned/Leased
Malaysia *	878,000	Owned/Leased
Singapore *	309,000	Leased

\* This represents multiple facilities.

The land and facility leases above expire at various dates from 2010 through 2060.

**Aerostructures Segment**

The Aerostructures segment consists of the business of Spirit AeroSystems, Inc. and all of its subsidiaries.

***Overview of the Business***

Spirit AeroSystems, Inc. (“Spirit AeroSystems”) is the largest independent non-OEM designer and manufacturer of commercial aerostructures in the world, based on annual revenues. Spirit AeroSystems’ core products include fuselage structures, nacelles (the structure that houses the engine and contains the thrust reverser), struts/pylons (structure that attaches the engine to the airplane wing) and wing components. It has leading expertise in both metal and composite materials. The company is the largest independent supplier of aerostructures to The Boeing Company (“Boeing”). Spirit AeroSystems manufactures aerostructures for all current Boeing commercial aircraft, including the majority of the airframe content for the B737. In addition, Spirit AeroSystems is the largest content supplier on Boeing’s new, next-generation, twin-aisle 787 Dreamliner aircraft currently scheduled to enter service in late 2010.

Spirit AeroSystems conducts U.S. manufacturing operations in Wichita, Kansas, Tulsa, Oklahoma and McAlester, Oklahoma, all of which were acquired in the original acquisition. Through its 2006 acquisition of the aerostructures division of BAE Systems, Spirit AeroSystems became one of the largest independent suppliers to Airbus S.A.S. (“Airbus”), providing wing components for the A320, A330/A340 and A380 aircraft families. This business operates as Spirit AeroSystems (Europe) Ltd. (“Spirit Europe”) and its principal manufacturing facility is located in Prestwick, Scotland with supporting operations in Samlesbury, England. Spirit AeroSystems opened a new manufacturing facility in Subang, Malaysia in 2009 and expects to open another manufacturing facility in Kinston, North Carolina in 2010 that will produce components for the Airbus A350 XWB (Xtra Wide-Body) aircraft. Spirit AeroSystems is also building a component assembly plant for portions of the A350 XWB program in Saint-Nazaire, France that is expected to be operational in 2010.

***Development of the Business***

In June 2005, Onex’ subsidiary, Mid-Western Aircraft Systems, Inc. purchased assets and certain liabilities of Boeing’s commercial aerostructures manufacturing operations in Kansas and Oklahoma in a transaction valued at approximately \$1.5 billion. Onex, Onex Partners I and certain of its limited partners invested \$464 million for a 100% ownership interest. Onex’ initial share of the investment was \$134 million for a 29% ownership interest.

On July 19, 2005, Mid-Western Aircraft Systems, Inc. changed its name to Spirit AeroSystems, Inc.

On April 1, 2006, Spirit AeroSystems completed the purchase of Spirit Europe, which has operations in Prestwick, Scotland and Samlesbury, England.

On November 21, 2006, Spirit AeroSystems Holdings, Inc., the parent company of Spirit AeroSystems, became a publicly traded company with an initial public offering of 63.4 million shares, of which Spirit AeroSystems sold 10.4 million new shares and existing stockholders sold 53.0 million shares. Onex, Onex Partners I and certain of its limited partners’ equity and voting interests were diluted to 50% and 90%, respectively. Onex’ share of the equity and voting interest was diluted to 14% and 90%, respectively.

On May 21, 2007, existing stockholders, including Onex, sold an additional 34.3 million shares. Onex, Onex Partners I and certain of its limited partners' equity and voting interests were diluted to 24% and 76%, respectively, as a result of this offering. Onex' share of the equity and voting interest was diluted to 7% and 76%, respectively.

***Principal Products/Operations***

Spirit AeroSystems' expertise is in designing, engineering and manufacturing large-scale, complex aerostructures. The company maintains four manufacturing facilities in Wichita, Kansas, Tulsa and McAlester, Oklahoma and Prestwick, Scotland. The company opened a new manufacturing facility in Subang, Malaysia in 2009 and expects to open another manufacturing facility in Kinston, North Carolina in 2010. Spirit AeroSystems is also building an assembly plant for portions of the A350 XWB aircraft in Saint-Nazaire, France, which is expected to be operational in 2010. Following Onex' acquisition, Spirit AeroSystems realigned its manufacturing operations to reduce costs and improve efficiency, increased productivity, entered into new labour contracts that established wage levels in-line with the local markets, changed work rules and significantly reduced the number of job categories, resulting in greater manufacturing flexibility in work assignments.

Spirit AeroSystems' operations are organized through three principal reporting segments: (1) Fuselage Systems, which include the forward, mid and rear fuselage sections, (2) Propulsion Systems, which include nacelles, struts/pylons and engine structural components, and (3) Wing Systems, which include facilities in Tulsa and McAlester, Oklahoma, Prestwick, Scotland and Subang, Malaysia that manufacture wings, wing components, flight control surfaces and other miscellaneous structural parts. All other activities fall within the All Other segment, principally made up of sundry sales of miscellaneous services, tooling contracts and sales of natural gas through a tenancy-in-common with other Wichita companies. The business units, process centres and support organizations work together as one cohesive team with a view to maximizing performance and efficiency throughout the manufacturing process.

***Large Commercial Aircraft***

The company designs, engineers and manufactures commercial aircraft structures such as fuselages, nacelles (including thrust reversers), struts/pylons, wings and wing assemblies and flight control surfaces. Spirit AeroSystems' structural components, in particular the forward fuselage and nacelles, are among the most complex and highly engineered structural components and represent a significant percentage of the costs of each aircraft. The company is currently the sole source supplier of 96% of the products it sells to Boeing and Airbus, as measured by dollar value of products sold. The company manufactures components for Boeing's B737, B747, B767, B777 and B787 aircraft, Airbus' A320 family (A318/A319/A320/A321), A330/A340 and A380 aircraft. Sales related to the large commercial aircraft market, some of which may be used in military applications, represent approximately 98% of Spirit AeroSystems' combined revenues for the 12 months ended December 31, 2009.

In May 2008, Spirit AeroSystems announced that it had signed a contract with Airbus to design and manufacture a major composite fuselage structure for the A350 XWB (Xtra Wide-Body) program. To accommodate this and other work, Spirit AeroSystems announced plans to expand its operations with a new facility in Kinston, North Carolina. Construction of the new facility began in the fall of 2008 with operations expected to commence in 2010. Spirit AeroSystems is also building a component assembly plant for portions of the A350 XWB program in Saint-Nazaire, France that is expected to be operational in 2010.

In July 2008, Spirit Europe announced that it had signed a contract with Airbus to design and manufacture a major wing structure for the A350 XWB program. Spirit Europe will design and assemble the wing leading edge structure primarily at its facility in Prestwick, Scotland. The composite front spar will be built at the new facility in Kinston, North Carolina. The new facility in Saint-Nazaire, France will receive center fuselage frame sections from the facility in Kinston, North Carolina. Sections designed and manufactured in North Carolina will be shipped across the Atlantic, received in Saint-Nazaire, and assembled before being transported to Airbus.

#### *Business & Regional Jets*

Spirit AeroSystems manufactures products for medium to large cabin business jet aircraft including horizontal stabilizers, vertical fin spar assemblies and wing components for the Hawker 850 family of business jets. Spirit AeroSystems also designs and builds the nacelles, thrust reversers and engine build-up components for the Rolls Royce BR725 Engine powering the Gulfstream G650 business jet at its Wichita, Kansas plant with deliveries expected to begin in 2011. The Wichita facility will also design and build the pylon for the Mitsubishi Aircraft Corporation's new next-generation regional jetliner known as the Mitsubishi Regional Jet (MRJ). Its Tulsa, Oklahoma plant designs and manufactures an integrated flight-ready wing for the Gulfstream G650 business jet, as well as the wing for the Gulfstream G250 business jet.

In July 2009, Spirit AeroSystems announced it had been chosen to design and build the pylon for the Bombardier CSeries commercial jet. In addition to the pylon, the work package for both the CS100 and CS300 aircraft models includes systems, strut-to-wing hardware, and the aft fairing package.

#### *Military Equipment*

Spirit AeroSystems designs, engineers and manufactures structural components for military aircraft. Spirit AeroSystems has received security clearances, including necessary Defense Department and Department of Commerce approvals, to work on classified military-related work. The company provides a significant amount of work for the P-8A Poseidon and 737 C-40. The P-8A Poseidon and 737 C-40 are commercial aircraft modified for military use. Other military programs for which Spirit AeroSystems provides products are AWACS (E-6), E-3, KC-135, V-22 and the Sikorsky CH-53.

*Aftermarket*

Spirit AeroSystems has obtained parts manufacturing approvals from the FAA for 7,000 parts, allowing the company to sell spare parts directly to airlines and maintenance, repair and overhaul (“MRO”) organizations. In addition, all of Spirit AeroSystems’ U.S. facilities are FAA repair station certified and have full technical capability to provide MRO services. In September 2006, Spirit AeroSystems entered into a five-year distribution agreement with Aviall Services, Inc. (“Aviall”), a provider of global parts distribution and supply chain services for the aerospace industry and a wholly-owned subsidiary of Boeing. Pursuant to the agreement, Aviall will serve as a distributor of certain aftermarket products worldwide for Spirit AeroSystems. In 2009, Spirit AeroSystems announced it will commence direct international parts sales and distribution. Spirit AeroSystems’ sales and distribution network has developed and matured since its separation from Boeing in 2005 and the company is now fully capable of engaging directly with international customers.

Spirit AeroSystems also participates in a joint venture partnership called Taikoo Spirit AeroSystems Composite Co. with several major aviation companies to develop a state-of-the-art composite and metal bond component repair station in the Asia-Pacific region. The new service centre in Jinjiang, China, which opened in November 2009, provides repair services for airlines and aircraft operators across the Asia-Pacific region. In addition, Spirit AeroSystems operates an MRO station in Europe, which has received its European Aviation Safety Agency Certification. The Europe site is performing composite repairs and overhauls for customers in Europe, Africa and the Middle East. The initial scope of work for the Europe site is focused on engine nacelles and components for Boeing 737NG and 777 aircraft.

In addition, Spirit AeroSystems has signed a supply agreement with Southwest Airlines whereby it will supply thrust reverser, fuselage and wing components for Southwest’s fleet of B737 aircraft.

Spirit AeroSystems has also signed a support agreement whereby it will supply structural parts and components for Continental Airlines’ total fleet of Boeing aircraft.

***Markets and Competition***

The global aerostructures market, defined as structures, including wings, fuselage, empennage and nacelles, is estimated to be over US\$36 billion. Currently OEMs outsource approximately half of the aerostructures market to independent third parties such as Spirit AeroSystems. The original equipment aerostructures market can be divided by end market application into three market sectors: (1) commercial (including regional and business jets), (2) military and (3) modifications, upgrades, repairs and spares. While Spirit AeroSystems serves all three market sectors, the company primarily derives its current revenues from the commercial market sector. The commercial aerostructures market is the largest of the three market sectors, representing approximately 68% of the total aerostructures market.

Spirit AeroSystems has entered into life-of-platform contracts with Boeing to manufacture the same statement of work that Boeing’s Wichita, Tulsa and McAlester commercial operations produced prior to the acquisition for the B737, B747, B767 and B777 aircraft, and future derivatives of these platforms, as well as the life-of-platform contract for Boeing’s newest aircraft, the B787. Spirit AeroSystems is Boeing’s largest aerostructures supplier. Under the supply agreements with Boeing,

average unit prices vary inversely with volume. The pricing grid for aircraft other than the B787 is effective until 2013. Pricing for the B787 has been established through 2021, with decreasing unit prices over the first 500 units.

Spirit Europe also has life-of-platform contracts with Airbus to manufacture the same statement of work that the BAE Systems’ aerostructures business produced prior to its acquisition for the A320 family, A330/A340 and A380 aircraft and future derivatives of these platforms. Spirit Europe also has contracts with Boeing for fixed quantities of the pre-acquisition statement of work on the B767 and B777 platforms, and a multi-year contract with Hawker Beechcraft for the pre-acquisition statement of work on the Hawker 850 family.

Spirit AeroSystems faces competition from OEM and non-OEM aerostructures suppliers when bidding on new contracts. Its principal competitors among non-OEM aerostructures suppliers are Alenia Aeronautica, Fuji Heavy Industries, Ltd., GKN Aerospace, The Goodrich Corporation, Kawasaki Heavy Industries, Inc., Mitsubishi Heavy Industries, Saab AB, Snecma, Triumph Group, Inc., Aircelle S.A., NORDAM and Vought Aircraft Industries.

***Properties***

The location, size and nature of the ownership of the company’s principal facilities are summarized as follows:

<b>Location</b>	<b>Square Feet (in thousands)</b>	<b>Owned/Leased</b>
Wichita, Kansas	10,524	Owned
Wichita, Kansas	614	Leased
Kinston, North Carolina <sup>(1)</sup>	639	Leased
McAlester, Oklahoma	135	Owned
Tulsa, Oklahoma	1,900	Leased
Prestwick, Scotland, UK	1,062	Owned
Samlesbury, England, UK	16	Leased
Subang, Malaysia	244	Leased
Saint-Nazaire, France <sup>(1)</sup>	58	Leased
Toulouse, France	3	Leased

(1) Under construction with operations expected to commence in 2010.

Spirit AeroSystems’ physical assets consist of 14.65 million square feet of building space located on approximately 1,030 acres in eight facilities. The company provides aerostructures and parts from manufacturing facilities located in Wichita, Kansas, Tulsa and McAlester, Oklahoma, Prestwick, Scotland and Subang, Malaysia. The Wichita facilities are owned or leased through an industrial revenue bonds structure, the Tulsa facility is leased from the City of Tulsa and the Tulsa Airport Authority, and the Samlesbury facility is leased from BAE Systems, the Kinston facility is leased from The North Carolina Global TransPark Authority, the Saint-Nazaire facility is leased from Naticredibail, the Subang facility is leased from Malaysia Airports Holdings Berhad, and the McAlester and Prestwick facilities are owned.

The Malaysian manufacturing plant is located at the Malaysia International Aerospace Center (MIAC) in Subang, Malaysia. The leased facility is centrally located with easy access to Kuala Lumpur, Malaysia’s capital city as well as the sea and airports.

In May 2008, Spirit AeroSystems announced plans to expand its operations with a new facility in Kinston, North Carolina. Construction of the new facility began in the fall of 2008 with operations expected to commence in 2010.

In October 2009, Spirit AeroSystems broke ground on a new facility in Saint-Nazaire, France. The new facility will receive center fuselage frame sections for the Airbus A350XWB (Xtra Wide-Body) commercial aircraft from the facility in Kinston, North Carolina. Sections designed and manufactured in North Carolina will be shipped across the Atlantic, received in Saint-Nazaire, and assembled before being transported to Airbus. The new facility is expected to be operational in 2010.

**Healthcare Segment**

The Healthcare segment consists of the operations of Res-Care, Inc. and its subsidiaries, Center for Diagnostic Imaging, Inc. and its subsidiaries, Emergency Medical Services Corporation and its subsidiaries, Skilled Healthcare Group, Inc. and its subsidiaries and Carestream Health and its subsidiaries.

**ResCare**

In June 2004, Onex and Onex Partners I completed its \$114 million equity investment in Res-Care, Inc. (“ResCare”) for an approximate 28% ownership interest in the company. Onex’ share of this investment was \$27 million for an initial 7% interest in ResCare. ResCare provides residential, therapeutic, job training and educational support to people with developmental or other disabilities, to youth with special needs and to adults who are experiencing barriers to employment. As at February 25, 2009, Onex’ ownership in ResCare was 6%.

**Center for Diagnostic Imaging*****Overview of the Business***

Center for Diagnostic Imaging, Inc. (“CDI”) is a premier, physician-led provider of high-quality, cost-effective diagnostic and therapeutic radiology services. CDI currently operates 54 freestanding outpatient imaging centres in 12 U.S. markets concentrated primarily in the central and upper midwest, with additional markets in Florida and Washington. The majority of CDI’s centres are multi-modality, formed in partnerships with local physicians, radiologists or hospitals. CDI provides a range of imaging procedures for all parts of the human anatomy with subspecialty concentrations in six key areas: musculoskeletal, spine, head and neck, body, cardiovascular, and diagnostic and therapeutic injections (“DTI”).

***Development of the Business***

In January 2005, Onex acquired CDI in a transaction valued at approximately \$225 million. Onex’ and Onex Partners I’s investment was \$88 million for an approximate 84% ownership interest in CDI. Onex’ share of this investment was \$21 million for an approximate initial 20% ownership interest in the company.

***Principal Products/Operations***

Nearly all of CDI’s centres offer a full range of imaging technology, including Magnetic Resonance Imaging (MRI), Computed Tomography (CT), DTI (image-guided diagnostic and therapeutic injections), Positron Emission Tomography (PET), Positron Emission Tomography combined with CT (PET/CT), ultrasound, nuclear medicine, mammography, fluoroscopy and x-ray. This full range of technology assists CDI with offering targeted product and service lines to more than 48 different types of referring physicians.

CDI provides imaging services to patients via referring physicians and imaging partnerships and collaboration with hospitals, physicians and radiologists.

*Imaging Services*

CDI's product lines and procedures are organized in market-oriented, radiologist-championed clinical service lines:

*Musculoskeletal:* Focused on primary care, orthopedics, orthopedic surgery and sports medicine.

*Neuroradiology:* Targeted to neurology, neuroscience, neurological surgery, ENT and primary care, these products and services include anatomical as well as functional imaging.

*Diagnostic and Therapeutic Injections (DTI):* Targeted to primary care, orthopedics/surgery, spine practices/surgery, sports medicine and chiropractics.

*Body/Oncology:* CDI's abdominal imaging services are focused on primary care, ob/gyn, internal medicine, oncology, urology, pulmonology, and other physician specialties associated with organs and systems. In oncology, the emerging applications of Positron Emission Tomography (PET) and PET combined with Computed Tomography (PET/CT) continue to prove clinically valuable in the diagnosis, staging, restaging and treatment planning of various cancers.

*Spine:* Targets primary care, spine practices/surgery, orthopedics/surgery, sports medicine and chiropractics.

*Cardiovascular:* Primary care and invasive cardiology are the primary targets for CDI's non-invasive cardiovascular imaging services, including mobile nuclear medicine, mobile echo and Heart CT.

CDI's diverse clinical service and product lines serve a broad range of referring physicians, protecting the company from significant loss of business from too narrow a market segment and positioning the organization for continued strategic growth locally and nationally.

CDI sees partnerships as a critical aspect of its continued same-market and new-market growth plans. CDI offers partnership models for three primary audiences: physician groups, radiologists and hospitals.

**Markets and Competition**

Geographically, CDI's business is currently concentrated in the central and upper midwest areas of the United States, with additional markets in central Florida and Washington State. CDI maintains an industry and market-leading position due to its ongoing commitment to high-quality, cost-effective subspecialized diagnostic imaging and DTI services.

The business of diagnostic imaging is highly fragmented, locally focused and competitive. In addition to competition from other national and local radiology groups and traditional hospital radiology practices, CDI faces increasing competition from physician groups performing diagnostic imaging services in-house.

CDI has been successful in achieving continued growth via a number of strategies with specific market segments in the geographic areas in which it operates. CDI focuses on the following key areas of competency in growing revenues and differentiating from the competition:

- *Partnership facilitation and management:* New centre/new market growth via well researched, locally-focused, collaborative, physician-centric partnerships with hospitals, physician groups and radiologists;
- *Market development:* Same-centre and new-centre growth via clinical service line/product line development, alliances/partnerships, clinical communications/education, and account management;
- *The CDI Institute:* Subspecialty-oriented physician recruitment, collaboration and development via robust peer review, CQI, research opportunities, payer relationship development, and legislative relations;
- *State-of-the-art information technology:* Efficiency, productivity and market differentiation via a sophisticated, filmless/paperless, and fully integrated schedule-to-delivery system and physician access to online reports and images, advanced equipment and applications; and
- *Culture of excellence:* Market differentiation, associate retention and industry leadership via the “CDI Experience,” including robust safety, compliance, Health Insurance Portability Accountability Act (“HIPAA”) and customer service initiatives, as well as associate development, training and recognition.

### ***Properties***

The location, size and nature of CDI’s facilities are summarized as follows:

<b>Location (Centres)</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
Minnesota (18)	113,931	Leased
Wisconsin (4)	23,216	Leased
Florida (5)	13,983	Leased
Washington (8)	42,456	Leased
Indiana (7)	38,387	Leased
Missouri (7)	31,027	Leased
Illinois (2)	7,564	Leased
Kansas / Other (2)	4,121	Leased
Ohio (1)	4,200	Leased

### **Emergency Medical Services Corporation**

Emergency Medical Services Corporation (“EMSC”) operates primarily through two businesses: American Medical Response, Inc. (“AMR”) and EmCare Holdings Inc. (“EmCare”) and their respective subsidiaries.

***Overview of the Business***

AMR provides emergency 911 transportation services, primarily under contracts with communities and other local governmental agencies. These services generally require AMR to respond to 911 calls in the designated area within a specified response time determined by the communities. AMR's business also includes non-emergency transportation services for patients requiring varying degrees of medical care between healthcare facilities or between healthcare facilities and their homes. The remainder of AMR's revenue is generated from a national contract with the Federal Emergency Management Agency, fixed-wing air ambulance services, Medicare and Medicaid managed transportation services, and the provision of training, dispatch, and other services to communities and public safety agencies.

Through EmCare, EMSC provides outsourced facility-based physician services for emergency departments, hospitalist/inpatient services, anesthesiology, radiology and teleradiology. Generally, EmCare is responsible for recruiting, evaluating credentials and scheduling qualified physicians to staff the various departments of the contracting healthcare facility.

***Development of the Business***

In early February 2005, Onex purchased AMR and EmCare in a transaction valued at approximately \$1 billion. The purchase of these businesses was completed through Emergency Medical Services Corporation. Onex, Onex Partners I and certain of its limited partners invested \$266 million for a 97% ownership interest. Onex' initial share of that investment was \$100 million for an initial 36% ownership interest.

In December 2005, EMSC completed an initial public offering of 8.1 million shares. While Onex did not sell any shares in this offering, Onex' and Onex Partners I's equity and voting interests were diluted to 77% and 97%, respectively. Onex' share of the equity and voting interests was diluted to 29% and 97%, respectively.

In August and November 2009, public secondary offerings were closed in which a total of 18.4 million shares were sold, reducing Onex' equity and voting interest to 12% and 82%, respectively and Onex Partners I and certain limited partners' equity and voting interests to 32% and 82%, respectively.

***Principal Products/Operations***

EMSC provides emergency healthcare services to communities, government agencies, private insurers and healthcare facilities, including hospitals. EMSC operates in the following two segments based on the services provided to its customers:

*Medical Transportation Services*

EMSC provides emergency and non-emergency transport services through its wholly owned subsidiary, AMR. AMR provides most of its emergency ambulance response services pursuant to contracts with counties, fire districts and municipalities. These contracts typically appoint AMR as the exclusive provider of emergency ambulance services in a designated service area and require AMR to respond to every emergency medical call within that area. Contracts are typically three to five years in length and are generally obtained through a competitive bid process. In some instances where AMR is the existing provider, communities elect to renegotiate existing contracts rather than initiate a new bidding process. Exclusive supplier status agreements are linked to service level measurements regarding response times and performance. Most municipalities also govern set rates that may be charged for the ambulance services. Non-emergency transport services are generally provided through preferred provider contracts with hospitals and other healthcare facilities and organizations and are typically two years in length. Revenue from AMR's contracts with communities and healthcare providers is typically collected from invoices generated by AMR for each patient transport. In some cases, revenue is based on negotiated fees paid periodically by the community, and patients are then billed directly by the community.

*Facility-Based Physician Services*

EMSC provides facility-based physician services through its wholly owned subsidiary, EmCare. EmCare recruits and schedules physicians and support staff for emergency departments as well as radiology, anesthesiology, and hospitalist/inpatient services. EmCare is the leading recruiter of board-certified emergency medicine physicians. Their physician recruiters are trained to identify and pre-screen all candidates and recommend the right physician for each position. EmCare provides its services pursuant to contracts with hospitals and other healthcare facilities. These contracts are usually three years in length and are generally awarded on a competitive bidding basis. Depending on contractual agreements with clients, EmCare may bill the hospitals or healthcare facilities, the third-party payors, including patients, or a combination of both for services provided. In all cases the hospitals or healthcare facilities are directly responsible for billing and collecting all non-physician related services.

*Markets and Competition*

EMSC's business is highly fragmented both in its medical transport services and facility-based physician services market. The medical transportation market has more than 15,000 private, public and non-profit service providers accounting for an estimated 40 million ambulance transports in 2009. In the facility-based physician services market, there are nearly 4,900 hospitals in the United States that operate emergency departments and approximately 65% of these hospitals outsource their physician staffing and management for this department. There were more than 800 national, regional, and local providers handling over 119 million patient visits in 2006.

EMSC believes it benefits from the competitive strengths described below:

*Industry Leadership*

EMSC is a leading provider of emergency medical services in the United States. AMR's net revenue is more than twice that of its only national competitor, Rural Metro. EmCare has 53% more emergency department staffing contracts than its principal national competitor. This leading position affords EMSC the opportunity to participate and effectively compete in the bidding process for substantially all new 911 ambulance service and emergency department outsourcing contracts in markets where it chooses to operate. Additionally, EMSC has successfully leveraged its core competencies to further expand their services to include hospitalist/inpatient, radiology, teleradiology, anesthesiology, fixed-wing air ambulance and managed transportation services.

*Significant Scale and Geographic Presence*

EMSC believes its scale and geographic presence provide competitive advantages in employee recruitment and retention, national contracting and preferred provider relationships, cost efficiencies, and broad service offerings. These benefits allow EMSC to increase customer satisfaction, enable EMSC to enter into national and regional contracts with managed care organizations and insurance companies, and provide high-quality service offerings to its customers at competitive rates.

*Significant Investment in Core Technologies*

EMSC utilizes technology as a means to enhance the quality and reduce the cost of their service offerings, more effectively managing risk and improving profitability. AMR uses proprietary technology to improve chart documentation, determine transportation service levels and track response times and other data for hospitals. EmCare uses a proprietary system that links billing, collection, recruiting, scheduling, credentials coordination and payroll functions. This system allows best practices and procedures to be delivered and implemented nationwide, while retaining the familiarity and flexibility of a regionally-based service provider.

*Broad Base of Customer Relationships*

EMSC's long-standing customer relationships, significant portion of revenue under contracts and customer and geographic diversity provides a stable revenue base. EMSC has developed strong relationships with some of the largest and most respected providers in the healthcare services industry. AMR and EmCare have maintained their relationships with their 10 largest customers for an average of 34 and 14 years, respectively.

***Properties***

The following table summarizes the locations of EMSC:

<b>State</b>	<b>Total Sq Ft</b>	<b>Total Properties</b>	<b>Leased/Owned</b>
Alabama	9,400	4	Leased
Arizona	22,015	9	Leased/Owned
Arkansas	1,200	1	Leased
California	865,918	254	Leased/Owned
Colorado	131,217	13	Leased
Connecticut	182,901	12	Leased
District of Columbia	15,000	1	Leased
Florida	100,034	28	Leased
Georgia	84,185	7	Leased
Hawaii	36,016	30	Leased
Illinois	21,018	4	Leased
Indiana	39,333	4	Leased
Iowa	4,190	5	Leased
Kansas	32,660	14	Leased/Owned
Kentucky	15,902	1	Leased
Louisiana	14,100	3	Leased
Maine	16,060	4	Leased
Massachusetts	236,370	31	Leased/Owned
Michigan	31,934	3	Leased/Owned
Minnesota	1,200	1	Leased
Mississippi	49,946	15	Leased
Missouri	75,815	5	Leased
Montana	31,168	8	Leased
Nebraska	7,152	1	Leased
Nevada	59,838	19	Leased/Owned
New Hampshire	4,800	2	Leased
New Jersey	2,600	2	Leased
New Mexico	24,200	2	Leased
New York	92,600	2	Leased
North Carolina	5,904	1	Leased
Ohio	105,934	6	Leased
Oklahoma	1,300	2	Leased
Oregon	57,884	28	Leased
Pennsylvania	154,010	7	Leased
South Dakota	2,275	1	Leased
Texas	188,075	29	Leased/Owned
Trinidad (Republic)	13,200	12	Leased
Virginia	21,400	2	Leased
Washington	124,689	42	Leased/Owned
Wyoming	8,358	1	Leased

**Skilled Healthcare Group, Inc.*****Overview of the Business***

Skilled Healthcare Group, Inc. (“Skilled Healthcare”) based in Orange County, California, is a holding company that owns subsidiaries, which are leading providers of integrated long-term healthcare services through its subsidiaries’ skilled nursing and assisted living companies, as well as rehabilitation and other related healthcare services. Skilled Healthcare companies’ operations are comprised of 78 skilled nursing facilities and 22 assisted living facilities in seven states, which are generally clustered in large urban or suburban markets.

***Development of the Business***

In late December 2005, Onex and Onex Partners I completed the acquisition of Skilled Healthcare in a transaction valued at US\$640 million. Onex and Onex Partners I invested \$243 million for a 93% equity ownership. Onex’ net investment in this acquisition was \$57 million for an initial 22% equity ownership. The remainder of the purchase price was provided through a refinancing of Skilled Healthcare’s long-term indebtedness, including the issuance of US\$200 million of senior subordinated notes.

In February 2007, Skilled Healthcare companies purchased the land, building and related improvements of one of its leased skilled nursing facilities in California for \$4 million. Changing this leased facility into an owned facility resulted in no net change in the number of beds in the companies’ operations. In April 2007, Skilled Healthcare companies purchased the owned real property, tangible assets, intellectual property and related rights and licenses of three skilled nursing facilities located in Missouri for a cash purchase price of \$30 million. The transaction added approximately 426 beds, as well as 24 unlicensed apartments to the companies’ operations.

In May 2007, Skilled Healthcare completed an initial public offering of 8.3 million new common shares. As part of the offering, Onex and Onex Partners I sold 10.6 million shares, of which Onex’ portion was 2.5 million shares. Onex’ and Onex Partners I’s equity and voting interests were diluted to 40% and 90%, respectively. Onex’ share of the equity and voting interests was diluted to 9% and 90%, respectively.

In September 2007, Skilled Healthcare companies acquired substantially all the assets and assumed the operations of 10 skilled nursing facilities and a hospice company, all of which are located in or around Albuquerque, New Mexico, for approximately \$53 million. The acquired facilities added 1,180 beds to the companies’ operations.

In April 2008, Skilled Healthcare companies acquired the real property and assets of a 152-bed skilled nursing facility and an adjacent 34-unit assisted living facility located in Wichita, Kansas for approximately \$14 million. The acquired facilities added 192 beds to the companies’ operations. In September 2008, Skilled Healthcare companies acquired seven assisted living facilities located in Kansas for an aggregate price of \$9 million. The acquired facilities added 208 units to the companies’ operations.

In March 2009, Skilled Healthcare admitted its first patients to its newly constructed skilled nursing facility in Dallas, Texas. The opening of this newly constructed skilled nursing facility added 136 beds to the companies’ operations. In April 2009, the company acquired a skilled nursing facility

located in Des Moines, Iowa, for approximately \$2 million. The acquired facility added 74 beds to the companies' operations. In April 2009, the company completed construction of an assisted living facility in the Kansas City market. This facility added 41 units to the companies' operations. In December 2009, the company acquired a skilled nursing facility located in Davenport, Iowa, for approximately US\$2 million. The acquired facility added 118 beds to the companies' operations

***Principal Products/Operations***

Skilled Healthcare companies' services focus primarily on the medical and physical issues facing elderly, high-acuity patients and are provided through its skilled nursing facilities, assisted living facilities, integrated and third-party rehabilitation therapy business and hospice.

Skilled Healthcare has two reportable operating segments – long-term care services, which includes the operations of skilled nursing and assisted living facilities and represents the largest portion of its business, and ancillary services, which includes its integrated and third-party rehabilitation therapy and hospice businesses.

***Long-Term Care Services******Skilled Nursing Facilities***

Skilled Healthcare companies provide skilled nursing care at 78 regionally clustered facilities, having 9,704 licensed beds, in California, Texas, Iowa, Kansas, Missouri, Nevada and New Mexico. The Skilled Healthcare companies have developed programs for and actively markets services to high-acuity patients, who are typically admitted to their facilities as they recover from strokes, other neurological conditions, cardiovascular and respiratory ailments, single joint replacements and other muscular or skeletal disorders.

Skilled Healthcare companies use interdisciplinary teams of experienced medical professionals, including therapists, to provide services prescribed by physicians. These teams include registered nurses, licensed practical nurses, certified nursing assistants and other professionals who provide individualized comprehensive nursing care 24 hours a day. Many of its skilled nursing facilities are equipped to provide specialty care, such as chemotherapy, dialysis, enteral/parenteral nutrition, tracheotomy care and ventilator care. The companies also provide standard services to each of its skilled nursing patients, including room and board, special nutritional programs, social services, recreational activities and related healthcare and other services.

In December 2004, Skilled Healthcare introduced its Express Recovery™ program, which uses a dedicated unit within a skilled nursing facility to deliver a comprehensive rehabilitation regimen to high-acuity patients. Each Express Recovery™ unit typically has 12 to 36 beds and provides skilled nursing care and rehabilitation therapy for patients recovering from conditions such as joint replacement surgery, and cardiac and respiratory ailments. Since introducing its Express Recovery™ program at several of Skilled Healthcare companies, skilled nursing facilities, Skilled Healthcare's skilled mix at these facilities has increased, resulting in higher reimbursement rates. Skilled Healthcare companies operate 57 Express Recovery™ units with 2,001 beds and plans to expand seven of its current facilities and complete the development of seven additional Express Recovery™ units, adding approximately 260 beds by the end of 2010.

***Assisted Living Facilities***

Skilled Healthcare complements its skilled nursing care business with its assisted living business including 22 facilities with 1,250 licensed beds. Skilled Healthcare's assisted living companies provide residential accommodations, activities, meals, security, housekeeping and assistance in the activities of daily living to seniors who are independent or who require support, but not the level of nursing care provided in a skilled nursing facility.

***Ancillary Services******Rehabilitation Therapy and Hospice Services***

Skilled Healthcare's rehabilitation company, Hallmark Rehabilitation GP, LLC. ("Hallmark"), provides physical, occupational and speech therapy services in 163 healthcare facilities, including 68 of Skilled Healthcare facilities. In addition, Hallmark has contracts to manage the rehabilitation therapy services for the 10 Skilled Healthcare facilities in New Mexico. Hallmark provides rehabilitation therapy services at Skilled Healthcare skilled nursing facilities as part of an integrated service offering in connection with its skilled nursing companies' care. Skilled Healthcare believes that an integrated approach to treating high-acuity patients enhances its ability to achieve successful patient outcomes and enables it to identify and treat patients who can benefit from Hallmark's rehabilitation therapy services. Skilled Healthcare believes hospitals and physician groups refer high-acuity patients to its skilled nursing facilities because they recognize the value of an integrated approach to providing skilled nursing care and rehabilitation therapy services.

Hallmark also believes that it has established a strong reputation as a premium provider of rehabilitation therapy services to third-party skilled nursing operators in its local markets, with a recognized ability to provide these services to high-acuity patients. Hallmark's partnership-like approach to providing rehabilitation therapy services for its third-party operators is in contrast to a low-cost strategy and emphasizes high-quality treatment and successful clinical outcomes.

Skilled Healthcare provides hospice services in California and New Mexico through its Hospice Care of the West business. Hospice services focus on the physical, spiritual and psychosocial needs of both terminally ill individuals and their families and consist of palliative and clinical care, education and counseling. Skilled Healthcare's Hospice Care of the West business received licensure in California at the end of 2004 and in New Mexico as of 2007.

***Markets and Competition***

Skilled Healthcare's facilities compete primarily on a local and regional basis with many long-term care providers, in-patient rehabilitation facilities and long-term acute care hospitals. Skilled Healthcare's ability to compete successfully varies from location to location and depends on a variety of factors that include the number of competing facilities in the local market, the types of services available, quality of care, reputation, age and appearance of each facility and the cost of care in each location with respect to private pay residents. Skilled Healthcare's other businesses such as rehabilitation therapy provided to third-party facilities and hospice care, also compete with local, regional and national companies.

Skilled Healthcare believes that its competitive strengths in providing quality care for high-acuity patients and its strong reputation in concentrated markets with significant facility ownership will allow it to capitalize on the growing demand for services from an aging population.

### ***Properties***

The following table summarizes Skilled Healthcare companies' facilities:

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
California (15)	467,462	Owned
California (16)	511,436	Leased
Iowa (2)	69,648	Owned
Kansas (26)	609,534	Owned
Nevada (2)	122,561	Leased
Texas (22)	950,061	Owned
Missouri (7)	392,993	Owned
New Mexico (2)	104,241	Owned
New Mexico (8)	330,671	Leased

### **Carestream Health, Inc.**

#### ***Overview of the Business***

Carestream Health, Inc. ("Carestream Health") is a leading global provider of medical and dental imaging products and services and healthcare information technology solutions. The company's offerings include digital x-ray systems, molecular imaging systems and x-ray film, as well as dental imaging products, software and services. Carestream Health also has a non-destructive testing business, which sells x-ray film and digital x-ray products to the non-destructive testing market.

#### ***Development of the Business***

In late April 2007, Onex completed the \$2.6 billion acquisition of the Health Group of Eastman Kodak Company ("Kodak"). Following the purchase, the business continued operations under the new name of Carestream Health. Onex, Onex Partners II and management invested \$527 million in the equity of Carestream Health for a 100% ownership interest. Onex' share of the total equity was \$206 million for an initial 39% ownership interest. In September 2009, the company redeemed \$24 million of its preferred stock. Onex' share of this redemption was \$9 million.

#### ***Principal Products/Operations***

Carestream Health sells digital products, including printers and media, computed radiography and digital radiography equipment, picture archiving and communication systems, radiology information systems, information management solutions, dental practice management software and services, as well as traditional medical products, including x-ray film, equipment, chemistry and services. Carestream Health has five reportable segments: Medical Film and Printing Solutions, Dental, Digital Capture Solutions, Healthcare Information Solutions and Other.

*Medical Film and Printing Solutions*

Medical Film and Printing Solutions provide digital and film products to the medical industry as well as Toll Coating. The digital and film products include digital output equipment, media and service, x-ray film, equipment, chemistry and service, and mammography film and equipment, including oncology film. Mostly centered on coating and polyester film making, Toll Coating is currently producing for the photographic, imaging, display, electronic, automotive and agricultural markets.

*Dental*

Dental provides film products, digital products and dental practice management software products to the dental industry. These include intraoral and extraoral film and processing supplies, injectible dental anesthetics, digital intraoral cameras, intraoral x-ray generators and dental practice management software products and services.

*Digital Capture Solutions*

Digital Capture Solutions provides computed radiology (CR) and digital radiology (DR) systems and service to the medical and non-destructive testing industry.

*Healthcare Information Solutions*

Healthcare Information Solutions provide solutions that address radiology and cross-enterprise information technology needs of the medical industry. These include Picture Archiving and Communication Systems (PACS), Radiology Information Systems (RIS), Information Management Solutions (IMS) and related professional service offerings.

*Other*

Other is composed of Carestream Health's Molecular Imaging Systems Business (CMI). CMI explores the use of new molecular agents and traditional imaging tools to capture pictures of specific molecular pathways, particularly those that are key targets in disease processes.

Carestream Health's products are manufactured in the United States, China, France, Germany, Israel and Mexico. Carestream Health's products are marketed and sold in many countries throughout the world.

***Markets and Competition***

Carestream Health is a leading global provider of medical and dental imaging products and services and information technology solutions, offering a comprehensive suite of traditional and digital product lines in its target markets. Carestream Health has a pre-eminent portfolio of healthcare imaging brands and products that enjoy leading market positions – over 75% of Carestream Health's revenues are derived from products with a leading market position. The company's products are sold in over 150 countries and can be found in approximately 90% of hospitals worldwide.

Primary competitors, by reportable segment, are as follows:

<b><u>Carestream Health Reportable Segment</u></b>	<b><u>Primary Competitors</u></b>
Medical Film and Printing Solutions	<ul style="list-style-type: none"><li>• Fuji</li><li>• Agfa</li><li>• Konica</li></ul>
Dental	<ul style="list-style-type: none"><li>• Danaher</li><li>• Agfa</li></ul>
Digital Capture Solutions	<ul style="list-style-type: none"><li>• Fuji</li><li>• General Electric</li></ul>
Healthcare Information Solutions	<ul style="list-style-type: none"><li>• General Electric</li><li>• Phillips Medical Systems</li></ul>
Other (CMI)	<ul style="list-style-type: none"><li>• General Electric</li><li>• Capiler/Xenogen</li><li>• VisEn</li><li>• BioRad, Inc.</li><li>• Alpha Innotech</li></ul>

**Properties**

The location, size and nature of ownership of Carestream Health's facilities are summarized as follows:

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased/Licensed</b>
<b>United States</b>		
Colorado (1)	140,604	Leased
Colorado (1)	1,273,511	Owned
Connecticut (1)	30,000	Leased
Georgia (1)	88,678	Leased
Maryland (1)	15,751	Leased
Minnesota (1)	97,365	Leased
New York (7)	261,334	Leased
New York (2) *	746,512	Owned
Oregon (1)	253,794	Owned
<b>Canada</b>		
Ontario (1)	7,698	Licensed
Prince Edward Island (1)	8,500	Leased
<b>International</b>		
Argentina (1)	17,070	Leased
Australia (7)	22,694	Leased
Belgium (1)	3,056	Leased
Brazil (2)	6,714	Leased
Chile (1)	3,229	Leased
China (19)	209,519	Leased
Colombia (1)	1,615	Leased
Denmark (1)	492	Leased
Finland (1)	1,184	Leased
France (4)	153,258	Leased
Germany (3)	188,177	Leased
Greece (1)	2,658	Leased
India (4)	16,606	Leased
Israel (1)	23,041	Leased
Italy (2)	32,527	Leased
Japan (19)	36,082	Leased
Korea (1)	8,132	Leased
Malaysia (1)	1,798	Leased
Mexico (2)	145,285	Leased
Netherlands (1)	1,614	Leased
New Zealand (2)	2,300	Leased
Norway (1)	538	Licensed
Philippines (1)	3,058	Leased
Poland (1)	2,851	Leased
Puerto Rico (1)	1,842	Leased
Russia (1)	3,896	Leased

***Properties (continued)***

<b>Location (Facilities) (continued)</b>	<b>Square Feet</b>	<b>Owned/Leased/Licensed</b>
Singapore (1)	5,562	Leased
Spain (3)	8,565	Leased
Sweden (2)	6,413	Leased
Switzerland (1)	7,188	Leased
Taiwan (1)	2,637	Leased
Thailand (1)	4,714	Leased
Turkey (1)	3,228	Leased
UAE (1)	22,894	Leased
United Kingdom (3)	18,896	Leased

\* Includes Carestream Health's head office, located in Rochester, NY.

**Financial Services Segment**

The Financial Services segment consists of the business of The Warranty Group, Inc. and its subsidiaries.

***Overview of the Business***

The Warranty Group, Inc. (“The Warranty Group”) is one of the world’s largest integrated underwriters and administrators of extended warranties. With over 2,000 employees and operations in 35 countries, The Warranty Group offers extended warranties on a wide variety of consumer goods including automobiles, consumer electronics and major home appliances. The company also provides credit insurance and other specialty insurance products. Through an internal sales force and independent agents and brokers, The Warranty Group markets its products to a network of automobile dealerships, consumer electronics retailers and manufacturers, financial service providers and real estate agencies, which sell the company’s products along with the underlying warranty covers. The Warranty Group serves its customers and distributors by operating in two capacities: (i) as a third-party administrator (“TPA”) responsible for processing claims, and (ii) as an underwriter responsible for pricing the warranty or credit insurance and ensuring future claim payments.

An extended warranty is a contract between a consumer and the company that, upon expiration of the original manufacturer’s warranty, guarantees repair or replacement in the event of product failure. Credit insurance is a financial product that provides full or partial repayment of certain debt obligations in the event of death, disability or involuntary unemployment. The company’s products range in term from one month to ten years, although most cover two to five years.

***Development of the Business***

On November 30, 2006, Onex, Onex Partners I and Onex Partners II completed the acquisition of The Warranty Group in a transaction valued at approximately \$800 million (US\$710 million). Onex, Onex Partners I and Onex Partners II invested approximately \$568 million for an initial 98% ownership interest. Onex’ initial share of that investment was \$179 million for an initial 31% ownership interest. On December 28, 2006, Onex filed a Business Acquisition Report for this acquisition, which is available on [www.sedar.com](http://www.sedar.com).

In June 2007, Onex, Onex Partners I and Onex Partners II received a \$12 million purchase price adjustment, of which Onex’ share was \$4 million.

***Principal Products/Operations***

The Warranty Group is managed by geography as discussed below.

**North America*****Automotive***

The Warranty Group’s North American Automotive division is the largest third-party provider of automotive extended service contracts in North America. Acting as both an extended warranty underwriter and administrator, The Warranty Group serves over 7,000 dealerships in North America, including more than half of the 100 largest. The company’s products are sold through finance and

insurance departments (“F&I”) of auto dealerships, and include extended service contracts and guaranteed asset protection. The Warranty Group also provides training and consulting services to dealers and manufacturers to enhance the sale of warranty products and the overall profitability of their operations.

*Consumer Products and TPA (“Third Party Administrator”)*

The Warranty Group’s Consumer Products and TPA division is one of the largest providers of extended warranties on consumer products and specialty insurance products. Acting as both an extended warranty underwriter and administrator, The Warranty Group serves numerous traditional electronics and appliance retailers as well as specialty finance companies.

The Warranty Group also underwrites and administers specialty insurance products for financial services firms and travel companies. The company offers credit card enhancement products such as collision/loss damage waiver and product return guarantee benefits. The Warranty Group provides travel companies with trip cancellation/interruption insurance and evacuation and repatriation services for sale to the consumer. The company also offers a collection of miscellaneous products such as involuntary unemployment insurance and deductible reimbursement products related to insured mortgage loans.

In addition, The Warranty Group provides extended warranty coverage for non-structural home systems (e.g., major appliances and systems such as heating and air conditioning). The Warranty Group’s home warranty products are distributed through real estate brokers, TPAs and, more recently, directly through utilities and financial services companies.

The Warranty Group’s home warranty products are typically attached to the sale of an existing home and are usually one-year contracts. In this channel, The Warranty Group competes primarily with regional or local providers, as well as with American Home Shield, the only other national provider and The Warranty Group’s largest competitor.

**Europe**

*Automotive*

The Warranty Group can provide pan-European automotive extended warranties to all EU countries. The company primarily offers extended warranties and related administrative products on used cars through manufacturer-owned and independent dealerships throughout Europe. Extended warranties initially gained popularity with European consumers when offered as a sales incentive in Europe and have now come to be expected with the purchase of a used car. The automotive warranties are typically of a duration of 12 months or less. As a result, used car sales in Europe have a high attachment rate.

*Electronics*

The Warranty Group’s European Electronics division underwrites and administers extended warranty, accidental damage and theft contracts (primarily electrical appliances, cell phones and PCs) for electronic and technology retailers, distributors and manufacturers throughout Europe. The Warranty Group provides PAN European PC insurance schemes (20+ countries) to two of the world’s largest PC manufacturers. The Warranty Group is looking to increase client penetration throughout Europe, as

well as expanding geographically into the new EU states and Eastern Europe. Products are distributed by the European Electronics division in a manner similar to the North American consumer products business. Most of The Warranty Group's distribution partnerships are similar to the "wholesale" arrangements the company has in the United States.

#### *Credit Insurance*

With 25 years of market and underwriting experience, The Warranty Group is a market leader in providing credit insurance contracts in Ireland and the Netherlands. The products principally include life, disability and involuntary unemployment policies sold by retail banks and finance companies in conjunction with personal and automotive loans. These policies are written as both multi-year and monthly contracts. Volumes are relatively diversified geographically, with approximately 5% originating in the United Kingdom, 67% throughout Continental Europe and the remaining 28% in Ireland.

#### **Latin America and Asia**

With initial expansion into Asia and Latin America in 1996, The Warranty Group has been and continues to remain very active in emerging markets. The primary countries in which the company operates are Japan, South Korea, Malaysia, China, Australia, Brazil, Argentina, Columbia and Mexico. The Warranty Group was one of the first extended warranty providers in China. Therefore, a significant growth opportunity exists for the company as overall demand continues to grow in a less competitive environment. Moreover, these markets have more favorable capital requirements than those in force in North America and Europe.

The Warranty Group has been operating in many of these markets for a number of years, often as the first provider of extended warranties, and has established strong customer relationships and local market knowledge. The Warranty Group's typical strategy when entering new international markets is to offer warranty products for consumer electronics, given their predictable loss patterns. As The Warranty Group develops a better understanding of local consumer behavior and product pricing, additional products are introduced.

#### ***Markets and Competition***

##### **North America**

###### *Automotive*

The Warranty Group estimates that 8.1 million automotive extended service contracts are written annually in the United States, of which The Warranty Group writes approximately 10%. Other providers include automotive manufacturers and third parties such as Jim Moran & Associates and Universal Underwriters. Third-party programs generally compete with manufacturer's programs by offering better economics through a lower-cost product and, typically, dealer participation in the underwriting profitability of the program. The consolidation in the automotive dealership industry over the last decade and the recent decline in dealership margins from vehicle sales have provided support to third-party programs that drive overall profitability for the dealerships.

*Consumer Products and TPA*

The Warranty Group's Consumer Products and TPA products are marketed to retailers and manufacturers of electronics, appliances and other consumer goods. Dealers have traditionally included consumer electronics retailers and electronics and appliance manufacturers such as Sony and Whirlpool; newer channels include retailers and manufacturers of other consumer products such as musical instruments or jewelry. The Warranty Group also partners with N.E.W. Customer Service Companies, a leading TPA in the electronics industry to underwrite programs for their customers.

The commission earned by The Warranty Group's distribution partners on extended warranty sales often supplements thin profit margins on the sale of the underlying consumer products. For larger clients that service their own claims, The Warranty Group provides extended warranties on a "wholesale" basis, assuming the underwriting risk but not administering claims. The Warranty Group competes in this market with other large insurers such as AIG and Assurant in addition to local and national TPAs.

**Europe***Automotive*

In Europe, The Warranty Group's largest distribution channel is through automotive manufacturer approved warranty programs. In Continental Europe, most used car purchasers expect an extended warranty to be included in the cost of their car, hence the dealerships and manufacturers are also the primary purchasers of the extended warranties. In the United Kingdom, almost all used cars come with a 12-month warranty included in the sale of the car at no additional cost. The Warranty Group's pan-European capabilities give it an advantage when attempting to win business from multi-national manufacturers.

*Credit Insurance*

Credit Insurance products are typically offered or sold with the underlying loans from finance companies, banks and other financial institutions. The Warranty Group maintains good relations with a number of the largest distributors, such as Allied Irish Bank, First Trust Bank and ING. The Warranty Group has always had a reputation for increasing penetration rates through training the sales personnel of distributors. As well as generating a revenue stream through increased volumes, claim experience always benefits through lower loss ratios.

*Electronics*

The Warranty Group's strongest electronics market is the United Kingdom where it provides insurance, service contracts and/or administrative services to three of the top five retailers as well as being one of the largest underwriters of mobile phone insurance.

In addition, The Warranty Group has established insurance programs with several major banks and is looking to expand these services to the other financial institutions.

**Latin America and Asia**

Distribution in Latin American markets varies by country. Argentina's distribution is through large consumer electronics and home appliance retailers. Brazil's distribution is through consumer electronics, furniture and appliance retailers, and the auto retail channel. Colombia's distribution is primarily through the automotive retail dealers and Mexico's distribution is through the larger consumer electronics and home appliance retailers and automobile manufacturers.

Product distribution in Asia varies by country. In Japan, the primary distribution channel is the sale of extended warranties through large electronics and appliance retailers. In Korea, the primary distribution channel is the sale of automobile extended warranties through Hyundai and Kia as well as Hyundai Capital. In Malaysia, finance companies provide a blanket extended warranty on financed automobiles sold by Perodua and Proton dealerships that is underwritten and administered by The Warranty Group. Product distribution in Australia includes automobile extended warranties and credit insurance sold through automobile dealerships and finance companies. In China, The Warranty Group distributes through two of the four largest retailers and sells warranties through China Grand Automotive, a consolidator with over 150 dealerships.

**Properties**

The location, size and nature of ownership of The Warranty Group's facilities are summarized as follows:

Location	Square Feet	Owned/Leased
United States	198,232	Leased
Argentina	8,301	Leased
Australia	7,761	Leased
Brazil	19,913	Leased
Canada	180	Leased
China	9,741	Leased
Columbia	2,153	Leased
France	2,325	Leased
Italy	1,991	Leased
Japan	5,116	Leased
Malaysia	1,721	Leased
Mexico	5,700	Leased
Netherlands	16,930	Leased
Peru	1,865	Leased
Poland	2,067	Leased
South Korea	4,270	Leased
Spain	2,261	Leased
Sweden	4,112	Leased
United Kingdom	66,511	Leased

**Customer Support Services Segment**

The Customer Support Services segment consists of the business of Sitel Worldwide Corporation and its subsidiaries. This business was formerly known as ClientLogic Corporation.

***Overview of the Business***

In January 2007, ClientLogic acquired 100% of the issued and outstanding voting stock of SITEL Corporation (“SITEL”) (NYSE: SWW), a global provider of outsourced customer support services that handled more than two million customer interactions daily. Following the acquisition, ClientLogic changed its name to Sitel Worldwide Corporation (“Sitel Worldwide”).

Sitel Worldwide is one of the world’s largest and most diversified providers of customer care outsourcing services. The company serves over 300 clients covering a broad range of end-markets including wireless telecommunications, technology, financial services, retail and consumer products, media and entertainment, energy and utilities, travel and tourism, insurance and health care. The company’s global and flexible operating platform is one of the industry’s most geographically diverse, with services delivered in 36 languages through its network of 126 customer care centers in 27 countries covering North America, Central America, South America, Europe, Africa and the Asia Pacific region.

***Development of the Business***

The building of ClientLogic began in April 1998 with the acquisition of North Direct Response, Inc. (“NDR”). NDR was a Toronto-based contact centre company with clients in the technology, consumer products and insurance industries. Onex invested \$15 million for an initial 68% equity interest.

In September 1998, ClientLogic Corporation (“ClientLogic”) was formed. In October 1998, ClientLogic acquired SOFTBANK Services Group (“SSG”). SSG, headquartered in Buffalo, New York, was a leading provider of outsourced customer management services to the technology sector. It had contact centres in Buffalo, New York; Las Vegas, Nevada; Bartlesville, Oklahoma; Kingstree, South Carolina; Albuquerque, New Mexico; Oak Ridge, Tennessee; Yakima, Washington; Dublin, Ireland and London, England. It also had a 393,000 square foot distribution facility near Columbus, Ohio. Onex invested \$67 million in the equity of ClientLogic as part of this transaction, increasing its equity interest to 83%.

In January 1999, ClientLogic acquired LCS Industries, Inc. (“LCS”). LCS provided a complete range of outsourced services for companies engaged in direct marketing activities. These services included continuity programs, catalog services, list management and database design. Onex invested a further \$43 million in the equity of ClientLogic as part of the funding for this transaction. The LCS marketing/list services business was sold in November 2005.

In March 1999, ClientLogic acquired from Canadian Access Insurance Services certain software and technology assets for the sale and servicing of insurance worldwide. ClientLogic subsequently divested this insurance business by dividending its share ownership to InsLogic, an Onex subsidiary.

In October 1999, ClientLogic acquired Cordena Call Management (“Cordena”), a leading European outsourced customer service provider headquartered in The Hague, Netherlands. Cordena had integrated systems that handled every aspect of distribution, from order receipt (by

telephone, internet, fax or mail) to the distribution process (pick, pack, ship and payment). Onex invested \$38 million in the equity of ClientLogic to provide part of the acquisition funding. Distribution operations in The Netherlands ceased in 2001.

In December 1999, ClientLogic acquired MarketVision, Inc., a pioneering creator of marketing solutions that included advanced campaign management, contact management and outsourced database marketing technology. Onex invested \$18 million in the equity of ClientLogic to provide part of the acquisition funding. MarketVision ceased operations in 2001.

In August 2000, ClientLogic completed a \$149 million private equity offering. Onex invested \$34 million and a large Canadian pension fund invested \$115 million. The offering diluted Onex' ownership from 81% to 72%.

In October 2000, ClientLogic acquired the TeleServices division of Associates Commerce Solutions, Inc. ("ACS"), a wholly owned subsidiary of Associates First Capital Corporation (now Citigroup). ClientLogic issued common shares valued at \$30 million as part of the \$33 million total purchase price. ACS TeleServices was a North Carolina-based provider of integrated customer management services. This transaction further reduced Onex' ownership from 72% to 70%.

In 2001, ClientLogic entered into a strategic alliance with Ignite Solutions, formerly British Telecom's Syncordia Solutions, a subsidiary of British Telecom. Under the agreement, ClientLogic assumed management of Ignite Solutions' outsourced customer care centres in the United Kingdom, and Ignite assumed management of the technology and network infrastructure at all of ClientLogic's European locations.

In July 2003, ClientLogic formed a venture with ITC Infotech Ltd., a company based in India, (the "ITC Joint Venture"), then known as CLI3L e-Services Limited (and now known as Sitel Operating Corporation India Limited). The venture manages and operates a customer care facility in Bangalore, India, which was majority owned by ClientLogic.

In late December 2003, ClientLogic acquired Service Zone Holdings, Inc., a provider of high-quality contact centre operations. The acquisition brought ClientLogic new customers, a skilled management team and contact centres in the United States and the Philippines. Onex invested \$24 million in additional equity in ClientLogic as part of this acquisition.

As a result of the above transactions, issuances of equity to management under ClientLogic's incentive compensation programs, and management purchases of equity, Onex' equity ownership in ClientLogic decreased to 67% at December 31, 2006.

In January 2007, ClientLogic acquired 100% of the issued and outstanding voting stock of SITEL Corporation ("SITEL"), a global provider of outsourced customer support services. SITEL was acquired to increase ClientLogic's competitiveness in the market, expand ClientLogic's geographic footprint, and increase offerings of ancillary services. The aggregate purchase price for the interests in SITEL was US\$4.25 per outstanding share or approximately US\$450 million in cash, funded through ClientLogic's new credit facility. The merged organization was named Sitel Worldwide Corporation.

In January 2007, Sitel Worldwide acquired the remaining 49% equity interest in Contact World, Inc. ("Contact World"), a joint venture company providing contact centre services through several facilities in the Philippines that Sitel Worldwide did not already own, for approximately \$25 million. The transaction was funded through Sitel Worldwide's credit facility. Sitel Worldwide

acquired the remaining minority interest to give it full control over Contact World's operations since nearly all of the clients serviced through Contact World are Sitel Worldwide clients. The company had previously acquired its 51% interest in Contact World through its 2003 Service Zone acquisition.

In March 2007, Sitel Worldwide acquired the remaining 51% equity interest in Sitel India Limited ("Sitel India") for approximately US\$22 million. The transaction was funded through Sitel Worldwide's credit facility. Sitel Worldwide acquired the majority interest to give it full control over the operations since nearly all of the clients serviced through Sitel India are Sitel Worldwide clients.

In August 2007, Sitel Worldwide divested its Mexico joint venture and in the same transaction acquired the remaining portion of the Sitel Panama and Sitel Columbia joint ventures that it did not already own.

In September 2008, Sitel Worldwide acquired an additional 8% equity interest in the ITC Joint Venture (reducing ITC Limited's equity ownership interest to 42%), in accordance with the terms of an amendment to the parties' original joint venture agreement. In November 2008, Sitel Worldwide acquired an additional 8% equity interest in the ITC Joint Venture from ITC Limited. In 2009 Sitel Worldwide acquired the remaining 34% of ITC Limited's equity interest in the ITC Joint Venture and now owns 100% of the outstanding equity of Sitel Operating Corporation India Limited.

During 2008, Onex invested \$55 million in preferred shares of Sitel Worldwide.

### ***Principal Products/Operations***

Sitel Worldwide is one of the world's largest and most diversified providers of customer care outsourcing services. The company offers its clients a comprehensive array of services including customer service, technical support and customer acquisition, retention, and revenue generation. Substantially all of the company's customer care services are inbound and delivered through the phone. The company also delivers services increasingly through other communication channels, including chat, web and IVR. In addition, Sitel Worldwide offers limited back office services, such as receivables management, payment and order processing. The company's solutions encompass the entire customer care lifecycle, from the attraction of clients' customers to the service, growth and retention of those customers. Sitel Worldwide's global and flexible operating platform delivers services in 36 languages through its network of 126 customer care centers in 27 countries.

Sitel Worldwide serves a diverse group of over 300 clients covering a broad range of end-markets, including wireless telecommunications, technology, financial services, retail and consumer products, media and entertainment, energy and utilities, travel and tourism, insurance and healthcare.

Sitel Worldwide provides clients with high quality customer care expertise customized for their specific end-markets in order to improve their interaction with customers, and in turn, increase their return on customer investment. Clients reduce their costs by leveraging Sitel Worldwide's economy of scale and gaining access to Sitel Worldwide's skilled labour force and strategically located facilities in cost-effective labour markets throughout the world. The company's services increase their revenue through improved customer satisfaction and increased retention. In addition, Sitel Worldwide's services allow clients to reduce capital expenditures, better manage working capital associated with their customer care processes, and effectively transform their customer care-related costs into variable costs. The company has worked closely with its clients through the recent global economic downturn to drive efficiency and effectiveness throughout their customer service operations.

Sitel Worldwide services are generally provided under discrete, multi year contracts that are individually negotiated. The company often has multiple contracts and/or lines of business with clients, particularly its larger clients. Contact centre activities are typically billed monthly by the minute, hour, or the transaction. Contracts often specify minimum call volumes and require minimum quality and service levels. In some cases, the company also receives incentive based compensation from clients that is directly connected to its performance and/or its ability to generate sales for its clients.

Sitel Worldwide's operations are highly labour intensive. In 2009, the company managed approximately 2.5 million customer interactions per day for clients through a workforce of approximately 60,000 employees, with approximately 22% covered by collective bargaining agreements or works council agreements in the United Kingdom, Belgium, Germany, Italy, Spain, Nordics, France and The Netherlands.

### ***Markets and Competition***

The global customer care outsourcing service industry is large and will continue to grow as the economy stabilizes. According to International Data Corporation ("IDC"), an industry analyst, customer care outsourcing service is defined as any outsourcing or consulting service that supports customer care activities and business processes such as customer service, sales, marketing and technical support. IDC estimates that the global customer care services market in which Sitel Worldwide competes is expected to grow from \$48 billion in 2008 to \$63 billion in 2013, a 5.7% compound annual growth rate. Sitel Worldwide believes this growth will be driven by the increasing need for high quality customer care services as more businesses make the decision to outsource non-core competencies and leverage the capabilities of specialized third-party outsourcing providers. Further, Sitel Worldwide believes that companies are increasingly limiting the number of outsourcing relationships they maintain, focusing their relationships on selected providers that can manage and handle all aspects of their daily customer interactions on a globally coordinated basis. The company believes that its comprehensive customer care service offerings, global footprint, extensive client base and experience serving a variety of end-markets position the company well to participate in the growth of the customer care outsourcing services industry.

The customer care outsourcing services industry is a highly fragmented and competitive industry. Sitel Worldwide's principal competition stems from existing and prospective clients with the resources and ability to provide services in-house. Sitel Worldwide also faces competition from: (i) customer care outsourcing companies such as Convergys Corporation, Sykes Enterprises, Incorporated, TeleTech Holdings, Inc., WNS Holdings Limited, Teleperformance Group and Arvato Services; (ii) large multinational information technology services providers, such as Accenture Ltd., International Business Machines Corporation and Hewlett Packard-EDS; and (iii) smaller, niche service providers that provide services in a specific geographic market, industry segment or service area.

Competition for contracts for many of Sitel Worldwide's services takes the form of competitive bidding in response to requests for proposals. The company believes that the most significant competitive factors in the industry include service quality, price, global coverage, range of service offering (including implementation of customized solutions to meet clients' needs), technological expertise, security, global coverage and industry experience.

**Properties**

Sitel Worldwide's facilities are both owned and leased and are summarized as follows:

Location (Facilities)	Space (Square Feet)	
	Contact Centre	Office
<b>United States</b>		
Alabama (4)	174,085	-
Delaware (1)	72,113	-
Florida(1)	42,256	-
Georgia (1)	49,500	-
Iowa (1)	10,050	-
Kentucky (1)	45,000	-
Louisiana (1)	43,756	-
Maine (1)	25,000	-
Mississippi (1)	43,736	-
Nebraska (3)	82,000	36,121
Nevada (1)	50,536	-
New Jersey (1)	-	2,761
New Mexico (3)	103,736	-
New York (5)	98,241	25,983
North Carolina (1)	39,900	-
Oklahoma (2)	76,699	-
Tennessee (3)	97,051	45,430
Texas (4)	206,829	-
West Virginia (2)	52,468	-
<b>Canada</b>		
New Brunswick (2)	111,058	-
Ontario (3)	124,928	-
Quebec (2)	23,246	2,245
Mexico (1)	65,539	-
Panama (3)	108,352	-
North America (including Mexico and Panama)	1,746,079	112,540
Australia (3)	36,363	-
Belgium (3)	74,675	-
Brazil (1)	53,800	-
Bulgaria (1)	14,334	-
Chile (2)	66,335	-
Colombia (3)	78,676	-
Denmark (1)	19,346	-
France (3)	106,172	-
Germany (7)	236,642	-
India (6)	335,274	-
Ireland (1)	38,500	-
Italy (2)	17,345	2,959
Morocco (4)	79,782	-
Netherlands (2)	63,129	-
New Zealand (3)	61,033	-
Nicaragua (2)	52,799	-
Philippines (11)	374,351	33,687
Poland (1)	25,877	-
Portugal (1)	12,190	-
Singapore (1)	7,350	-
Spain (8)	317,797	-
United Kingdom (12)	253,450	17,920
United Kingdom, Europe and Other	2,325,220	54,566
Total	4,071,299	167,106

**Metal Services Segment**

The Metal Services segment consists of the business of Tube City IMS Corporation and its subsidiaries.

***Overview of the Business***

Tube City IMS Corporation (“Tube City IMS”) is a leading provider of outsourced services to steel mills. The company, which provides services at 75 mills sites throughout the United States, Canada, Europe and Latin America, provides raw materials procurement, raw materials optimization, scrap and materials management, surface conditioning, and slag processing services.

***Development of the Business***

In late January 2007, Onex acquired Tube City IMS in a transaction valued at approximately \$730 million. This transaction was completed through Onex, Onex Partners II and management with an investment of \$257 million for a 100% ownership interest. Onex’ share of this investment was \$92 million for an initial 36% ownership interest.

During the fourth quarter of 2008 and early 2009, Onex, Onex Partners II and management made an additional investment of US\$50 million in Tube City IMS. The company will use the funds for capital expenditures, including capital expenditures at new facilities required pursuant to new customer contracts.

***Principals Products/Operations***

Tube City IMS provides outsourced services to steel mills, offering a comprehensive array of services critical to steel mill operations. The company does not produce steel, but rather provides services in nearly every other stage of the steel making process, from initial raw materials procurement through finished goods handling. Tube City IMS’ services are typically provided on a fee-per-ton basis under exclusive long-term customer contracts that normally range from five to 10 years in length.

The services that Tube City IMS provides are generally divided into services that are performed in the process prior to the production of raw steel (“pre-production services”) and services performed after the production of raw steel (“post-production services”).

***Raw Material and Optimization services***

*Raw Materials Procurement.* Tube City IMS operates on a worldwide basis and acts on behalf of customers to purchase seven million tons of raw materials inputs annually including scrap metal and scrap substitutes for use in the steel production process. Tube City IMS earns a fee for arranging delivery of raw materials to its customers, or concurrently arranges to purchase and sell raw materials at specified prices, typically locking in a margin.

*Raw Materials Optimization.* Tube City IMS developed and currently markets and operates on a fee-per-ton basis software packages that are proprietary, real-time raw material optimization systems that include materials planning procurement and utilization platforms. The packages and services are designed to allow steel producers to optimize their input of materials to obtain the lowest liquid steel cost for a desired type and grade of steel, based on market conditions, raw materials availability and each steel mill’s unique operating characteristics.

***Mill services***

*Scrap Management and Scrap Preparation.* Pre-production scrap management is typically composed of three major functions: (i) receiving and inspecting, (ii) preparation and sorting, and (iii) transportation of raw materials to melt shops. Tube City IMS is typically responsible for on-site management of customers' raw materials and just-in-time delivery of prepared raw materials to customers' melt shops. Tube City IMS' on-site operations are fully integrated within the steel mill's production process.

*Slag Processing, Metal Recovery and Sales.* During the steel production process, slag, a by-product, accumulates inside the mills' melt shops and must be removed. Tube City IMS removes and processes the slag to recover metallic material that is either reused in the production of steel by the host mill or sold. The remaining non-metallic materials typically are sold to third parties as aggregates for use in cement production, road construction and agricultural applications.

*Semi-Finished and Finished Material Handling/Product Handling.* Tube City IMS handles and transports semi-finished and finished steel products using operations specific equipment. In many mills, the finishing facilities are not contiguous to the caster area and, thus, require a customized transportation and logistics system to move the products. Tube City IMS owns and operates large slab, billet and pallet carriers to transport semi-finished and finished materials within a mill. Material handling equipment is also used to move finished products from the mill into inventory and from inventory onto rail cars, trucks or barges for shipment to the mill's customers.

*Surface Conditioning.* Surface conditioning is a value-added process that removes imperfections from steel mill products so that they can be used in high-end applications such as large household appliances and automotive products.

***Markets and Competition***

Geographically, Tube City IMS' business is currently concentrated in North America with additional markets in France, Belgium, Eastern Europe, United Kingdom, Mexico, Trinidad and an established presence, through representative offices, in China, Indonesia, Vietnam, Taiwan and Singapore. Tube City IMS maintains an industry leading position in North America by offering the industry's most comprehensive array of services. The company has over 80 years of experience and a customer base that includes many of the leading integrated and minimill steel producers in the world. Since 2000, Tube City IMS has successfully renewed 97% of its existing contracts that reached their contracts term and has also won an additional 48 new contracts since 2000.

The global outsourced steel services industry is highly competitive. Competition is based largely upon service quality, price, past experience and reputation. In North America, primary direct competitors include Harsco Corporation through its MultiServ division, Edward C. Levy Co., the David J. Joseph Company, Phoenix Mill Services, and Stein Steel Mill Services, Inc., although most of Tube City IMS' service categories include one or more additional significant competitors. In Europe, South America and Asia, competition is divided among one global provider and numerous local contractors, including Gagneraud Industries SAS and Egon Evertz KG in Europe.

**Properties**

The location, size and nature of ownership of Tube City IMS' facilities are summarized as follows:

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased/Licensed</b>
<b>United States</b>		
Alabama (1)	8,852	Leased
Alabama (3)	18,662	Licensed
Arizona (1)	6,000	Licensed
Arkansas (1)	6,000	Licensed
California (1)	1,980	Licensed
Connecticut (1)	1,628	Leased
Delaware (1)	8,500	Licensed
Georgia (1)	7,200	Licensed
Illinois (1)	17,424	Leased
Illinois (2)	12,240	Licensed
Indiana (4)	249,686	Leased
Indiana (2)	14,805	Licensed
Kentucky (2)	1,300	Licensed
Michigan (2)	35,878	Leased
Michigan (2)	7,785	Licensed
Minnesota (1)	5,000	Licensed
Mississippi (1)	4,584	Licensed
Nebraska (1)	3,981	Licensed
New Jersey (1)	3,900	Licensed
New York (1)	3,320	Licensed
Ohio (3)	39,272	Leased
Ohio (3)	153,941	Licensed
Ohio (1)	3,552	Leased/Licensed
Oklahoma (1)	1,340	Licensed
Oregon (1)	11,172	Licensed
Pennsylvania (6)	80,913	Leased
Pennsylvania (4)	25,199	Licensed
Pennsylvania (2)	40,500	Owned
South Carolina (2)	36,100	Licensed
Tennessee (2)	9,650	Licensed
Texas (6)	24,160	Licensed
Utah (1)	900	Leased
Utah (1)	3,500	Licensed
Virginia (1)	12,600	Licensed
Wisconsin (1)	15,200	Licensed
<b>Canada</b>		
Manitoba (1)	3,200	Licensed
Ontario (1)	880	Owned
Ontario (4)	9,188	Licensed
Saskatchewan (1)	18,480	Licensed
<b>International</b>		
France (1)	861	Leased
France (4)	11,347	Licensed
Serbia (1)	1,000	Licensed
Slovakia (2)	5,026	Leased
Belgium (1)	987	Leased
China (2)	1,120	Leased
Indonesia (1)	382	Leased

***Properties (continued)***

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased/Licensed</b>
<b>International (continued)</b>		
Brazil	100	Leased
Mexico (1)	1,053	Leased
Mexico (2)	33,907	Licensed
Trinidad (2)	12,361	Licensed
Singapore (1)	100	Leased
Taiwan (1)	331	Leased
Vietnam (1)	624	Leased
United Kingdom (1)	7,815	Owned
United Kingdom (1)	6,997	Leased

**Aircraft & Aftermarket Business**

The Aircraft & Aftermarket business consists of the business of Hawker Beechcraft, Inc. and its subsidiaries. Hawker Beechcraft is a non-controlled Onex business that is accounted for on an equity basis in Onex' consolidated financial reporting.

***Overview of the Business***

Hawker Beechcraft Corporation is a leading designer and manufacturer of business jet, turboprop and piston aircraft marketed under the *Hawker* and *Beechcraft* brands. Its products include the Hawker 4000, Hawker 900XP and Hawker 750, part of the best-selling business jet family in the history of the general aviation industry, as well as the King Air family of aircraft, the industry's best-selling twin turboprop line. Hawker Beechcraft is the sole source provider to the United States Air Force and United States Navy of the world's best-selling primary military trainer aircraft and provides parts and maintenance services through an extensive network of service centres worldwide.

***Development of the Business***

In late March 2007, Onex, in partnership with GS Capital Partners, acquired Raytheon Aircraft Company in a transaction valued at \$3.8 billion. The acquired business was renamed and operates as Hawker Beechcraft. The total initial equity invested by Onex, Onex Partners II and Onex management was \$605 million for a 49% ownership interest, of which Onex' share was \$238 million for an initial 20% ownership interest.

In July 2007, Onex, Onex Partners II and Onex management received a \$41 million distribution from Hawker Beechcraft resulting from a purchase price adjustment under the purchase agreement. As a result of this adjustment, the total equity investment in Hawker Beechcraft by Onex, Onex Partners II and Onex management was reduced to \$564 million. Onex' share of this investment was reduced by \$15 million to \$223 million and Onex' ownership interest in Hawker Beechcraft remained unchanged from the initial 20%.

***Principal Products/Operations***

Hawker Beechcraft conducts its business through three segments: Business and General Aviation, Trainer Aircraft and Customer Support, each of which is described below.

*Business and General Aviation.* The Business and General Aviation segment designs, develops, manufactures, markets and sells commercial and specially modified general aviation aircraft. The segment manufactures one of the broadest product lines in the industry, including business jet, turboprop and piston aircraft. The Hawker product line comprises business jets, including the Hawker 4000, the industry's only all-composite fuselage super mid-size business jet; the Hawker 900XP family, which includes the Hawker 900XP, the Hawker 850XP and the Hawker 750; and the Hawker 400XP, a popular light jet. The Beechcraft product line includes the Premier 1A, the first Federal Aviation Administration certified all-composite fuselage business jet; the King Air family, the industry's best selling twin-turboprop offering; and the Bonanza and Baron, well-recognized names in the single and twin-engine piston markets. Hawker Beechcraft also offers modified versions of its aircraft to government customers for use in special missions, including search and rescue, maritime surveillance, border patrol, air ambulance, flight inspection and electronic intelligence.

*Trainer Aircraft.* The Trainer Aircraft segment designs, develops, manufactures, markets and sells military training aircraft and derivatives. Its customers include the U.S. and foreign governments. The segment manufactures the primary military trainer aircraft, the T-6A Texan II (“T-6A”). In 1995, Hawker Beechcraft’s predecessor company was awarded the U.S. Air Force and the U.S. Navy’s Joint Primary Aircraft Training System program. Under this contract, Hawker Beechcraft will continue to be the sole source provider to the U.S. Air Force and the U.S. Navy of their primary military trainer aircraft. In the past, the T-6A has also been sold to foreign customers, including NATO Flying Training of Canada and the Hellenic Air Force of Greece. Hawker Beechcraft is currently marketing the T-6A, and its derivatives, to certain foreign governments and anticipates additional international awards in the near future. The Trainer Aircraft segment also provides training and logistics support and aftermarket parts and services for the T-6A. Hawker Beechcraft expects the U.S. government to continue to require product support for the T-6A through 2050.

*Customer Support.* The Customer Support segment provides parts and maintenance services to Hawker Beechcraft’s estimated installed fleet of over 37,000 civil aircraft. The segment sells parts from its headquarters in Wichita, Kansas and operates distribution warehouses in Dallas, Texas, Salina, Kansas and Liege, Belgium. Support services include maintenance, repairs and refurbishment, as well as airframe and avionics modifications and upgrades. Hawker Beechcraft’s service and support network includes the largest number of jet and turboprop service centres in the industry, comprising 10 company-owned service centres in the United States, the United Kingdom and Mexico, as well as 102 company-authorized third-party service centres in 30 countries.

### **Markets and Competition**

The general aviation aircraft industry has historically been a cyclical industry that is impacted by many factors, including the strength of the U.S. and global economies, corporate profits and geo-political events. In recent years, the industry had shown consistent growth driven in large part by strong global economic conditions, growth in fractional ownership demand and increasing international acceptance of, and demand for, general aviation aircraft. However, the current global economic recession has resulted in decreased demand and declining backlog during 2009. The depressed market is expected to continue into 2010.

Hawker Beechcraft believes that demand for products and services provided by its Trainer Aircraft segment is less susceptible to changes in economic conditions. The Trainer Aircraft segment is driven largely by government and defence spending, and decreases or reprioritization of such spending could affect the financial performance of the company. The Customer Support segment has been impacted by the general economic environment, though not as significantly as the impact on our Business and General Aviation segment. This segment is also impacted by the size and age of the installed fleet of aircraft, customer aircraft usage patterns and the overall maintenance requirements of aircraft.

The Business and General Aviation segment operates in the highly competitive global general aviation industry, and Hawker Beechcraft encounters competition in both domestic and foreign markets. The Business and General Aviation segment has five major competitors: Cessna Aircraft Company, Bombardier Aerospace, Gulfstream Aerospace Corporation, Embraer-Emprosa Brazileria de Aeronautica and Dassault Falcon Jet Corp. Competition in the general aviation market is based primarily on price, quality, product support, performance, reliability and reputation.

The Trainer Aircraft segment operates in the military aviation market. In the U.S., Hawker Beechcraft is the sole source supplier of primary trainer aircraft to the U.S. Air Force and U.S. Navy. Outside the U.S., Hawker Beechcraft competes for primary military trainer contracts with companies including Pilatus Aircraft Ltd., Embraer Brazillian Aviation Co., Korea Aersospace Industries Ltd., Alenia Aermacchi and Lockheed Martin Corporation.

The Customer Support segment competes with a large number of suppliers of aftermarket parts and services including maintenance, repair, refurbishment and modification.

**Properties**

The location, size and nature of ownership of Hawker Beechcraft’s principal facilities as of December 31, 2009 are summarized as follows:

<b>Location (Facilities)</b>	<b>Square Feet (in thousands)</b>	<b>Owned/Leased/Licensed</b>
<b>United States</b>		
Little Rock, Arkansas	400	Leased
Salina, Kansas	500	Leased
Wichita, Kansas	3,800	Owned
Dallas, Texas	200	Leased
<b>International</b>		
Chihuahua, Mexico	200	Leased

Hawker Beechcraft’s facilities consist of manufacturing, corporate office and hangar space, as well as its network of company-owned service centres.

Hawker Beechcraft’s principal executive offices and headquarters are located in Wichita, Kansas. The company’s principal manufacturing facilities are in Wichita and Salina, Kansas; Little Rock, Arkansas; and Chihuahua, Mexico. Hawker Beechcraft’s primary distribution facilities are located in Wichita and Salina, Kansas; Dallas, Texas and Liege, Belgium.

Hawker Beechcraft has 10 company-owned service centres in the following locations: Wichita, Kansas; Houston, Texas; Atlanta, Georgia; Mesa, Arizona; Indianapolis, Indiana; Little Rock, Arkansas; Tampa, Florida; San Antonio, Texas; Toluca, Mexico and Chester and Oxford, England. These centres are supplemented by 102 company-authorized third party service centres. Service centres typically provide maintenance, repairs, overhaul, refurbishment and product upgrade services.

**Commercial Vehicle Business**

The Commercial Vehicle business consists of the business of Allison Transmission, Inc. and its subsidiaries. Allison Transmission is a non-controlled Onex business that is accounted for on an equity basis in Onex' consolidated financial reporting.

***Overview of the Business***

Allison Transmission, Inc. ("Allison Transmission") is the world leader in the design and manufacturing of automatic transmissions for commercial vehicles, including on-highway trucks and buses, off-highway and military vehicles. The company employs approximately 2,700 people and sells its transmissions through a worldwide distribution network with sales offices in North America, South America, Europe, Middle East, Africa and Asia.

***Development of the Business***

In August 2007, Onex, Onex Partners II and certain limited partners, in partnership with The Carlyle Group, acquired Allison Transmission from General Motors Corporation in a transaction valued at \$5.9 billion (US\$5.6 billion). Onex Partners II and The Carlyle Group equally split the total equity investment of \$1.6 billion (US\$1.5 billion). Onex, Onex Partners II, certain limited partners and management invested approximately \$805 million for an initial 50% economic ownership interest. Onex' portion of that investment was \$250 million for an initial 16% economic ownership interest and 49% voting interest.

***Principal Products/Operations***

Allison Transmission is a global manufacturer of automatic transmissions, including hybrid propulsion systems, focused on the medium and heavy-duty commercial vehicle market. The company's products are used in a wide variety of on-highway (e.g., trucks, school and transit buses, motor homes, construction, refuse and emergency vehicles), off-highway (e.g. construction and energy specific applications) and military (e.g., wheeled and tracked) vehicles. Although Allison Transmission is a predominantly North American business, it has a presence in over 80 countries, offering over 100 product models used in approximately 2,500 vehicle configurations, which are compatible with more than 500 different engines. Allison Transmission has a global customer base of approximately 220 original equipment manufacturers ("OEMs") that install its transmissions and deliver them to over 9,000 fleet accounts, supported by more than 1,500 distributor and dealer locations.

***North America On-highway***

Allison Transmission's core on-highway sectors include split class 4-5 truck, class 6-7 truck and class 8 straight truck, as well as school bus, transit bus and motor home. The company sells substantially all of its transmissions in this market to commercial vehicle OEMs.

***Military***

Allison Transmission has a long-standing relationship with the U.S. military, dating back to 1948, when the company developed its first-generation tank transmission. Allison Transmission is the automatic transmission supplier for substantially all medium- and heavy-duty wheeled vehicle platforms, and a supplier on two key tracked vehicle platforms. Transmissions for military tracked

vehicles are typically sold directly to the U.S. military, while transmissions for wheeled vehicles are typically sold to OEMs.

#### *International*

Unlike North America, where over the last half-century automatic transmissions have gained significant market acceptance, outside of North America many commercial vehicle markets have yet to widely accept automatic transmissions. Automatic transmissions are estimated to comprise 5% to 10% of all commercial vehicle transmissions sold annually outside of North America with acceptance concentrated in certain applications such as transit buses. Allison Transmission has numerous attractive growth opportunities for international expansion in Europe, Asia and South America as it leverages its current strength in transit buses and targets other vocational applications outside its core North American end market.

#### *Off-highway*

Allison Transmission's off-highway market includes applications for hauling, which serve the global construction and mining industries, and applications for energy service providers, which serve oil and natural gas companies for use in industry-specific vehicles and non-vehicular equipment. Off-highway applications are often more demanding than on-highway applications due to the higher power and load factors, harsher operating environments and duty cycles. The company's transmissions are frequently sold as integral standard equipment in the products in which they are offered.

#### *Aftermarket*

Allison Transmission sells parts for its installed base of automatic transmissions, sustaining the company's independent distribution network and enabling strong customer service and support. Allison Transmission has assembled a worldwide network of over 1,500 distributor and dealer locations to sell, service and support the company's transmissions. Additionally, Allison Transmission offers remanufactured transmissions under the ReTran® brand, as well as support equipment used by OEMs to install the company's transmissions.

#### ***Markets and Competition***

Allison Transmission markets its automatic transmissions to the global commercial vehicle industry. Global commercial vehicle production, which includes trucks greater than six tons, exceeded 2.5 million vehicles in 2008, more than doubling production levels a decade earlier. According to Global Insight, global production of commercial vehicles is expected to reach 3.1 million units by 2013. North America represents approximately one-fifth of this worldwide commercial vehicle market; this market accounts for the majority of Allison Transmission's revenues today.

Allison Transmission is the leading supplier of automatic transmissions to the North American commercial vehicle market. Allison Transmission's principal automatic transmission competition comes from Ford Motor Company's captive automatic transmission business, though this is limited to the class 4-5 truck sector, as well as Voith AG and ZF Friedrichshafen AG in transit bus applications. Eaton Corporation and ArvinMeritor compete with their manual and automated manual transmission. Outside of North America, Allison Transmission's principal competition includes Aisin Seiki Co.,

Ltd., Voith AG, and ZF Friedrichshafen AG, as well as the other above-mentioned North American competitors. The company’s principal off-highway transmission competition includes Caterpillar Inc. and Komatsu, who produce transmissions for their own off-highway vehicles, as well as Twin Disc Inc. Allison Transmission’s primary competition in the military market includes L-3 Communications Holdings, Inc. and RENK AG for tracked vehicles.

***Properties***

The location, size and nature of ownership of Allison Transmission’s principal facilities are summarized as follows:

<b>Location (Facilities)</b>	<b>Square Feet (in thousands)</b>	<b>Owned/Leased</b>
<b>United States</b>		
Indianapolis, Indiana	3,590	Owned
Indianapolis, Indiana	126	Leased
<b>International</b>		
Santo Amaro, Brazil	31	Owned
Shanghai, China	26	Leased
Sliedrecht, The Netherlands	54	Leased
Szetogothárd, Hungary	80	Leased <sup>(1)</sup>
Chennai, India	400	Owned <sup>(2)</sup>

(1) Part of a larger General Motors Company facility

(2) India facility under construction, expected completion – third quarter 2010

**Injection Molding Business**

The Injection Molding business consists of the business of Husky International Ltd., and its subsidiaries.

***Overview of the Business***

Husky International Ltd. (“Husky”) is a leading global provider of highly engineered manufacturing systems and services to the over \$20 billion global plastics injection molding equipment industry. Husky’s broad product lines offer its customers the ability to manufacture a wide range of plastic products, such as food, beverage and other containers, packaging closures, medical applications and components for consumer electronics. Husky is the world’s leading supplier of injection molding systems and services used to produce Polyethylene Terephthalate, or PET, packaging, which is primarily used for food, beverage and other containers. Husky serves customers in more than 100 countries through its extensive global service and sales network. Husky’s primary manufacturing facilities are located in Canada, China, the United States and Luxembourg.

***Development of the Business***

In early December 2007, Onex acquired Husky in a transaction valued at \$960 million. Onex, Onex Partners I, Onex Partners II and management invested \$633 million in the equity of Husky for an initial 100% ownership interest. Onex’ share of that investment was \$226 million for an initial 36% ownership interest.

***Principal Products/Operations******Injection Molding Machines and Systems***

Injection molding machines melt resin and provide the clamp force for the molding process. They are classified by the force they generate when clamping a mold during the injection of melted resin and by the throughput of resin through the injection unit. Husky’s primary machine products are the Hylectric, HyPET, HyCAP and HyPAC. Husky has also integrated the HyPET and HyCAP machines into complete system solutions.

***Hylectric Machines***

The Hylectric machine line is Husky’s base machine platform that is used for a variety of markets. Hylectric machines are hybrid injection molding machines that maximize performance by combining hydraulic and electric drives. These small to medium tonnage machines are well suited for manufacturing high quality parts in high volume applications. Husky has optimized the Hylectric machine platform to service specific markets such as PET containers (HyPET), packaging closures (HyCAP) and packaging containers (HyPAC) that have a high degree of product uniformity.

*HyPET Systems*

HyPET is Husky's flexible preform injection molding system and is offered as the broadest product line available to meet the needs of any perform volume and application. The HyPET system is designed to meet the precise requirements of PET resin processing and the specific needs for high output manufacturing. All components of the HyPET system, including the hot runner, mold, machine, controller and auxiliary equipment, are specifically designed to work together as a fully integrated turnkey solution to achieve the highest levels of output and quality.

*HyCAP Systems*

The HyCAP system is designed for the specific needs of high output beverage closure manufacturing. This system, which includes an integrated HyCAP machine, a Husky hot runner and a third-party mold, offers the injection molding industry's fastest cycle time for closures. This system allows closures to be manufactured using an injection molding process that achieves comparable part economics, part quality, more precise tolerances and greater design flexibility relative to alternative molding processes.

*HyPAC Machines*

HyPAC is an injection molding machine that is optimized for the needs of the thinwall packaging market. HyPAC offers an injection rate that is twice the industry standard and is able to deliver 10% lighter parts.

*Hot Runners*

A hot runner system distributes melted plastic resin to individual cavities within a mold. Hot runners maintain the plastic in the distribution channel in a molten state while the parts being molded are cooled and solidified. This results in increased mold productivity, improved part quality and less waste when compared to molds, which do not use a hot runner. Husky's hot runner systems are used in a variety of market segments, including packaging, closures, medical applications and consumer electronics.

*Hot Runner Controllers*

Husky offers a range of integrated hot runner controllers, which monitor and control the temperature of the resin in the hot runner. Husky's controllers are recognized throughout the industry for accuracy, ease-of-use and flexibility. Husky's proprietary software controls hot runner heat zones, maintaining precise temperatures to ensure high quality parts.

*Auxiliary Equipment*

Husky engineers and manufactures its own part handling equipment, as well as sells other auxiliary equipment, including dryers, chillers and conveyors for use in its systems.

*Aftermarket Services*

Husky's worldwide installed base, which consists of thousands of injection molding machines, molds and hot runners, regularly requires parts and service and generates recurring sales that represent a significant portion of total revenue. Husky services its installed base with spare parts and value-added services, such as mold conversion and refurbishment, hot runner refurbishment, factory planning, technical support, maintenance contracts and software.

*Spare Parts*

With part distribution centres located in North America, Europe, Asia Pacific and Latin America, Husky is able to deliver parts to its customers throughout the world in a timely and efficient manner.

*Mold Conversion*

Husky's mold conversion services allow its customers to make design changes, including reducing the resin content of their products, without having to replace their existing molds. In addition to Husky's two primary centers located in Canada and Luxembourg, Husky has established satellite facilities centres in Mexico City, Moscow, São Paulo, Shanghai, Singapore and Tokyo, providing access to local mold maintenance, conversion and refurbishing support. Husky has preform development and prototyping facilities located in Canada, Luxembourg and China to simplify and speed up the mold conversion process.

*Mold Refurbishment*

Maintaining part quality requires regular mold maintenance and scheduled refurbishing programs. As a mold ages under regular operating conditions, part quality begins to diminish. Husky offers a wide range of refurbishment services to address this issue. These services can often be performed at customer locations to reduce downtime and shipping expenses. More comprehensive mold refurbishments and rebuilds can be performed at one of eight refurbishing facilities strategically located around the world.

*Hot Runner Refurbishment*

A refurbished hot runner improves part quality and increases productivity to originally specified levels. Husky's refurbishment covers a wide range of services, from cleaning, to worn component replacement, to complete overhauls. Husky inspects manifolds, plates and components, performs a complete cleaning and replaces parts to meet original specifications. All systems are then fully reassembled, inspected and heat-tested prior to shipment. All new and refurbished hot runners come with a three-year leak-proof guarantee.

Husky had approximately 3,300 employees as of December 31, 2009.

**Markets and Competition**

The growth of the plastics industry is driven by long-term increases in underlying consumption related to population and disposable income growth as well as continued substitution trends in which plastics replace materials such as glass, metal and paper. These trends impact Husky's targeted markets of packaging, closures, medical applications and consumer electronics. Plastics are increasingly preferred to other materials due to their lower costs, design flexibility and superior performance characteristics.

The primary growth drivers for sales within the injection molding equipment industry include: (i) the requirement to add manufacturing capacity to meet increasing demand for plastics products, particularly in emerging markets; (ii) new equipment designs that provide a compelling value proposition for plastic processors to replace or upgrade older, less productive equipment to achieve performance and productivity improvements such as reduced resin usage, higher throughput rates and enhanced repeatability; (iii) plastic processors' increasing demand for new molds and hot runners due to a number of factors, including a higher frequency of new product launches, proliferation of product variations and the redesign of plastic packaging as a means of differentiation by brand managers; and (iv) customer preference for greater support over the entire life of the equipment, which has led to an expanded range of value-added aftermarket products and services, such as proactive maintenance solutions.

Husky competes against a number of global and regional companies, including ABBA Systems, Inc. (Canada), Arburg GmbH & Co KG (Germany), Chen Hsong Holdings Limited (China), Engel Holding GmbH (Austria), Guangzhou Huayan Precision Machinery Co., Ltd. (China), Incoe Corporation (USA), Krauss-Maffei Technologies GmbH (Germany) (which includes Netstal-Maschinen AG (Switzerland)), MHT Mold & Hotrunner Technologies A.G. (Germany), Mold-Masters Limited (Canada), Otto Hofstetter AG (Switzerland), Sacmi Imola S.C. (Italy), SIPA SpA (Italy), Seiki Corporation (Japan), Otto Männer Holding AG (Germany), Sumitomo Heavy Industries, Ltd. (Japan), Synventive Molding Solutions (USA), Yudo Co., Ltd. (Korea) and various regional and local parts and service providers.

**Properties**

Husky’s principle manufacturing facilities, parts and technical centres are summarized as follows:

<b>Location</b>		<b>Square Footage</b>	<b>Owned/Leased</b>
<b>North America</b>			
Bolton, Ontario	Corporate Head Office / Manufacturing / Technical Centre / Refurbishment	829,000	Owned
Chicago, Illinois	Technical Centre	15,700	Leased
Milton, Vermont	Manufacturing	246,000	Owned
<b>Latin America</b>			
Sao Paolo, Brazil	Technical Centre / Refurbishment	33,479	Owned
Mexico City, Mexico	Technical Centre / Refurbishment	22,350	Leased
<b>Europe</b>			
Dudelange, Luxembourg	European Head Quarters / Technical Centre / Manufacturing / Refurbishment	503,000	Owned (1)
Moscow, Russia	Refurbishment	4,500	Leased
<b>Asia-Pacific</b>			
Shanghai, China	Asian Head Office / Technical Centre / Manufacturing / Refurbishment	175,000	Owned (1)
Shenzhen, China	Hot Runner Manufacturing	16,500	Leased
Singapore	Refurbishment	29,000	Leased
Tokyo, Japan	Technical Centre / Refurbishment	28,000	Leased
Chennai, India	Technical Centre / Manufacturing / Refurbishment	36,500	Owned (2)
(1) Owned building on leased land			
(2) The facility at Chennai, India is currently under construction and expected to be operational in 2010.			

The Bolton, Ontario campus covers 54 acres, and is the primary manufacturing site for Hylectric, HyPET, HyCAP and HyPAC machines and PET preform molds. It is also the site of Husky’s Advanced Manufacturing Centre. The campus is comprised of approximately 829,000 square feet of production and office space and includes executive offices.

The Dudelange, Luxembourg campus covers 34 acres, which serves as the European headquarters and technical centre, where Husky manufactures and refurbishes PET molds and hot runners. These facilities total more than 503,000 square feet of production and office space.

The Milton, Vermont campus is situated on a 685 acre parcel of land and is where Husky manufactures hot runner systems and mold bases and provides mold and hot runner refurbishment. The campus is comprised of approximately 246,000 square feet of production and office space

The Shanghai, China facility is a 175,000 square foot facility, located on an 11 acre parcel of land and serves as Husky’s Asian headquarters. It offers services such as machine and hot runner manufacturing, preform and container development, mold and hot runner refurbishment, parts distribution and technical support. As part of its hot runner services, a finish-to-order, or FTO, hot runner program is in place to provide the speed and cost-competitiveness needed to meet the demands of local mold makers and parts manufacturers.

The Shenzhen, China hot runner manufacturing facility and sales office is a 16,500 square foot facility. It also offers the FTO hot runner program for shorter lead-time products.

Over the past four years we have consolidated four European technical centres into the Luxembourg facility, decreased our six U.S. technical centres to two, and closed additional technical centres in Sydney, Australia and Singapore.

**Building Products Business**

The Building Products business consists of the business of RSI Home Products, Inc. and its subsidiaries. RSI is a non-controlled Onex business that is accounted for on an equity basis in Onex' consolidated financial reporting.

***Overview of the Business***

Founded in 1989, RSI Home Products, Inc. ("RSI") is a leading manufacturer of bath cabinetry for the home. RSI makes a wide range of kitchen, bathroom and home organization cabinet products for sale in the United States, Canada and Mexico. The company's products are sold through home centre retailers, kitchen and bath dealers and other distributors.

***Development of the Business***

In early October 2008, Onex, Onex Partners II and Onex management invested \$338 million to acquire a 50% ownership interest in RSI from the company's founder, CEO and other existing shareholders. Onex' share of this investment was \$133 million for an approximate 20% ownership interest. Onex invested in a convertible preferred security that, in a downside scenario, provides for a priority return of capital and a 10% compound annual return, but otherwise participates equally with the common shareholders.

***Principal Products/Operations***

RSI offers products in three major categories, each of which is described below.

***Bath Products***

RSI designs, manufactures, markets and sells a wide variety of stock and semi-custom bathroom vanities, vanity countertops, medicine cabinets, and related items. RSI's products are distributed primarily through retail home centres under the "American Classics", "Estate", "Insignia", "Architectural Bath" and "Master Bath" brands. The company's stock products are purchased by consumers "as is" from the inventory of its retail customers whereas its semi-custom products are specially ordered at the store and delivered directly to retailers within three weeks. The company's semi-custom products typically sell at a higher price point and offer the consumer a greater selection of sizes and finishes. As a complement to its manufactured bath products, RSI imports from Asia "furniture" vanities, which incorporate more elaborate woodcarvings and designs. RSI sources its furniture vanity products in Asia, helps to oversee the design and manufacturing process, and arranges logistics and delivery directly to its retail customers. RSI is estimated to be the largest provider of bathroom cabinetry to the retail home centre channel.

***Kitchen Products***

RSI designs, manufactures, markets and sells a line of stock kitchen cabinetry under the "American Classics" brand name. RSI's kitchen cabinetry customers are primarily retail home centres.

**Home Organization Products**

RSI designs, manufactures, markets and sells a line of home organization products, which includes storage cabinets and closet systems. The company currently distributes its home organization products exclusively through the home centre channel.

**Markets and Competition**

The kitchen and bathroom cabinet industry has historically been a cyclical industry that is impacted by many factors, including changes in household income and consumer sentiment, the availability and price of consumer and home financing, the rate of home price appreciation, the level of new home construction activity, and the pace of existing home sales, which frequently result in remodeling activity. In recent years, the industry has contracted in large part due to the downturn in U.S. residential construction and weakness in repair and remodelling end-markets as a result of general economic conditions. RSI believes that demand for its products is less volatile than the overall industry given that the majority of its sales are derived from home repair and remodelling activity, which has historically been less cyclical than the new construction market.

RSI operates in the highly competitive cabinet industry and encounters competition from both domestic and foreign manufacturers. The cabinet industry remains highly fragmented with over 5,000 local, regional, and national producers. RSI's primary competitors include the cabinet divisions of Masco and Fortune Brands, American Woodmark and Norcraft Companies. Competition in the cabinet industry is based primarily on price, quality, product support, distribution and logistics service, marketing capabilities and reputation.

**Properties**

The location, size and nature of ownership of RSI's principal facilities are summarized as follows:

<b>Location (Facilities)</b>	<b>Square Feet (in thousands)</b>	<b>Owned/Leased</b>
<b>United States</b>		
Anaheim, California (1)	675	Leased
Columbus, Kansas (1)	200	Owned
Coffeyville, Kansas (1)	165	Owned
Maiden, North Carolina	1,200	Leased
<b>International</b>		
Tijuana, Mexico (3)	482	Leased

RSI's facilities consist of manufacturing, corporate office, warehouse and distribution space.

RSI's principal executive offices and headquarters are located in Anaheim, California. The company's principal manufacturing facilities are in Anaheim, California; Columbus and Coffeyville, Kansas; Maiden, North Carolina; and Tijuana, Mexico. RSI's primary distribution facilities are located in Anaheim, California; Columbus and Coffeyville, Kansas; and Maiden, North Carolina.

**Gaming Business**

The Gaming business consists of Tropicana Las Vegas, Inc. and its subsidiaries.

***Overview of the Business***

Tropicana Las Vegas is one of the most storied casinos in Las Vegas located at the corner of Tropicana Avenue and Las Vegas Boulevard (“The Strip”), with over 1,700 hotel rooms and 50,000 square feet of casino space.

***Development of the Business***

In May 2008, Tropicana Entertainment, LLC and its Las Vegas subsidiaries (collectively, “Tropicana”) filed for relief under Chapter 11 of the U.S. Bankruptcy Code. While in bankruptcy, Onex and Onex Partners III, through a special purpose entity, acquired a majority interest in the company’s US\$440 million term loan secured against Tropicana Las Vegas, its Las Vegas property. Onex worked with Tropicana’s management and bankruptcy advisors as well as the other debt holders on a restructuring plan that provided for the debt holders to gain control of the Las Vegas property upon emergence from bankruptcy.

On May 5, 2009, the U.S. Bankruptcy Court confirmed the company’s plan of reorganization, and on July 1, 2009, the newly restructured company, now operating as Tropicana Las Vegas, Inc., emerged from bankruptcy with no debt. The plan converted all the debt of the secured creditors, including Onex, Onex Partners III and the other holders of the US\$440 million term loan, into 100% of the equity in the Las Vegas property. The plan named Alex Yemenidjian, Onex’ operating partner in this investment, CEO and Chairman of the property and appointed a five-member board of directors including Mr. Yemenidjian, Tim Duncanson of Onex, two independent directors appointed by Onex and one independent director appointed by the other debt holders. Onex and Onex Partners III converted their debt for an initial 59% equity interest of which Onex’ share was an initial 13% equity interest in the company.

On August 18, 2009, the company raised US\$75 million of additional capital through a rights offering, which was subscribed for as part of the reorganization plan. Onex backstopped this offering and as a result, increased its ownership. Onex, Onex Partners III and Onex management’s investment in the new company, Tropicana Las Vegas, Inc. at December 31, 2009 was US\$205 million for a 71% ownership interest. This includes Mr. Yemenidjian’s 3% ownership interest. Onex’ portion of this investment was US\$45 million, which represents a 15% ownership interest.

In January 2010, the company initiated a second rights offering for up to US\$75 million of additional capital. While not yet finalized, Onex and Onex Partners III expect to contribute their prorata share of the offering, plus additional amounts should certain third-party investors not participate. Of the total Onex and Onex Partners III investment, Onex would contribute based on its commitment level to Onex Partners III at the time of the initial Tropicana Las Vegas investment. Combined, both rights offerings amount to a potential total of US\$150 million. The amount of the second rights offering will be finalized in the first quarter, 2010.

***Principal Products/Operations***

Tropicana Las Vegas operates a casino resort, offering gaming, hotel accommodation, dining, entertainment, retail, convention and other resort amenities. The property includes 1,700 hotel rooms and approximately 50,000 square feet of casino space. Approximately 40% of its net revenues are derived from gaming activities, while the balance is from non-gaming activities. As a resort-based operation, the company's operating results are highly dependent on the volume of customers at its resort, which in turn impacts the price it can charge for hotel rooms and other amenities.

Most of Tropicana Las Vegas' revenue is essentially cash-based through customers wagering with cash or paying for non-gaming services with cash or credit cards. The company's operating results do not tend to be seasonal in nature. Operations are affected by a number of factors including the timing of major city-wide convention groups, the amount and timing of marketing and special events for the casino guests, and the level of casino play during major holidays. Tropicana Las Vegas' results are not dependant on key individual customers, though successful marketing campaigns to customer groups, such as convention customers, or the financial health of customer segments, such as higher-end casino players from a particular country or region, can impact the company's results.

Tropicana Las Vegas operates 24 hours a day, 365 days a year. Casino and hotel operations are owned and managed by the company. Other resort amenities may be owned and managed by Tropicana Las Vegas or may be owned by the company and managed by third parties for a fee, or leased to third parties.

***Markets and Competition***

Tropicana Las Vegas operates in a highly competitive environment. The company competes with a large number of other hotel casinos in the Las Vegas area, including major hotel casinos on or near The Strip and in the downtown area, and with hospitality and leisure and business travel companies.

Recent economic developments have represented a challenge for Tropicana Las Vegas and Las Vegas in general. Comparing 2009 to 2008, statistics published by the Las Vegas Convention and Visitors Authority (LVCVA) indicate decreases in visitor volume (-4%), occupied hotel room nights (-3%), airport traffic (-9%), in addition to large decreases in convention attendance (-26%) and average daily room rates (-24%). Gaming revenues have also decreased over 10%.

The principal segments of the Las Vegas gaming market are free and independent travelers (FIT), gaming customers, conventions (including small meetings and corporate incentive programs) and tour and travel. Tropicana Las Vegas' marketing strategy is aimed at attracting a mix of convention groups, tours, FIT visitors, low-to-mid level casino players midweek and mid-to-high level casino players and FIT visitors on the weekend.

Tropicana Las Vegas also competes for customers with hotel casino operations located in other gaming jurisdictions and for leisure and convention guests in non-gaming tourist destinations such as Hawaii, Florida and the cruise ship industry. Gaming operations compete to a lesser extent with state-sponsored lotteries, off-track wagering, card parlors and other forms of legalized gaming in the United States.

Tropicana Las Vegas' marketing plan encompasses targeting the primary Las Vegas Feeder Markets including Northern and Southern California, Phoenix, Texas, Chicago, and New York through the use of media, database marketing, hotel group sales, casino player development and public relations. Specific attention will be paid to advertising mediums that can visually showcase the physical change in the property such as magazine, television, internet and outdoor. In addition, marketing efforts will capitalize on the increasing popularity of new media and social networking.

The company believes it important to visually show how the physical property of Tropicana Las Vegas has been affected by renovations, in order to change past perceptions of a dated property.

Tropicana Las Vegas employs approximately 1,125 employees, with 58% unionized. A well-designed and properly executed customer service program is considered integral to the company's success. The smaller size of the resort, along with a customer-centric culture and an enhanced resort experience, will combine to create a differentiating factor for the resort.

***Properties***

Tropicana Las Vegas operates a casino and hotel resort on a 34-acre property on the corner of Tropicana Avenue and Las Vegas Boulevard in Las Vegas, Nevada.

**Mid-Capitalization Business**

The Mid-Capitalization business consists of the business of ONCAP II L.P. and its affiliates. ONCAP II currently has interests in the businesses of CSI Global Education Inc., based in Toronto, Ontario; EnGlobe Corp., based in Quebec City, Quebec; Car Wash Holdings Inc., based in Tucson, Arizona; CiCi's Holdings Inc., based in Dallas, Texas and Caliber Holdings Corporation, based in Irvine, California.

***Overview of the Business***

ONCAP II is a private-equity fund formed by Onex to invest in mid-capitalization, North American-based companies. ONCAP II invests in opportunities requiring between \$20 million and \$75 million in equity or equity-related capital. The investments are usually controlling interests; in the case of a non-controlling interest, the investment will be accompanied by appropriate controls and board representation. ONCAP II's objective is to provide the capital and management expertise necessary to grow small public or private companies into larger companies in order to take advantage of the greater investor appeal, higher valuations and increased attractiveness to strategic buyer of large capitalization companies.

***Development of the Business***

In 2005, Onex formed ONCAP II, a \$574 million private equity fund, of which Onex has committed approximately \$252 million. A subsidiary of Onex is the General Partner of ONCAP II.

In January 2006, ONCAP II completed the acquisition of CSI Global Education Inc. ("CSI"), the leading provider in Canada of financial education and testing services designed for the financial community. CSI provides a comprehensive range of educational solutions and custom training programs to financial institutions, financial professionals and individuals seeking to pursue a career in finance. ONCAP II invested \$25 million, of which Onex' share was \$12 million.

In March 2006, ONCAP II made an investment in EnGlobe Corp. ("EnGlobe"), a leading environmental services company specializing in the management, treatment, reuse and disposal of organic waste and contaminated soil, with an emphasis on beneficial reuse. ONCAP II invested \$20 million in Series 1 preferred shares and convertible debentures of EnGlobe, of which Onex' share was approximately \$9 million. In November 2006, ONCAP II made an add-on investment in EnGlobe of \$10 million, of which Onex' share was \$4 million. In March 2008, ONCAP II made an add-on investment in EnGlobe of \$10 million, of which Onex' share was \$4 million. The company used the proceeds to repay existing debt and to partially finance EnGlobe's acquisition of Biogenie S.R.D.C. In December 2008, ONCAP II invested an additional \$18 million of equity in EnGlobe, of which Onex' share was \$8 million.

In April 2007, ONCAP II completed its \$51 million acquisition of Car Wash Holdings, Inc. ("Mister Car Wash"), based in Tucson, Arizona. Mister Car Wash is a leading car wash operator with 64 car washes and 24 lube centres in eight regional markets throughout the western United States. Onex invested a total of \$23 million in this transaction, which included \$9 million in debt. In August and December 2008, ONCAP II invested \$9 million in total in Mister Car Wash primarily relating to add-on acquisitions completed by the company. Onex invested \$4 million as part of these transactions. In July 2009, ONCAP II purchased less than \$1 million in additional debt of Mister Car Wash with cash on hand.

In June 2007, ONCAP II completed its \$54 million investment in CiCi's Pizza, based in Coppell, Texas. CiCi's Pizza is a franchisor of family-oriented "all you want" buffet style restaurants serving fresh pizza, pasta, salads and desserts. CiCi's Pizza operates over 625 restaurants in 33 states serving more than 107 million guests annually. Onex invested a total of \$24 million in CiCi's Pizza.

In October 2008, ONCAP II completed a \$67 million investment in Caliber Collision Centers, based in Irvine, California. Caliber is a leading provider of auto repair services with 72 collision centres located in Texas and Southern California. Onex invested a total of \$30 million in Caliber. In October 2009, ONCAP II invested an additional \$1 million; Onex' share of this transaction was approximately half.

***Principal Products/Operations******CSI***

CSI's product offering includes financial services courses, examinations and credentials, custom training and in-class seminars. CSI's products are created in cooperation with financial industry regulatory authorities and are recognized in Canada and internationally, including China, the Middle East and the Caribbean. In Canada, CSI's courses meet the registration requirements of regulatory bodies including the Investment Industry Regulatory Organization of Canada (IIROC – formally the Investment Dealers Association (IDA)) and Canadian Securities Administrators. CSI's courses and programs are used for competency training in banks, investment firms, insurance companies and mutual fund companies. CSI's courses are primarily offered online, in both English and French, with various learning options available. In addition to the core product offerings, CSI creates customized learning for its larger clients, which can range anywhere from a minor modification of an existing product to completely new subject matter.

CSI has approximately 110 employees. The company operates out of two leased offices including CSI's head office in Toronto, which houses senior management, sales, curriculum and content experts and operations staff and an office in Montreal, which includes operations staff, sales staff, curriculum and content experts, French language customer support and a French translation team.

***EnGlobe***

EnGlobe is an integrated environmental services company specializing in the management of organic-based waste streams and contaminated soils, with an emphasis on beneficial re-use. EnGlobe offers cost-effective solutions to municipal, commercial and industrial clients in Canada, the northern United States, England and France through its subsidiaries. The company conducts environmental site assessments and remediation of contaminated soil and groundwater in Canada, the United States, the United Kingdom and France. EnGlobe provides additional environmental services including direct land application, composting of organic wastes, degrades sites remediation and biomass cogeneration in Quebec and Ontario. As well, EnGlobe provides storage tank precision leak testing and statistical inventory reconciliation, compliance testing, and facility compliance and tank system audits across Canada.

*Mister Car Wash*

Mister Car Wash is a leading provider of full service and exterior-only car wash and related automotive services, including lube services, express detailing, windshield repair and gasoline. Mister Car Wash seeks to build a leading market position in the car wash industry by: (a) acquiring existing car wash operations in local markets throughout the United States; (b) expanding in such markets through acquisitions and the construction of new car wash centres; and (c) transforming the industry's standards of service delivery through the provision of value-added customer services, the implementation of professional management programs and improved marketing strategies. The company has a total of 64 car washes and 24 lube centres in various regions throughout the United States.

*CiCi's Pizza*

CiCi's Pizza offers a unique dining experience differentiated by its "all you want" format, offering freshly made pizza, pasta, salad and desserts. CiCi's Pizza is a highly differentiated and leading pizza restaurant company in the United States. As of December 31, 2009, there were over 625 CiCi's Pizza restaurants throughout 33 states serving more than 107 million guests annually. CiCi's Pizza restaurants are 97% franchised.

*Caliber*

Caliber is the largest non-franchised collision repair operator in the United States operating 72 collision repair facilities in Southern California and Texas. Caliber's vision is to build on its leading market position by (i) expanding in its current markets, (ii) entering new markets and (iii) consolidating the fragmented industry.

***Markets and Competition****CSI*

The consolidation of the banking/trust, brokerage, insurance and mutual fund sectors in the 1990s has driven a demand for integrated financial education. Within the Canadian financial services industry, all persons selling securities, insurance and mutual funds must be registered with the appropriate regulatory body. Registrants are then licensed to sell a specific type of product or service. In the securities industry, customer-facing personnel are required to complete several of CSI's licensing courses. CSI also offers courses that meet regulatory licensing requirements for mutual fund sales and portfolio management. In addition, certain non-sales registrants and banking employees are required to complete regulatory courses specifically designed for their role or function. Approximately 45% of its revenue is derived from courses where it is the exclusive provider and the course is a mandated requirement to attain a license or designation. An additional 20% of revenue accrues from courses where CSI is one of a limited number of suppliers. CSI's key competitors consist of various profit and not-for-profit educational providers in Canada. These firms are typically small or part of a larger not-for-profit industry association. In 2007, CSI eliminated one of these competitors with the acquisition of the Institute of Canadian Bankers.

*EnGlobe*

In site assessment and remediation services, competition comes from a number of large and diverse companies offering a broad range of services for various levels of contamination.

In organic waste management, competition in beneficial re-use of organic waste is primarily from a number of small regional-based companies or municipalities desiring self-control over waste management. Competition also comes from the disposal of organic waste in landfills or incineration. The landfill alternative is generally discouraged through targeted diversion goals set by provincial authorities and incineration alternatives exist but generally have high operating costs and environmental concerns. Obtaining the necessary approval and permits is a restriction to competition.

In tank testing and calibration, competition is restricted to those few services providers able to use technology and bundle value added services. For some of the larger petroleum companies, the competition includes in-house service providers.

*Mister Car Wash*

The commercial car wash industry is highly fragmented made up primarily of “mom and pop” independent operators. Less than 5% of the market is controlled by the top 50 chains, of which Mister Car Wash is number 2 based on the number of units owned. Mister Car Wash’s consumption is typically a “local” experience with over 85% of customers coming from a 5-mile radius of the wash. While Mister Cash Wash views any form of commercial car wash, including washes operated by oil companies, as a potential competitor, it primarily tracks and measures conveyor car washes that have the ability to wash over 100 cars per hour. There are roughly 18,000 conveyor units in the United States. The fastest growing segment is exterior only conveyor car washes. Through superior services delivery and a unique customer experience, Mister Car Wash has minimized the effects of any potential competitive activity. Mister Car Wash has several strong customer loyalty programs in place, like the Unlimited Wash Club, that makes Mister Car Wash the sole car wash of choice. Mister Car Wash also differentiates its services with products like Hotshine, a true and proprietary on-line wax system. Additionally, Mister Car Wash benefits from strong macro trends as consumers shift their washing preferences from a Do-It-Yourself model to Do-It-For-Me model as the baby boom population continues to grow and age.

*CiCi’s Pizza*

CiCi’s Pizza operates over 625 CiCi’s Pizza restaurants throughout 33 states serving more than 107 million guests annually. CiCi’s Pizza restaurants are 97% franchised.

One of CiCi’s Pizza’s most impressive competitive advantages is its proprietary, in-house JMC purchasing and distribution business, which provides the company’s franchise system with the most cost-effective, efficient method to source and purchase all necessary supplies and food products. It has a remarkable “fill rate” of 99.99% and turns inventory every six-business days. JMC’s infrastructure is highly scalable to allow for expansion as the company has a scientific method to analyze the most optimal and cost-effective time and location to open new distribution centres. Importantly, new distribution centres require limited capital expenditures as the building and trucks of the business are leased.

*Caliber*

The U.S. collision repair market is a \$30 billion industry consisting of more than 45,000 repair shops. The collision repair industry is served by independent operators and car dealers. The independent segment, in which Caliber participates, consists primarily of local “mom and pop” repair facilities with less than 5% of the market controlled by the top 10 multi-shop operators (“MSOs”). However, the large MSOs, like Caliber, are gaining share, as they are best able to meet the high operating, technological, and reporting requirements demanded by insurance companies.

*Properties*

*CSI*

<b>Location</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
Toronto, Ontario	23,989	Leased
Montreal, Quebec	7,536	Leased

*EnGlobe*

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
<b>Canada</b>		
Alberta (2)	5,200	Leased
Nunavut (1)	1,000	Leased
Quebec (11)	116,600	Owned
Quebec (9)	53,759	Leased
<b>United States</b>		
Pennsylvania (1)	2,000	Leased
<b>Europe</b>		
France (2)	12,000	Owned
United Kingdom (4)	12,669	Leased

**ITEM 3 Business of Onex***Mid-Capitalization Business (continued)**Mister Car Wash*

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
<b>United States</b>		
Alabama (2)	11,000	Leased
Arizona (1)	9,400	Leased
Florida (6)	28,350	Leased
Idaho (3)	37,076	Leased
Iowa (5)	63,369	Leased
Minnesota (16)	99,207	Leased
Minnesota (3)	20,376	Owned
Texas (45)	245,052	Leased
Texas (1)	3,266	Owned
Washington (7)	38,209	Leased

*CiCi's Pizza*

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
<b>United States</b>		
Florida (4)	18,351	Leased
Illinois (3)	13,658	Leased
Nevada (2)	8,987	Leased
Texas (7)	28,698	Leased
<b>Distribution centres</b>		
Texas	35,000	Owned
Georgia	40,000	Leased
Indiana	40,000	Leased

*Caliber*

<b>Location (Facilities)</b>	<b>Square Feet</b>	<b>Owned/Leased</b>
<b>United States</b>		
California (36)	901,046	Leased
Texas (35)	824,619	Leased
Texas (1)	13,500	Owned

**Real Estate Business**

The Real Estate business consists of the business of Onex Real Estate Partners Holdings Inc. all of its subsidiaries and its affiliates.

***Onex Real Estate Partners***

In January 2005, Onex established Onex Real Estate Partners, a partnership dedicated to acquiring and improving real estate assets in North America.

During 2006, Onex Real Estate Partners formed three partnerships with Camden Property Trust: Camden Norfolk Plaza, LP, Camden Jamboree, LP and Camden College Park, LP (collectively “The Camden Partnerships”). Onex Real Estate Partners is a 70% partner in the Camden Partnerships. Onex Real Estate Partners invested US\$21 million in the Camden Partnerships, of which Onex’ portion was US\$18 million. Camden Norfolk Plaza, LP is a development project consisting of a 271-unit apartment community in Houston, Texas. Camden Jamboree, LP is a development project consisting of a 290-unit apartment community in Irvine (Orange County), California. Camden College Park, LP is a development project consisting of a 508-unit apartment community in College Park, Maryland (near Washington D.C.). During 2008, Onex Real Estate invested an additional US\$3 million in the Camden Partnerships, of which Onex’ share was US\$2 million. In May 2009, the Camden Norfolk Plaza construction loan was refinanced with a US\$23 million 10-year permanent loan and a US\$9 million mezzanine loan. Onex Real Estate Partners formed a new partnership to provide US\$5 million of the US\$9 million mezzanine loan. The remainder was provided from Camden Property Trust. In August 2009, Camden Jamboree, LP restructured and extended its construction loan for a period of one year.

In December 2006, Onex Real Estate Partners formed a partnership with Cronus Capital to acquire rent-regulated housing communities in New York City. The business plan is to acquire assets and through capital investment and active property management, decrease the gap between in-place and market rents and improve the quality of the assets. Onex Real Estate Partners is a 70% partner in this partnership. Onex Real Estate Partners has invested US\$60 million in this partnership. Onex’ portion was US\$53 million. As of February 24, 2010, the partnership had completed the acquisition of 30 properties.

During 2007, Onex Real Estate Partners partnered with Muss Development to construct the Flushing Town Center project, a three million square foot development located on approximately 14 acres in Flushing, New York. The project will be developed in two phases over a five-year period and will ultimately consist of 1,074 condominium units constructed above approximately 800,000 square feet of retail space and a 2,500 space parking garage. Onex Real Estate Partners is a 50% partner in the Flushing Town Center Project. As of February 24, 2010, Onex Real Estate Partners had invested US\$86 million in the Flushing Town Center project, of which Onex’ portion was US\$75 million.

During 2007, Onex initially had invested US\$50 million into NY Credit Operating Partnership LP (“NY Credit”) for a 33% ownership interest. NY Credit is an externally managed specialty finance company based in New York with operations around the United States. In December 2008, Onex invested an additional US\$6 million in NY Credit. After sales to co-investors, Onex’ net investment as of February 24, 2010 was US\$49 million.

In December 2007, Onex Real Estate Partners and NY Credit established a limited partnership focused on acquiring real estate credit securities at attractive valuations. The partnership invested in mezzanine debt backed by strong commercial real estate collateral. As of February 24, 2010, the limited partnership had invested US\$59 million, of which Onex' portion was US\$12 million.

**Credit Securities Business**

The Credit Investing business consists of the business of Onex Credit Partners and its related affiliates.

In November 2007, Onex acquired a 50% interest in GK Capital, an investment advisor that manages an event driven long/short stressed and distressed strategy with a historical track record of achieving attractive risk-adjusted returns while focusing on capital preservation. Following this acquisition, GK Capital was renamed Onex Credit Partners and launched a leveraged investment strategy in December 2007 to take advantage of the dislocation in the leveraged loan market that occurred as a result of the sub-prime and structured finance crisis. In 2009, Onex Credit Partners launched a closed-end investment fund listed on the Toronto Stock Exchange (TSX: OCS-UN). Onex Credit Partners is registered as an investment adviser with the U.S. Securities and Exchange Commission and as a portfolio manager in the Canadian provinces of Ontario, Alberta and Manitoba. Onex Credit Partners serves as a credit-investing platform focused on generating attractive risk adjusted returns during each stage of the credit cycle.

Onex made an aggregate investment of US\$80 million in 2007 in the acquisition of a 50% interest in GK Capital and in strategies managed by Onex Credit Partners. During 2008 and 2009, Onex invested an additional US\$25 million and US\$130 million, respectively in strategies managed by Onex Credit Partners. At February 24, 2010, Onex Credit Partners had approximately US\$875 million assets under management, including an additional US\$20 million invested by Onex in 2010.

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**Prior Business Units**

The description that follows includes businesses that over the past three years are no longer part of Onex.

***Western Inventory Service Ltd.***

In March 2003, ONCAP I acquired 100% of Western Inventory Service Ltd. (“Western”) for a total purchase price of \$73 million. ONCAP I invested \$12 million in the equity of Western, of which Onex’ portion was \$3 million. As well, ONCAP I invested \$18 million in debt, of which Onex’ portion was \$4 million. Western is a data collection and verification company. Western’s core business is to perform inventory counts for its customers and to gather baseline inventory information needed for planning, forecasting and accounting reconciliation.

In mid-January 2007, ONCAP I sold Western for proceeds of \$230 million compared to its original invested capital of \$30 million. Onex’ share of those proceeds were \$83 million.

***Town and Country Trust***

In March 2006, Onex Real Estate Partners, in a joint venture with Morgan Stanley Real Estate and Sawyer Realty Holdings LLC, acquired Town and Country Trust (“Town and Country”). OREP invested approximately \$116 million, of which Onex’ portion was \$100 million. Town and Country owned and operated 37 apartment communities in the Mid-Atlantic States and Florida.

As of February 25, 2009, the joint venture sold all but seven of the Town and Country properties for proceeds of \$1.5 billion. A significant portion of the proceeds was used to repay debt relating to the properties sold. Seven properties in Florida are still being held.

***CMC Electronics Inc.***

In April 2001, ONCAP I completed the acquisition of BAE SYSTEMS Canada, which was subsequently renamed CMC Electronics Inc. (“CMC Electronics”). CMC Electronics is a designer, manufacturer and marketer of high technology electronic products for the aerospace and defence industries. ONCAP I invested \$65 million, of which Onex’ share was \$16 million. As part of this transaction, Onex also co-invested an additional \$41 million.

In July 2002, CMC Electronics acquired 100% of Flight Visions, Inc., a military aviation company that designs and manufactures a range of cockpit systems and products. As part of this transaction, CMC Electronics issued equity of \$5 million, of which ONCAP I’s share was \$1 million from Onex.

In December 2004, CMC Electronics sold its Cincinnati Electronics business (“Cincinnati Electronics”) for net proceeds of \$226 million. Between January and August 2005, CMC Electronics sold its 55% ownership interest in NovAtel Inc. for proceeds of \$153 million. CMC Electronics used the proceeds to repay its senior debt and distributed \$289 million in dividends to all CMC Electronics shareholders, including ONCAP I and Onex. ONCAP I received proceeds of approximately \$136 million, of which Onex’ portion was \$40 million. In addition, Onex received an additional \$77 million in proceeds from the sale due to its direct ownership interest in CMC Electronics.

In March 2007, ONCAP I sold CMC Electronics to a third party for proceeds to \$261 million, of which Onex’ portion was \$153 million, including its direct investment in CMC Electronics.

***Radian Communication Services***

In January 2001, Onex formed Radian with the purchase of LeBlanc Ltd. and BMS Communications Services Ltd. The total purchase price of \$88 million was raised predominately through the issuance of equity of Radian, including \$15 million from prior shareholders. Onex invested \$63 million for a 71% ownership interest. During Onex' ownership from 2001-2005, Onex invested an additional \$33 million in Radian, increasing its ownership to 90%.

In January 2002, Radian raised \$3.8 million through the issuance of 4.2 million common shares to employees.

In December 2003, Radian acquired all of the assets related to the tower and tower accessory manufacturing operations of ROHN Industries, Inc. for cash of \$10.4 million.

During 2007, Radian sold its ROHN operations for approximately \$12 million. The proceeds from this sale were used to pay down bank debt. During 2008, Onex sold Radian's U.S. and Canadian assets in separate transactions to various purchasers. The cash proceeds from those sales were used to primarily pay debt of the company. Onex did not receive any cash proceeds on these sales. On the sale of the Canadian assets, however Onex received 25.1 million of shares of Prestige Telecom Inc., purchaser of the Canadian assets (TSXV:PR). At December 31, 2008, Onex recorded a \$4 million non-cash accounting gain on the sale of the Radian assets as the previously recorded losses of Radian exceeded Onex' investment.

***Cineplex***

During 2003, Cineplex Entertainment Limited Partnership ("Cineplex Entertainment") was formed to acquire and hold substantially all of the theatre exhibition assets of Cineplex Odeon Corporation. Cineplex Entertainment funded the purchase of these assets by the \$175 million initial public offering of Cineplex Galaxy Income Fund ("CGIF") in November 2003. The assets were purchased from two previously-controlled Onex operating companies, Loews Cineplex Entertainment Corporation ("Loews Cineplex"), and Galaxy Entertainment Inc. ("Galaxy").

As part of this transaction, Loews Cineplex, the company controlled by Onex and Oaktree Capital Management ("Oaktree") since 2002, received \$214 million and 21.1 million Class B limited partnership units of Cineplex Entertainment, representing 44% of the total outstanding units of all classes ("LP Units") of Cineplex Entertainment. In addition, as consideration for its contribution of Galaxy, into the limited partnership, Onex received \$20 million and 4.4 million Class B limited partnership units in Cineplex Entertainment, representing 9% of the total outstanding LP Units.

In April 2007, Onex' minority investing partner, Oaktree, exchanged 9,122,751 Class B, Series 1 and Series 2-C LP Units for 9,122,751 CGIF Units. The exchange agreement for the LP Units to CGIF Units was entered into at the time of CGIF's initial public offering. As a result of this exchange, Onex ceased to have voting rights on certain LP Units held by unitholders other than Onex and, accordingly, ceased to have the right to appoint a majority of the board of trustees of the General Partner of Cineplex Entertainment.

In early January 2009, Onex exchanged its Class B limited partnership units of Cineplex Entertainment for CGIF Units and subsequently in April 2009, Onex sold all those units (12,956,885 CGIF units) through a secondary offering for net proceeds of \$175 million.

***Cosmetic Essence Inc.***

In December 2004, Onex acquired BMP/CEI Holdings, Inc., the parent company of Cosmetic Essence, Inc. (“CEI”) in a transaction valued at approximately \$300 million. This transaction was completed through Onex and Onex Partners I, with an initial equity investment of \$138 million for a 92% ownership interest. Onex’ share of this investment was \$33 million for a 21% ownership interest. CEI is an outsourced supply chain management services to the personal care products industry, which includes formulating, manufacturing, filling, packaging, and distribution services. The company manufactures products such as fragrances, crèmes, lotions and colour cosmetics for a diversified customer base of leading branded manufacturers and major retailers.

In early 2009, CEI was in discussions with its lenders to achieve a restructuring of its debt. A mutually agreeable restructuring and investment transaction was not achieved. Therefore, in early May 2009, Onex contributed its debt securities in CEI’s parent company to CEI’s parent company and transferred its shares to an entity controlled by CEI’s lenders, who agreed to provide additional liquidity to CEI. Onex received releases from CEI and from 100 percent of the lenders. At that time, Onex and Onex Partners I ceased to have an equity ownership in the business. Onex recorded a non-cash accounting gain of \$20 million on disposition of its interest in CEI due to previously recorded losses for CEI that exceeded Onex’ investment.

## ITEM 4 Selected Consolidated Financial Statements

### Financial Information

The following is a summary of key consolidated financial information of Onex for fiscal years ended December 31:

<i>(\$ millions except per share amounts)</i>	Year ended December 31	
	2009	2008
Revenues	\$ 24,831	\$ 26,881
Cost of sales	(19,468)	(21,719)
Selling, general and administrative expenses	(2,819)	(2,744)
Earnings before the undernoted items	2,544	2,418
Amortization of property, plant and equipment	(636)	(624)
Amortization of intangible assets and deferred charges	(364)	(366)
Interest expense of operating companies	(495)	(550)
Interest income	53	35
Loss from equity-accounted investments	(497)	(322)
Foreign exchange gains (loss)	(90)	83
Stock-based compensation	(161)	142
Other income (expense)	97	(77)
Gains on dispositions of operating companies, net	783	4
Acquisition, restructuring and other expenses	(219)	(220)
Writedown of goodwill, intangible assets and long-lived assets	(370)	(1,584)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	645	(1,061)
Provision for income taxes	(172)	(252)
Non-controlling interests of operating companies	(361)	1,021
Earnings (loss) from continuing operations	112	(292)
Earnings from discontinued operations <sup>(a)</sup>	-	9
Net earnings (loss) for the year	\$ 112	\$ (283)
Total assets	\$ 25,481	\$ 29,732
Shareholders' equity	\$ 1,659	\$ 1,553
Dividends declared per Subordinate Voting Share:		
Regular	\$ 0.11	\$ 0.11
Earnings (loss) per Subordinate Voting Share:		
Continuing operations	\$ 0.92	\$ (2.37)
Net earnings (loss)	\$ 0.92	\$ (2.30)
Fully diluted	\$ 0.92	\$ (2.30)

(a) Earnings from discontinued operations include certain ONCAP companies.

**ITEM 4 Selected Consolidated Financial Statements**
*(continued)*
**Quarterly Information**

The following is a summary of key consolidated financial information of the Company for the last eight quarterly periods.

(\$ millions except per share amounts)	2009				2008			
	<u>Dec</u>	<u>Sept</u>	<u>June</u>	<u>Mar</u>	<u>Dec</u>	<u>Sept</u>	<u>June</u>	<u>Mar</u>
Revenues	\$ 6,153	\$ 6,078	\$ 6,131	\$ 6,469	\$ 6,774	\$ 7,066	\$ 6,815	\$ 6,226
Cost of sales	(4,823)	(4,738)	(4,886)	(5,021)	(5,435)	(5,735)	(5,501)	(5,048)
Selling, general and administrative expenses	(673)	(683)	(693)	(770)	(701)	(684)	(671)	(688)
Earnings before the undemoted items	657	657	552	678	638	647	643	490
Amortization of property, plant and equipment	(153)	(153)	(160)	(170)	(177)	(147)	(151)	(149)
Amortization of intangible assets and deferred charges	(83)	(85)	(94)	(102)	(96)	(84)	(86)	(100)
Interest expense of operating companies	(97)	(114)	(131)	(153)	(171)	(126)	(122)	(131)
Interest income (expense)	9	10	19	15	(6)	1	20	20
Earnings (loss) from equity-accounted investments	(68)	(383)	(56)	10	(266)	(45)	17	(28)
Foreign exchange gains (loss)	(17)	(43)	(35)	5	58	(8)	(13)	46
Stock-based compensation recovery (expense)	(9)	(95)	(63)	6	89	21	(18)	50
Other income (expense)	7	22	85	(17)	(87)	(6)	20	(4)
Gains on dispositions of operating companies, net	323	276	184	-	4	-	-	-
Acquisition, restructuring and other expenses	(49)	(74)	(52)	(44)	(74)	(33)	(65)	(48)
Writedown of goodwill, intangible assets and long-lived assets	(255)	(1)	(114)	-	(1,571)	(10)	(3)	-
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	265	17	135	228	(1,659)	210	242	146
Recovery (provision) for income taxes	(69)	(112)	(32)	41	(25)	(80)	(98)	(49)
Non-controlling interests	(156)	(85)	(20)	(100)	1,336	(96)	(162)	(57)
Earnings (loss) from continuing operations	40	(180)	83	169	(348)	34	(18)	40
Earnings from discontinued operations	-	-	-	-	-	4	-	5
Net earnings (loss)	\$ 40	\$ (180)	\$ 83	\$ 169	\$ (348)	\$ 38	\$ (18)	\$ 45
<b>Earnings (loss) per Subordinate Voting Share:</b>								
<u>Basic and Diluted</u>								
Continuing operations	\$ 0.33	\$ (1.48)	\$ 0.68	\$ 1.38	\$ (2.85)	\$ 0.26	\$ (0.14)	\$ 0.32
Net earnings (loss)	\$ 0.33	\$ (1.48)	\$ 0.68	\$ 1.38	\$ (2.85)	\$ 0.30	\$ (0.14)	\$ 0.36

**Dividends and Dividend Policy**

Dividends are paid quarterly on or about the last day of January, April, July and October in each year. The Board of Directors normally reviews dividends in May of each year, with any changes becoming effective with the July payment. As of February 24, 2010, the quarterly dividend was \$0.0275 per Subordinate Voting Share.

In January 1989, a special stock dividend at that time of \$1.50 (pre-splits) per Subordinate Voting Share was paid from the net gain on the sale of the Onex Packaging Inc. shares. These figures do not reflect the 2-for-1 stock splits effective June 1, 2000 and 1999.

On December 30, 1991, a special stock dividend at that time at the rate of \$3.50 (pre-splits) per Subordinate Voting Share was paid from proceeds of the sale of Beatrice Foods. Recipients of the special dividend were offered the opportunity to reinvest all or part of the proceeds in Subordinate Voting Shares of Onex at a price of \$5.90 (pre-splits) per share. Upon completion of the dividend investment rights offering on February 28, 1992, an additional 7,560,475 (pre-splits) Subordinate Voting Shares were issued for net proceeds of \$44.2 million. These figures do not reflect the 2-for-1 stock splits effective June 1, 2000 and 1999.

On August 5, 1993, the shareholders approved a special resolution amending the Articles of the Company that removed all dividend rights attaching to the Multiple Voting Shares. Subsequently, a Special Dividend was declared to the holder of Multiple Voting Shares by way of a stock dividend of 7,097,370 (pre-splits) Subordinate Voting Shares, which, immediately following issuance, represented 20% of the total issued and outstanding Subordinate Voting Shares. These figures do not reflect the 2-for-1 stock splits effective June 1, 2000 and 1999.

**ITEM 5**      **Management's Discussion and Analysis of Results  
Of Operations and Financial Condition**

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The information is in Onex' Management's Discussion and Analysis and Financial Statements Report, which is incorporated herein by reference.

## **ITEM 6      Capital Structure**

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Onex Corporation had the following authorized and outstanding share capital:

- i) 100,000 Multiple Voting Shares, which entitle their holders to elect 60% of the Company's Directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. The Multiple Voting Shares have no entitlement to a distribution on winding-up or dissolution other than the payment of their nominal paid-up value. As at February 24, 2010, Onex had 100,000 Multiple Voting Shares outstanding.
- ii) An unlimited number of Subordinate Voting Shares, which carry one vote per share and as a class are entitled: to 40% of the aggregate votes attached to all shares of the Company carrying voting rights; to elect 40% of the Directors; and to appoint the auditors. These shares are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding-up and to any declared but unpaid cash dividends. The shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors. These shares trade on the Toronto Stock Exchange under the symbol OCX. As at February 24, 2010, Onex had 120,218,778 Subordinate Voting Shares issued and outstanding.

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

- iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Directors are empowered to fix the rights to be attached to each series. There is no consolidated paid-in value for these shares. As at February 24, 2010, Onex had 176,078 Series 1 Senior Preferred Shares issued and outstanding. All of these shares were held by an affiliated company.

*Share Trading Information*

	2009		
	Share Volume (millions)	Share Price	
		High	Low
January	4.5	\$19.84	\$16.62
February	4.2	\$17.38	\$15.45
March	6.0	\$16.30	\$12.86
April	4.9	\$20.75	\$15.26
May	7.4	\$23.99	\$19.31
June	6.4	\$22.89	\$19.66
July	6.3	\$21.36	\$18.14
August	4.5	\$24.42	\$21.39
September	5.5	\$28.34	\$22.56
October	4.7	\$28.43	\$24.31
November	7.9	\$24.75	\$22.60
December	4.8	\$24.75	\$23.03
Fiscal 2009	67.1	\$28.43	\$12.86

## **ITEM 7      Market for Securities of Onex**

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### ***Public Offering of Shares in 1994***

In February 1994, Onex issued 5,500,000 (pre-splits) Subordinate Voting shares at \$17.75 (pre-split) per share pursuant to a public offering; net proceeds were \$93.7 million. After the offering, Onex had 41,013,404 (pre-splits) Subordinate Voting Shares outstanding. These figures do not reflect the 2-for-1 stock splits, effective June 1, 2000 and 1999.

### ***Public Offering of Shares in 1997***

In January 1997, Onex issued 7,650,000 (pre-splits) Subordinate Voting Shares at \$23.00 (pre-splits) per share pursuant to a public offering; net proceeds were \$168.7 million. After the offering, Onex had 47,507,282 Subordinate Voting Shares outstanding. These figures do not reflect the two for one stock splits effective June 1, 2000 to 1999.

### ***Stock Split***

On March 5, 1999, the Board of Directors approved a split of Onex' Subordinate Voting Shares on a two-for-one basis, subject to shareholder approval at the Annual and Special Meeting. On May 13, 1999, shareholders approved the two for one stock split of Onex' Subordinate Voting Shares for those shares held of record on June 1, 1999. On March 21, 2000, the Board of Directors approved a further split of Onex' Subordinate Voting Shares on a two for one basis subject to shareholder approval at the Annual and Special Meeting. On May 11, 2000, shareholders approved the two for one stock split of Onex' Subordinate Voting Shares for those shares held on record June 1, 2000.

### ***Stock Option Plan***

Under the 1994 Stock Option Plan of Onex, options and/or share appreciation rights for a term not exceeding ten years may be granted to Directors, officers and employees relative to the acquisition of Subordinate Voting Shares ("SVS") of the Corporation at a price not less than the market value of the shares on the business date preceding the date of the grant. Options or share appreciation rights may not be exercised unless the average market price (in the five business days prior to the exercise) of the Subordinate Voting Shares exceeds the exercise price of the options or share appreciation rights by at least 25%. The payment, if any, of special distribution to holders of Subordinate Voting Shares could result in an adjustment of the exercise price. There are 15,612,000 SVS reserved for issuance, post June 1, 1999 and June 1, 2000 stock splits, under the Stock Option Plan. At February 24, 2010, options representing 13,448,500 shares were outstanding.

### ***Dividend Reinvestment Plan***

In October 1999, Onex reinstated its Dividend Reinvestment Plan ("the Plan"). The Plan provides a means for Canadian holders of Onex' Subordinate Voting Shares to reinvest cash dividends into new Subordinate Voting Shares issued by Onex at a five percent discount to a market-related value and without payment of brokerage commissions. The Plan was amended in March 2004 to remove the discount to market so that future shares acquired under the Plan would be determined based on a 20 trading day market value. During 2009, the Company issued 3,060 Subordinate Voting Shares under the Plan at an average cost of \$20.61 per share.

***Normal Course Issuer Bids***

During 2009, Onex had in place Normal Course Issuer Bids (“NCIBs”), which enables the Company to repurchase up to 10 percent of its public float of Subordinate Voting Shares. Under the NCIBs that expire on April 13, 2010, Onex repurchased 1,878,200 Subordinate Voting Shares at a total cost of \$43 million as of February 24, 2010.

**Other Securities*****Deferred Share Unit Plans***

In November 2004, Onex established a Director Deferred Share Unit Plan (“DSU Plan”), which allows Onex’ directors to apply directors’ fees to acquire Director Deferred Share Units (“DSUs”) based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. Holders of DSUs are entitled to receive, for each DSU upon redemption, a cash payment equivalent to the market value of a Subordinate Voting Share at the redemption date. The DSUs vest immediately, are only redeemable once the holder resigns from the board of directors and must be redeemed by the end of the year following the year of resignation. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the Subordinate Voting Shares. At February 24, 2010, Onex had 369,381 DSUs outstanding.

Effective December 2007, a Management Deferred Share Unit Plan (“Management DSU Plan”) was established as a further means of encouraging personal and direct economic interest by senior management in the performance of the Subordinate Voting Shares by the Company’s senior management. Under the Management DSU Plan, the members of the Company’s senior management team are given the opportunity to designate all or a portion of their annual compensation for the purchase of DSUs in lieu of cash. Management DSUs are redeemable by the participant only after he or she has ceased to be an officer or employee of the Company or an affiliate for a cash payment equal to the then-current market price of the Subordinate Voting Shares. Management DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof. In January 2010, 119,967 Management DSUs were issued to management, having an aggregate value, at the date of grant, of approximately \$3 million in lieu of cash compensation for the Company’s 2009 fiscal year. Forward agreements were entered into to hedge Onex’ exposure to changes in the value of the Management DSUs, At February 24, 2010, 393,151 Management DSUs were outstanding.

## **ITEM 8      Material Contracts**

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In November 2003, Onex completed the initial closing of its fund, Onex Partners LP (“Onex Partners I”), with funding commitments totalling US\$1 billion. The final closing of Onex Partners I was completed in February 2004 with total commitments of US\$1.65 billion. Onex Partners I will provide committed capital for future Onex-sponsored acquisitions not related to Onex’ existing operating companies at December 31, 2003 or ONCAP. Onex has provided a commitment of US\$400 million of the total US\$1.65 billion of committed capital to Onex Partners I.

In August 2006, Onex closed its second fund, Onex Partners II LP (“Onex Partners II”), with total capital commitments of US\$3.45 billion. Onex Partners II will provide committed capital for future Onex-sponsored acquisitions not related to Onex’ existing operating companies acquired by Onex, Onex Partners I or ONCAP. Onex has committed US\$1.4 billion, or 41% of the total committed capital of Onex Partners II.

During 2009, Onex closed its third fund, Onex Partners III LP (“Onex Partners III”) with total commitments of approximately US\$4.3 billion, which includes an US\$800 million commitment from Onex. Onex Partners III will provide committed capital for future Onex-sponsored acquisitions not related to Onex’ existing operating companies acquired by Onex, Onex Partners I and II or ONCAP. The Limited Partnership Agreement for Onex Partners III provides that Onex may increase or decrease its commitment in future transactions with six months advance notice to Limited Partners. Onex had a US\$1.0 billion commitment for the period from January 1, 2009 to June 30, 2009. On December 31, 2008, Onex gave notice to the investors of Onex Partners III that Onex’ commitment would be decreasing to US\$500 million effective July 1, 2009. In December 2009, Onex notified the investors of Onex Partners III that it would be increasing its commitment to US\$800 million effective June 16, 2010. This commitment may be increased up to approximately US\$1.5 billion, at the option of Onex but may not be decreased.

Onex Partners I, Onex Partners II and Onex Partners III will be collectively referred to as Onex Partners. Onex controls the General Partner and Manager of Onex Partners. Onex management has committed as a group to invest a minimum of 1% of Onex Partners.

Onex initially received annual management fees based upon 2% of the capital committed to Onex Partners I and II by investors other than Onex and Onex management. The annual management fee of Onex Partners I was reduced to 1% of the net funded commitment at the end of the initial fee period, in November 2006, when Onex established the successor fund, Onex Partners II. Onex Partners II’s annual management fee was reduced to 1% of the net funded commitment at the end of its initial fee period in November 2008 when Onex established the successor fund, Onex Partners III. Onex receives annual management fees based upon 1.75% of the capital committed to Onex Partners III by third-party limited partners. The annual management fee is reduced to 1% of the net funded commitment at the earlier of the end of the commitment period, when the funds are fully invested, or if Onex establishes a successor fund. The General Partners are entitled to a carried interest equal to 20% of the overall gains achieved by the investors other than Onex in each of Onex Partners I, Onex Partners II and Onex Partners III. The carried interest is determined on an individual fund basis and is subject to the fund investors having achieved a minimum 8% return on their investment in Onex Partners I, II or III over the life of each Fund. The investment by Onex Partners I, II and III investors for this purpose takes into consideration management fees and other amounts paid in by Onex Partners I, II and III investors.

The returns to Onex Partners I, II and III investments other than Onex and Onex management are based upon all investments made through Onex Partners, I II and III, separately, with the result that initial carried interests achieved by Onex on gains could be recovered from Onex if subsequent Onex investments in the Fund the overall target return level of 8%. Consistent with market practice, Onex, as sponsor of Onex Partners I, II and III, is allocated 40% of the carried interest with 60% allocated to management. Onex defers all gains associated with the carried interest until such time as there is no potential for repayment.

At February 24, 2010, Onex Partners I was fully funded with total investments of US\$1.5 billion, of which Onex' share was US\$347 million. Onex Partners II was funded with total investments of US\$2.9 billion, of which Onex' share was US\$1.1 billion. Onex Partners III was funded with total investments of US\$195 million of which Onex' share was US\$45 million.

**ITEM 9      Interests of Experts)**

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The Company's independent auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have issued an independent auditors' report dated February 24, 2010 in respect of the Company's consolidated financial statements as at December 31, 2009 and December 31, 2008. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

## **ITEM 10     Directors and Officers**

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### **Directors**

Information concerning the current directors of Onex is set out starting at page 3 of the 2009 Information Circular under the heading “Election of Directors”, which information is incorporated herein by reference. Information concerning the proposed directors of Onex will be set out in the 2010 Information Circular.

### **Officers**

<i>Name of Municipality of Residence</i>	<i>Principal Occupation</i>
Gerald W. Schwartz Toronto, Ontario	<i>Chairman of the Board President and Chief Executive Officer</i>
Andrea E. Daly Toronto, Ontario	<i>Vice President, General Counsel and Secretary</i>
Christine M. Donaldson Oakville, Ontario	<i>Vice President, Finance</i>
Timothy A.R. Duncanson Toronto, Ontario	<i>Managing Director</i>
Christopher A. Govan Oakville, Ontario	<i>Managing Director</i>
Ewout R. Heersink, Oakville, Ontario	<i>Managing Director</i>
Donald W. Lewtas Toronto, Ontario	<i>Chief Financial Officer</i>
David J. Mansell Toronto, Ontario	<i>Managing Director</i>
Seth M. Mersky Toronto, Ontario	<i>Managing Director</i>
Andrew J. Sheiner Toronto, Ontario	<i>Managing Director</i>
Nigel S. Wright Toronto, Ontario	<i>Managing Director</i>

All Officers of the Company have held these positions over the past five years with Onex Corporation except for the following. Prior to May 2005, Mr. Duncanson held the position of principal at Onex Corporation. Prior to January 1, 2008, Mr. Heersink held the position of Chief Financial Officer of the Company. Mr. Lewtas assumed the role of Chief Financial Officer on January 1, 2008, and prior to that date held the position of Vice President, Finance at the Company.

In addition, Ms. Donaldson assumed the position of Vice President, Finance on January 1, 2008 and prior to that date held the position of Director of Finance with the Company. Mr. Mansell assumed the position of Managing Director on January 1, 2010 and prior to that date held the position of principal at Onex Corporation.

As at February 24, 2010, Mr. Schwartz, and the other Officers and Directors of the Company as a group, beneficially owned directly or indirectly, or exercised control or direction, or may be deemed to have exercised control or direction, over an aggregate of 23% of the outstanding Subordinate Voting Shares of the Company.

**Supplementary Information**

Arni C. Thorsteinson, a director of the Corporation, is now, and in the past five years has been, an officer of certain non-publicly traded limited partnerships and other entities that were the subject of cease trade orders in certain provinces of Canada resulting generally from a failure to file financial statements or a failure to comply with disclosure obligations. Certain entities against which these orders were issued are now no longer active or, in other cases, Mr. Thorsteinson's involvement with such entities has ceased. In other cases, relevant entities have now been able to obtain discretionary relief from filing requirements; however, relief to correct prior transgressions is not available, and therefore in some cases these orders remain in force.

Nigel S. Wright, officer of the Company, was a director of MAGNATRAX Corporation, which made a filing under chapter 11 of the United States Bankruptcy Code on May 12, 2003.

## **ITEM 11     Audit and Corporate Governance Committee**

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### **Audit and Corporate Governance Committee Charter**

#### *Purpose*

The primary function of the Audit and Corporate Governance Committee is to assist the board of directors in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to the shareholders and others, the systems of internal controls that management and the board of directors have established, and the Corporation's and its subsidiaries' audit and financial reporting process. The Committee has the responsibility to review and monitor the corporate governance practices of the Corporation.

The external auditors ultimate responsibility is to the board of directors and the Audit and Corporate Governance Committee, as representatives of the shareholders. These representatives have the ultimate authority to evaluate and, where appropriate, recommend replacement of the external auditors.

The Audit and Corporate Governance Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in ensuing sections of this Charter. The Committee is given full access to the Corporation's management and records and external auditors as necessary to carry out these responsibilities. The Committee has the authority to carry out any special investigations as it sees fit around any matters within its roles and responsibilities.

#### *Composition and Qualification*

The Audit and Corporate Governance Committee shall be comprised of three directors, each of whom will be an independent director, as defined in Multilateral Instrument 52-110 – *Audit Committees*, as adopted by the Ontario Securities Commission.

All members of the Committee shall be financially literate and thus be able to read and understand a set of financial statements that have a level of complexity of accounting that is comparable to that of the Corporation's financial statements. At least one member of the Committee shall have accounting or related financial expertise. This could include past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer of an entity with financial oversight responsibilities.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Audit and Corporate Governance Committee shall:

- (a) Review the accounting principles, policies and practices followed by the Corporation and its subsidiaries in accounting for and reporting its financial results of operations.
  
- (b) Review the Corporation's audited annual consolidated financial statements and the unaudited quarterly financial statements. Also review and recommend to the board for approval any accompanying related documents such as the Annual Information Form or equivalent filings and the Management's Discussion and Analysis prior to the disclosing of the information to the public.

- (c) Review the draft earnings press release quarterly.
- (d) Satisfy itself that adequate procedures are in place for the review of any other public disclosure by the Corporation of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures.
- (e) Oversee the work of the external auditor and recommend to the board of directors the selection and compensation of the external auditors to be put forward to the shareholders at the annual meeting.
- (f) Obtain on a quarterly basis a formal written statement from the external auditors delineating the relationship between the audit firm and the Corporation, and review and discuss with the external auditors such relationship to determine the "independence" of the auditors.
- (g) Review any management letter prepared by the external auditors concerning the Corporation's internal financial controls, record keeping and other matters and management's response thereto.
- (h) Discuss with the external auditors their views about the quality of the implementation of Canadian Generally Accepted Accounting Principles, with a particular focus on the accounting estimates and judgments made by management and management's selection of accounting principles. Meet in private with appropriate members of management and separately with the external auditors on a regular basis to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans. Review with the external auditor their views on the adequacy of the Corporation's financial personnel.
- (i) Approve the scope of the annual audit, the audit plan, the access granted to the Corporation's records and the co-operation of management in any audit and review function.
- (j) Review the effectiveness of the independent audit effort, including approval of the fees charged in connection with the annual audit, any quarterly reviews and any non-audit services being provided.
- (k) Evaluate the lead audit partner and discuss rotation of the lead audit partner and other active audit engagement team partners.
- (l) Assess the effectiveness of the working relationship of the external auditors with management and become involved, if necessary, to resolve disagreements between management and the external auditor regarding financial reporting matters.
- (m) Review the financial risk management policies followed by the Corporation in operating its business activities and the completeness and fairness of any disclosure thereof. Review the use of derivative financial instruments by the Corporation.

- (n) Review and approve management's decisions relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service.
- (o) Review annually the Audit and Corporate Governance Committee Charter for compliance and adequacy and recommend any changes to the board.
- (p) Determine the nature of non-audit services the external auditor is prohibited from providing to the Corporation. The Committee will pre-approve all non-audit services provided by the external auditor to the Corporation.
- (q) Review compliance with regulatory requirements relating to CEO/CFO certifications.
- (r) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the external auditor.
- (s) Establish and review procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (t) Report to the board on the major items covered at each Audit and Corporate Governance Committee meeting and make recommendations to the board and management concerning these matters. Annually report to the board on the effectiveness of the Audit and Corporate Governance Committee.
- (u) Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law as the Committee or the board deems necessary or appropriate.
- (v) Ensures procedures are in place for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, also allowing employees' anonymous submission.
- (w) Establishes criteria for immediate reporting of certain complaints to the Committee, obtaining periodic reports about other complaints received.
- (x) Review of management's antifraud programs and controls including the fraud risk assessment process.
- (y) Review, on a timely basis, reports describing the nature, status and eventual disposition of alleged or suspected fraud.

*Corporate Governance Responsibilities*

While corporate governance remains the responsibility of the board of directors, the Committee shall review and monitor the corporate governance practices of the Corporation. This includes:

- (a) Reviewing the corporate governance disclosures that may be made by the Corporation.
- (b) Reviewing compensation for members of the board of directors and recommending compensation levels to the board.
- (c) Assessing on an annual basis the corporate governance practices. This would include requiring the completion of an annual questionnaire of the board members on corporate governance and the effectiveness of the board.
- (d) Reviewing financial qualifications of Committee members.
- (e) Overseeing the orientation program for new directors.
- (f) Monitoring on a continuing basis the overall effectiveness of the Corporation's system of corporate governance.
- (g) Annually assessing the performance of the Committee as a whole and of its members individually, considering improvements and taking decisive corrective action.

*Audit and Corporate Governance Committee Meetings*

The Audit and Corporate Governance Committee will meet on a quarterly basis and will hold special meetings as circumstances require. The timing of the meetings shall be determined by the Committee. The Committee may engage external advisors as it determines necessary, with notice to the lead director, and may set the compensation for such advisors.

At all Audit and Corporate Governance Committee meetings a majority of the members shall constitute a quorum.

**ITEM 11 Audit and Corporate Governance Committee***(continued)****Composition of the Audit and Corporate Governance Committee***

The Audit and Corporate Governance Committee is comprised of three directors, each of whom is an independent director. The members of the Committee are:

<b><i>Audit and Corporate Governance Committee Member</i></b>	<b><i>Experience and Education</i></b>
Peter C. Godsoe, O.C.	Mr. Godsoe was Chairman of the Board until March 2, 2004 and Chief Executive Officer until December 2, 2003 of the Bank of Nova Scotia. From 1966, he held positions of increasing responsibilities with the Bank of Nova Scotia, becoming Chairman of the Board in 1995. In 2002, Mr. Godsoe received the Order of Canada and was inducted into the Canadian Business Hall of Fame. Mr. Godsoe holds a Bachelor of Science degree in Mathematics and Physics from the University of Toronto and a Master of Business Administration degree from Harvard Business School. He is also a Chartered Accountant and a Fellow of the Institute of Chartered Accountants of Ontario.
Serge Gouin	Mr. Gouin is Chairman of the Board of Quebecor Media Inc. He is the former Advisory Director of Citigroup Global Markets Canada Inc. (1998-2003) and President and Chief Operating Officer of Le Groupe Vidéotron Ltée. (1991-1996). Mr. Gouin holds a Bachelor of Arts degree from the University of Montreal as well as a Bachelor of Arts degree and Master of Business Administration degree from the Ivey School of Business.
Arni C. Thorsteinson, C.F.A.	Mr. Thorsteinson is the President of Shelter Canadian Properties Limited, a diversified real estate development and management company. He holds a Bachelor of Commerce (Honours) from the University of Manitoba and a Chartered Financial Analyst designation.

All of the Audit and Corporate Governance Committee members are financially literate and are able to read and understand a set of financial statements that have a level of complexity of accounting that is comparable to that of the Company's financial statements.

***Onex Audit and Non-Audit Services Pre-Approval Policies and Procedures****Purpose*

The purpose of this policy is to set guidelines for the pre-approval of services that are to be provided by the companies' auditors, and to establish services that the auditors may not provide ("Prohibited Services"). For the purpose of this policy Prime Auditor shall refer to the auditor of Onex Corporation (the "Company") and Secondary Auditor shall refer to an auditor of a wholly-owned subsidiary or operating company (a "company") where that auditor is not the same as the Prime Auditor. At the time of approval of this policy the Prime Auditor was PricewaterhouseCoopers and the Secondary Auditors were KPMG, Deloitte and E&Y.

*Objective*

To provide oversight of the work of the independent auditors and ensure compliance with regulatory requirements.

*Scope*

This policy applies to Onex Corporation, all of its corporate wholly-owned subsidiaries, including foreign subsidiaries, and operating companies.

*Prohibited Services*

The following services may not be provided by the Prime Auditor or Secondary Auditor to Onex Corporation nor to any subsidiaries or affiliates:

- management functions;
- human resources;
- broker or dealer, investment adviser, or investment banking services;
- legal services;
- expert services unrelated to the audit, and
- any other services that the Board determines or, by regulation, is not permissible.

The following services may not be provided by an auditor of a company to that company or any of its subsidiaries or affiliates:

- bookkeeping or other services related to the accounting records or financial statements of the audit client;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- actuarial services, and
- internal audit outsourcing services.

*Pre-approval for Required Non-Audit Services*

A registered public accounting firm may engage in any non-audit service, including tax services, litigation support and internal control documentation, that is not described in the Prohibited Services, only if the activity is approved in advance by the audit committee of that company, in accordance with the Pre-approval Requirements section of this policy.

**Pre-approval Requirements**

In general:

(a) Any services where Onex' auditor (currently PwC) would be engaged, approval must be obtained in advance from Onex Corporation.

(b) Audit Committee Action – All auditing services and non-audit services provided to a company by the auditor of the company shall be pre-approved by the audit committee of that company. Lists of the nature of specific services that are pre-approved are provided below. Services not listed must be specifically pre-approved before the engagement commences.

*Pre-approval of Individual Services*

From time to time it is expected that certain services, which are not contemplated in the Pre-approval Requirements Section of this policy, may need to be specifically pre-approved. Where these services are to be performed for the Company then the Audit Committee has delegated the authority to effect such pre-approval to the Chairman of the Audit Committee or such other member of the Audit Committee as the Chairman may choose to appoint. Where such services are to be performed for other subsidiaries or affiliates who have their own Audit Committee, it is expected that this company's Audit Committee should first approve such services and thereafter communicate the nature of such services to the Onex Audit Committee for approval.

*Pre-approval of Services to be provided by PricewaterhouseCoopers*

Any non-audit services where fees are estimated to be in excess of \$100,000 the Audit Committee of Onex Corporation, or its Chair, is to approve in advance.

*Report of Services to the Audit Committee*

At each regularly scheduled meeting of the Audit Committee, management shall report on all new pre-approved engagements of the Prime Auditor or Secondary Auditor to the Company.

Similarly, where a subsidiary has an Audit Committee, at each regularly scheduled meeting management of that company should report on all new pre-approved engagements of the Primary Auditor or Secondary Auditor to the Audit Committee.

Annually, management will present to the Audit Committee a summary of all pre-approved services performed by the Prime Auditor or Secondary Auditor for the Company and its subsidiaries and affiliates.

*Lists of Services for Audit Committee Pre-approval*

1. Audit services

<i>Type of Service</i>	<i>Description</i>
Financial Statement Audit	Recurring audit of consolidated financial statements including subsidiary companies, statutory audits and assistance with statutory audit disclosures. Also including review of other documents associated with the annual audit, MD&A, Annual Report, AIF, Proxy Circular. Also including tax and accounting consultations required to in connection with the financial statements audit pertaining to complex or unusual transactions and/or other consultations required to perform an audit in accordance with generally accepted auditing standards.
Quarterly Reviews	Review of interim financial statements conducted in accordance with generally accepted auditing standards.
Regulatory financial filings	Services related to regulatory filings and prospectus including consent and comfort letters.
404 attestation services	Attestation services relating to the report on the entity’s internal controls as specified in Section 404 of the Sarbanes-Oxley Act and any similar requirements which may be introduced under Canadian and other local legislation/regulations.

2. Non-Audit Services

<i>Type of Service</i>	<i>Description</i>
Consultation regarding GAAP	Discussions, review of impact of new pronouncements and other assistance in connection with the interpretation of accounting literature, including technical update sessions.
Employee Benefit Plans	Audit of pension and other employee benefit plans and funds for regulatory purposes.
Specified audit procedures	Such procedures being outside the scope of the normal financial statement audit (for example specific inventory observance).
Financial due diligence	Assistance in financial and tax due diligence, including review of financial statements, financial data and records, tax returns, tax forms and tax filings, discussions with target's finance and accounting personnel.  Accounting consultations and audits in connection with acquisitions and divestures.
Post-acquisition balance sheet audits	Audit services conducted on a balance sheet subsequent to a purchase of a business which is not required by regulation or statute, such services being executed in accordance with generally accepted auditing standards.
Review of other financial information	Reviews of financial information conducted in accordance with standards for review engagements as provided for in generally accepted auditing standards.
Internal control training / seminars	Assistance provided in training on internal controls and other related seminars.
SOX advisory services	Advisory services with respect to complying with Sarbanes-Oxley Section 404 and any similar requirements, which may be introduced by Canadian and other local legislation/regulations. Provided that at no such time shall such services involve the auditor acting in the capacity as management.
Other attest services	Attest services that are not required by statute or regulation, including attest services in respect of special audit reports to support tax filings.
Forensic investigations	Fact finding services and forensic investigations as long as such services are permitted under the independence rules.

3. Tax Services

<i>Type of Service</i>	<i>Description</i>
Corporate tax compliance	Preparation and/or review of corporate tax returns, filings and forms. Consultation regarding handling of items for tax returns, required disclosures, elections, and filings positions available.
Indirect tax compliance and advisory	Indirect tax recovery, compliance and advisory services (VAT, PST, GST, payroll tax and other commodity taxes) including compliance advice, audit support, recovery services.
Routine corporate tax advisory services	Assistance with tax audits, examination of requests for information. Responding to requests regarding technical interpretations, applicable laws and regulations, and tax accounting. Tax advice on financings, inter-company transactions, foreign tax credits, foreign income tax, tax accounting, foreign earnings and profits, capital tax, sales tax, use tax, property tax, the treatment in any jurisdiction of foreign subsidiary income, VAT, GST, excise tax or equivalent taxes in the jurisdiction. Assistance with tax appeals that are not in front of a tax court or its equivalent. Advise regarding tax legislation or codes including interpretations, procedures and advance tax rulings or private letter rulings thereof, or their equivalent, in applicable jurisdictions in the following areas: income, capital sales, use, property, excise, local value added (VAT and GST taxes). Advice and assistance with respect to transfer pricing matters, including preparation of reports used by the company to comply with taxing authority documentation requirements regarding royalties, services and inter-company pricing and assistance with tax exceptions.
Tax related M&A advisory services	Tax advice on mergers, acquisitions, restructurings, financings and other merger and acquisition related transactions proposed and actual. Including tax due diligence and acquisition structuring in support of M&A transactions.
Customs and duties	Compliance reviews and advice on compliance in the areas of tariffs and classification, origin, pricing and documentation. Assistance with customs audits or requests for information.
Expatriate tax services	Preparation of individual income tax returns, advice on impact of changes in local tax laws and consequences of changes in compensation programs or practices. Compliance and advice in relation to benefits and compensation, stock options and tax equalization policies.

4. Other Services

<i>Type of Service</i>	<i>Description</i>
Valuation	Valuation services for non-financial reporting in connection with tax only valuations and valuation services to review and comment on tax related valuations prepared by the company or third parties. Also financial reporting related valuation services provided that such services are in accordance with the prohibited services section of this policy.
Financial systems design and implementation	Design or implementing a hardware or software system, provided that such services can only be provided by in accordance with the prohibited services section of this policy.
Actuarial services	Such services can only be provided in accordance with the prohibited services section of this policy.
Internal audit outsourcing	Internal audit activities cannot be provided except in accordance with the prohibited services section of this policy.
Technology Products	The following technology related products from our primary auditor are considered permissible: Comperio (Accounting research tool); Teammate (Electronic working papers), and Global Best Practices (Global benchmarking database).

***Fees Paid to Auditors***

The following table sets forth the aggregate fees incurred by the Company and operating companies for audit and other services performed by the Company’s auditor, PricewaterhouseCoopers, for the years ended December 31, 2009 and 2008.

	<b>2009</b>	<b>2008</b>
Audit at corporate office.....	\$1,046,000	\$1,517,000
Audit at operating companies.....	15,844,000	17,584,000
	<u>16,890,000</u>	<u>19,101,000</u>
Tax at corporate office.....	829,000	839,000
Tax at operating companies.....	4,630,000	4,202,000
	<u>5,459,000</u>	<u>5,041,000</u>
Internal controls for Sarbanes-Oxley and NI 52-109		
Corporate office	65,000	136,000
Operating companies	1,032,000	1,446,000
	<u>1,097,000</u>	<u>1,582,000</u>
Other at corporate office <sup>(a)</sup> .....	167,000	44,000
Other at operating companies <sup>(a)</sup> .....	659,000	749,000
	<u>826,000</u>	<u>793,000</u>
Total.....	<u>\$24,272,000</u>	<u>\$26,517,000</u>

(a) Includes fees for permitted statutory or regulatory filings, IFRS and other non-audit services.

## **ITEM 12     Additional Information**

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Additional information, including information concerning the remuneration of Directors and Officers, their indebtedness to the Company, principal holders of the Company's securities, options and share appreciation rights to acquire securities, interests of insiders in material transactions, and the normal course issuer bid is, where applicable, contained in the 2009 Information Circular and will be contained in the 2010 Information Circular. A review of the Corporation's corporate governance policies, with reference to the current and proposed Corporate Governance Guidelines of the Toronto Stock Exchange, is also included in the Information Circulars.

Additional financial information, including comparative consolidated audited financial statements, is provided in the Company's 2009 Management's Discussion and Analysis and Financial Statements.

Copies of the 2010 Information Circular, this Annual Information Form, the Management's Discussion and Analysis and Financial Statements of Onex for the year ended December 31, 2009, and any interim unaudited financial statements of Onex subsequent to such date, are available on the Company's website ([www.onex.com](http://www.onex.com)) or, upon request, from Mr. Donald W. Lewtas, Chief Financial Officer, Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, M5J 2S1 or on the Canadian Systems for Electronics Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). In the event that Onex Corporation should file a preliminary short-form prospectus in respect of a distribution of its securities, or should a receipt be issued by the applicable securities regulators in respect of such a short-form prospectus, copies of any documents, other than those referred to above, incorporated by reference into said preliminary short-form prospectus, will also be made available.

### ***Registrar and Transfer Agent***

The registrar and transfer agent for the Company's Subordinate Voting Shares is:

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](http://www.cibcmellon.ca)  
or [inquiries@cibcmellon.ca](mailto:inquiries@cibcmellon.ca) (e-mail)