



NOTICE OF
ANNUAL MEETING
OF SHAREHOLDERS
TO BE HELD MAY 11, 2017
AND
INFORMATION
CIRCULAR

ONEX corporation

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

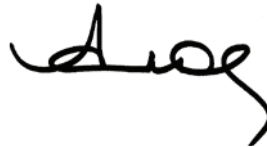
NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of Onex Corporation (the "Corporation") will be held at **Hockey Hall of Fame, Spotlight Theatre (concourse level), 30 Yonge Street, Toronto, Ontario on Thursday, the 11th day of May, 2017 at 10:00 a.m. (Eastern Daylight Savings Time)** for the following purposes:

1. To receive and consider the consolidated balance sheets of the Corporation as at December 31, 2016 and the consolidated statements of earnings, shareholders' equity and cash flows for the year then ended, together with the report of the auditor thereon;
2. To appoint an auditor;
3. To authorize the directors to fix the remuneration of the auditor;
4. To elect directors; and
5. To transact such further and other business as may properly come before the meeting or any adjournment or postponement thereof.

If you are unable to be personally present at the meeting, kindly complete, date, sign and return the enclosed form of proxy in the envelope provided for this purpose. Proxies to be used at the meeting must be deposited with the Corporation or CST Trust Company no later than 48 hours preceding the meeting or any adjournment or postponement thereof.

DATED at Toronto, Ontario, the 20th day of March, 2017.

BY ORDER OF THE BOARD



ANDREA E. DALY
Managing Director, General Counsel
and Secretary

ONEX corporation

MANAGEMENT INFORMATION CIRCULAR as at March 20, 2017

This management information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of Onex Corporation (“Onex” or the “Corporation”) for use at the annual meeting of the shareholders of the Corporation (the “meeting”) to be held on Thursday, May 11, 2017 at 10:00 a.m. (Eastern Daylight Savings Time) at Hockey Hall of Fame, Spotlight Theatre (concourse level), 30 Yonge Street, Toronto, Ontario, and at any adjournment or postponement thereof, for the purposes set forth in the notice of the meeting.

PROXIES

THE ENCLOSED PROXY IS BEING SOLICITED BY OR ON BEHALF OF THE MANAGEMENT OF THE CORPORATION and the cost of such solicitation will be borne by the Corporation. The solicitation will be primarily by mail, but officers or employees of the Corporation may also solicit proxies by telephone or in person without special compensation.

Proxies to be used at the meeting must be deposited with the Corporation or CST Trust Company no later than 48 hours preceding the meeting or any adjournment or postponement thereof.

A shareholder executing the enclosed form of proxy has the right to revoke it under subsection 110(4) of the Business Corporations Act (Ontario) (the “Act”). A proxy may be revoked by depositing an instrument in writing, executed by the registered shareholder or by such shareholder’s attorney authorized in writing, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment or postponement thereof, at which the proxy is to be used or with the Chairman of the meeting on the day of the meeting or any adjournment or postponement thereof or in any other manner permitted by law.

NOTICE-AND-ACCESS

The Corporation is utilizing the “notice-and-access” process that came into force on February 11, 2013, under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (“Notice-and-Access”) for distribution of the meeting materials to shareholders. Notice-and-Access is a new set of rules that reduce the volume of materials that must be physically mailed to shareholders by allowing the Corporation to post the Information Circular and additional materials online. In accordance with Notice-and-Access, the Corporation has delivered a proxy form, or voting instruction form in the case of beneficial shareholders, and a Notice-and-Access notification to both registered and beneficial shareholders outlining relevant dates and matters to be discussed at the meeting. The Notice of Annual Meeting and Information Circular and Annual Financial Statements and MD&A have been made available to Shareholders at the website: <http://www.meetingdocuments.com/cst/ocx>.

VOTING SHARES

The Corporation has authorized share capital consisting of an unlimited number of senior preferred shares, an unlimited number of junior preferred shares, 100,000 Multiple Voting Shares and an unlimited number of Subordinate Voting Shares.

As at the date hereof, 100,000 Multiple Voting Shares and 102,789,607 Subordinate Voting Shares are issued and outstanding. No senior preferred shares or junior preferred shares are currently issued and outstanding.

The holders of Multiple Voting Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, other than any meeting of holders of another class of shares who are entitled to vote separately as a class at such meeting and other than with respect to certain matters which are exclusively reserved for the holders of Subordinate Voting Shares. Unless and until the occurrence of an Event of Change (as defined in the articles of the Corporation and set forth below), the holders of Multiple Voting Shares are entitled to such number of votes in the aggregate as represents 60 per cent of the aggregate votes attached to all the outstanding Multiple Voting Shares, Subordinate Voting Shares and other shares of the Corporation that may be created from time to time (if any) having the right to vote generally at annual and special meetings of shareholders. The number of votes will be prorated equally among the outstanding Multiple Voting Shares and will be deemed to be adjusted to maintain the 60 per cent voting level notwithstanding any issue, repurchase or redemption of Subordinate Voting Shares or other shares having general voting rights. The holders of Multiple Voting Shares are entitled to one vote for each such share held at meetings of holders of such shares at which they are entitled to vote separately as a class.

The holders of Subordinate Voting Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, other than any meeting of holders of another class of shares who are entitled to vote separately as a class at such meeting, and are entitled to one vote for each share held. The holders of Subordinate Voting Shares and all other shares of the Corporation that may be created from time to time (if any) having the right to vote generally at annual and special meetings of shareholders will be entitled in the aggregate to 40 per cent of the aggregate votes attached to all the outstanding Multiple Voting Shares, Subordinate Voting Shares and other shares (if any) of the Corporation that may be created from time to time having the right to vote generally at annual and special meetings of shareholders.

The holders of Multiple Voting Shares are entitled, voting separately as a class, to elect, unless and until an Event of Change occurs, 60 per cent (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation.

From and after the occurrence of an Event of Change, the holders of Multiple Voting Shares, voting separately as a class, will have the right to elect only 20 per cent (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation and otherwise will not be entitled to vote except as provided by the Corporation's articles or by applicable law. The Multiple Voting Shares would be extinguished in their entirety on the third anniversary of the Event of Change. An Event of Change is defined as Gerald W. Schwartz (i) ceasing to hold office as the Chief Executive Officer of the Corporation; (ii) ceasing to hold, directly or indirectly together with his spouse and children, more than 5,000,000 Subordinate Voting Shares; or (iii) ceasing to have the right to vote or direct the vote of a majority of the outstanding Multiple Voting Shares.

The holders of Subordinate Voting Shares are entitled, voting separately as a class, to appoint the auditor of the Corporation and to elect, unless and until an Event of Change occurs, 40 per cent (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation.

Should an Event of Change occur, the holders of Subordinate Voting Shares would become entitled, voting separately as a class, to elect 80 per cent (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation and would otherwise be entitled to one vote per share for each Subordinate Voting Share held.

Holders of Multiple Voting Shares are not entitled to receive dividends. Holders of Subordinate Voting Shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors. The Multiple Voting Shares have no entitlement to a distribution on winding-up or dissolution other than a payment of the nominal amount in the stated capital account for such shares. The Subordinate Voting Shares are entitled, subject to the prior rights of the senior preferred shares, the junior preferred shares and the Multiple Voting Shares, to receive the remaining assets of the Corporation.

The record date for the determination of shareholders entitled to receive notice of the meeting has been fixed at March 20, 2017. In accordance with the provisions of the Act, the Corporation will prepare a list of holders of Multiple Voting Shares and Subordinate Voting Shares, respectively, as of such record date. Each holder of Multiple Voting Shares or Subordinate Voting Shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the meeting.

To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than ten per cent of the voting rights attached to any class of outstanding voting securities of the Corporation other than as set forth below.

Gerald W. Schwartz holds indirectly all the outstanding Multiple Voting Shares of the Corporation. Mr. Schwartz also beneficially owns, controls or directs as at the date of this circular, directly or indirectly, 13,459,140 Subordinate Voting Shares of the Corporation representing approximately 13% of the outstanding Subordinate Voting Shares.

Pursuant to a stock control agreement entered into by Mr. Schwartz, OMIL Holdings Limited, the Corporation and National Trust Company (now The Bank of Nova Scotia Trust Company) for the benefit of the holders of the Subordinate Voting Shares, Multiple Voting Shares may be transferred only with the prior approval of at least two-thirds of the votes cast on separate class votes at meetings of the holders of the Multiple Voting Shares and Subordinate Voting Shares, unless such transfers are made to members of management of Onex, provided that up to an aggregate of ten per cent of the outstanding Multiple Voting Shares may be transferred to persons other than members of management without such approval. Multiple Voting Shares acquired by any transferee would be subject to certain repurchase options and obligations in favour of Onex.

APPOINTMENT AND REMUNERATION OF AUDITOR

The articles of the Corporation provide that the holders of Subordinate Voting Shares, voting separately as a class, have the right to appoint the auditor, although authorization of the directors to fix the auditor's remuneration requires the approval of the holders of Subordinate Voting Shares and Multiple Voting Shares, voting together.

Unless authority to do so is withheld, the Subordinate Voting Shares represented by the proxies solicited in respect of the meeting will be voted in favour of the reappointment of the firm of PricewaterhouseCoopers LLP, Chartered Accountants as the auditor of the Corporation and in favour of the authorization of the directors to fix the remuneration of the auditor.

ELECTION OF DIRECTORS

As described above under "Voting Shares", the holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled, voting separately as classes, to elect 40 per cent and 60 per cent, respectively, of the members of the Board of Directors, in each case rounded to the nearest whole number. The number of directors has been fixed at twelve for purposes of this election. At the meeting there will be a separate vote (in respect of which only the holders of Subordinate Voting Shares will be entitled to vote) in respect of the election of the five directors referred to below as SVS Nominees, and a further separate vote (in respect of which only the holder of Multiple Voting Shares will be entitled to vote) in respect of the election of the seven directors referred to below as MVS Nominees. The shares represented by the proxies solicited in respect of the meeting will be voted for the SVS Nominees, unless authority to do so is withheld. The term of office for each nominee elected will be until the close of the next annual meeting of shareholders of the Corporation or until his or her successor is elected or appointed.

All nominees proposed for election at the meeting other than Mr. Goldhar are currently directors of the Corporation. The nominees are established executives with a wide range of experience that has been and will continue to be useful to the Corporation. Mr. Goldhar, a new nominee to the Corporation's Board of Directors, is the founder of SmartCentres and brings to the Corporation a wealth of expertise, experience and valuable relationships that will contribute meaningfully to the Corporation's fulfillment of its core mandate of maximizing shareholder value. See "Corporate Governance Practices" on page 10 below.

The information below includes all public company directorships of each of the nominees, none of whom hold more than two public company directorships in addition to their current or proposed roles as directors of the Corporation.

I. SVS NOMINEES

The following is a description of the five SVS Nominees to be voted on by the holders of Subordinate Voting Shares of the Corporation:

<u>Name, principal occupation and other major positions with the Corporation</u>	<u>Period during which served as a Director</u>	<u>Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (1)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (2)</u>
<p>WILLIAM A. ETHERINGTON (4)</p> <p>Mr. Etherington, 75, of Toronto, Ontario, is a director and board chair of Celestica Inc. and a director of SS&C Technologies, Inc. and was Chairman of the Board of the Canadian Imperial Bank of Commerce until February 2009. Mr. Etherington holds an Honorary Doctor of Laws degree, and Bachelor of Electrical Engineering Science from the University of Western Ontario.</p>	Since September 2007	10,000 (5) 57,988	\$ 6,775,684
<p>PETER C. GODSOE, O.C. (3)</p> <p>Mr. Godsoe, 78, of Toronto, Ontario, was formerly Chairman of the Board and Chief Executive Officer of the Bank of Nova Scotia. Mr. Godsoe was a lead director of Rogers Communications Inc. until April 2014 and is a director of a number of non-profit institutes including the Perimeter Institute for Theoretical Physics. In 2002, he 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 Professional Accountant and a Fellow of the Institute of Chartered Accountants of Ontario.</p>	Since May 2004	20,000 (6) 86,348	\$10,598,642
<p>MITCHELL GOLDHAR</p> <p>Mr. Goldhar, 54, of Toronto, Ontario, is Chairman of the Board of SmartREIT. In 1994, Mr. Goldhar founded SmartCentres and developed 265 shopping centres, many of which were anchored by Walmart. Mr. Goldhar is President and CEO of Penguin Investments Inc., a director of Indigo Books & Music Inc., a Director Emeritus with the SickKids Foundation, is on the Advisory Board for the Canadian Sports Concussion Project and is owner of the Maccabi Tel Aviv Football Club. Mr. Goldhar holds a Bachelor of Political Science degree from York University and has been an adjunct professor with the Joseph L. Rotman School of Management, University of Toronto for 12 years.</p>	—	—	—

<u>Name, principal occupation and other major positions with the Corporation</u>	<u>Period during which served as a Director</u>	<u>Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (1)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (2)</u>
<p>ARIANNA HUFFINGTON</p> <p>Ms. Huffington, 66, of New York, New York, is the founder and Chief Executive Officer of Thrive Global, a corporate and consumer well-being and productivity business and is the founder of The Huffington Post Media Group. In May 2005, Ms. Huffington launched The Huffington Post, which won a Pulitzer Prize for national reporting in 2012. She was named to the Forbes Most Powerful Women list in 2013 and was named to the Time 100, Time Magazine’s list of the world’s 100 most influential people, in each of 2006 and 2011. Ms. Huffington serves on the boards of Uber and EL PAÍS, a major Spanish language newspaper. Ms. Huffington holds a Master of Arts in Economics from Cambridge University.</p>	Since May 2014	— (7) 11,808	\$ 1,176,785
<p>ARNI C. THORSTEINSON, C.F.A. (3)</p> <p>Mr. Thorsteinson, 68, of Winnipeg, Manitoba, is the President of Shelter Canadian Properties Limited, a diversified real estate development and management company. He is also a trustee of Lanesborough Real Estate Investment Trust and a director of Bird Construction Inc. and a member of the board of advisors of Onex Real Estate Partners. He was the Founding Chair of the Board of Trustees of the Canadian Museum for Human Rights and is Vice Chair of the Friends of the Canadian Museum for Human Rights. Mr. Thorsteinson holds Bachelor of Commerce (Honours) and Doctor of Laws (Honours) degrees from the University of Manitoba as well as the Chartered Financial Analyst designation.</p>	Since March 1987	50,425 (8) 107,008	\$15,689,773

II. MVS NOMINEES

The following is a description of the seven MVS Nominees to be voted on by the sole holder of Multiple Voting Shares of the Corporation:

<u>Name, principal occupation and other major positions with the Corporation</u>	<u>Period during which served as a Director</u>	<u>Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (1)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (2)</u>
<p>GERALD W. SCHWARTZ, O.C.</p> <p>Mr. Schwartz, 75, of Toronto, Ontario, is the Chairman of the Board, President and Chief Executive Officer of Onex. Mr. Schwartz was inducted into the Canadian Business Hall of Fame in 2004 and was appointed as an Officer of the Order of Canada in 2006. He is also an honorary director of The Bank of Nova Scotia and is a director of Indigo Books & Music Inc. Mr. Schwartz was Vice Chairman of Mount Sinai Hospital and is a director, governor or trustee of a number of other organizations. He holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Manitoba, a Master of Business Administration degree from the Harvard University Graduate School of Business Administration and a Doctor of Laws (Hon.) from St. Francis Xavier University and Doctor of Philosophy (Hon.) from Tel Aviv University.</p>	Since March 1987	13,459,140	\$1,341,337,892
<p>DANIEL C. CASEY (4)</p> <p>Mr. Casey, 69, of Toronto, Ontario is the Chairman of the Board, Chief Executive Officer and President of Creson Corporation, an investment holding company, and is a member of the board of advisors of Onex Real Estate Partners. Mr. Casey holds a Bachelor of Arts in Economics degree from Carleton University.</p>	Since March 1987	36,000 (10) 84,590	\$ 12,017,999

<u>Name, principal occupation and other major positions with the Corporation</u>	<u>Period during which served as a Director</u>	<u>Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (1)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (2)</u>
<p>SERGE GOUIN (3)</p> <p>Mr. Gouin, 74, of Outremont, Quebec, recently retired as Chairman of the Board of Quebecor Media Inc., a communications and media-cable and entertainment company. He is also the former Advisory Director of Citigroup Global Markets Canada Inc. (1998-2003), former President and Chief Operating Officer of Le Groupe Vidéotron Ltée. (1991-1996) and former Chairman of the Board of TVA Group Inc. He is the Chairman of Anges Québec Capital Fund. He previously served on the Advisory Committee of the Richard Ivey School of Business for over 20 years. 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.</p>	Since August 1991	45,568 (11) 86,653	\$ 13,177,145
<p>EWOUT HEERSINK</p> <p>Mr. Heersink, 66, of Oakville, Ontario, is a Senior Managing Director of the Corporation and has been an executive of Onex since 1983. He served as Onex's Chief Financial Officer through 2008 and has also served as a director of several of Onex's operating companies. Mr. Heersink is also a Member of the Advisory Council of the Queen's School of Business. He holds a Bachelor of Honours Business Administration degree from the Ivey School of Business at the University of Western Ontario and a Master of Business Administration degree from Queen's University. Mr. Heersink is also a Chartered Accountant.</p>	Since May 2010	947,560 (12) 296,195	\$123,952,623
<p>JOHN B. MCCOY (4)</p> <p>Mr. McCoy, 73, of Columbus, Ohio, retired as Chairman and Chief Executive Officer of Bank One Corporation in December 1999, where he had been Chief Executive Officer since 1984 and Chairman since 1998. Mr. McCoy joined Bank One Corporation in 1970. Mr. McCoy is a director of Earthport PLC and of a number of non-profit institutions. Mr. McCoy holds a Bachelor of Arts degree in History from Williams College and a Master of Business Administration degree in Finance from Stanford University's Graduate School of Business.</p>	Since May 2005	20,000 (13) 78,291	\$ 9,795,681

<u>Name, principal occupation and other major positions with the Corporation</u>	<u>Period during which served as a Director</u>	<u>Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (1)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 20, 2017 (2)</u>
<p>J. ROBERT S. PRICHARD, O.C., O. ONT. (3)</p> <p>Mr. Prichard, 68, of Toronto, Ontario, is non-executive Chairman of Torys LLP and was previously President and Chief Executive Officer of each of Metrolinx and Torstar Corporation. Prior to joining Torstar, he was President of the University of Toronto from 1990-2000. He is also Chairman of each of Bank of Montreal and Metrolinx, a director of George Weston Ltd. and Barrick Gold Corporation and a trustee of the Hospital for Sick Children. Mr. Prichard studied economics at Swarthmore College and holds a Master of Business Administration degree from the University of Chicago, a Bachelor of Laws degree from the University of Toronto and a Master of Laws degree from Yale University. He is also an Officer of the Order of Canada, a Member of the Order of Ontario and a Fellow of the Royal Society of Canada and a Fellow of the Institute of Corporate Directors.</p>	Since May 1994	20,000 (14) 80,984	\$ 10,064,065
<p>HEATHER M. REISMAN</p> <p>Ms. Reisman, 68, of Toronto, Ontario, is Chair and Chief Executive Officer of Indigo Books & Music Inc. Prior to co-founding Indigo Books & Music, she held the position of President of Cott Corporation from 1990-1992. Ms. Reisman is also a director of Mount Sinai Hospital and a member of the Steering Committee, Bilderberg. She is a former Governor of the Toronto Stock Exchange and of McGill University. Ms. Reisman was educated at McGill University.</p>	Since May 2003	1,282,016 (15) 72,707	\$135,011,694

Notes:

- (1) Indicates the number of Subordinate Voting Shares and Deferred Share Units of the Corporation (rounded to the nearest whole unit) beneficially owned, directly or indirectly, or over which control or direction is exercised. In the case of Mr. Schwartz, includes 1,348,500 Subordinate Voting Shares beneficially owned by The Gerald Schwartz & Heather Reisman Foundation, a private charitable foundation founded by Mr. Schwartz and Ms. Reisman and controlled by Mr. Schwartz. The Directors' Deferred Share Unit Plan is described on page 27 under "Compensation of Directors and Executive Officers of the Corporation and its Subsidiaries — Directors".
- (2) Indicates the aggregate dollar value of the Subordinate Voting Shares and Deferred Share Units of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised based on the closing price of the Subordinate Voting Shares on the Toronto Stock Exchange on March 20, 2017.
- (3) Member of the Audit and Corporate Governance Committee.
- (4) Member of the Compensation and Management Resources Committee.
- (5) As of December 31, 2016, Mr. Etherington also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Celestica, an operating company subsidiary of the Corporation not within the private equity fund structure (10,000 subordinate voting shares).

- (6) As of December 31, 2016, Mr. Godsoe also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.2% of the Onex group's aggregate invested capital at fair market value).
- (7) As of December 31, 2016, Ms. Huffington also held, directly or indirectly, individually or through her personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value).
- (8) As of December 31, 2016, Mr. Thorsteinson also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.3% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.4% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.4% of the Onex group's aggregate invested capital at fair market value).
- (9) As of December 31, 2016, Mr. Schwartz also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 2.3% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 4.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (approximately 8% of the Onex group's aggregate invested capital at fair market value), (iv) Celestica, an operating company subsidiary of the Corporation not within the private equity fund structure (120,657 subordinate voting shares), and (v) certain of the products and strategies managed by Onex Credit Partners (US\$224 million at fair market value). In February 2017, Mr. Schwartz committed US\$25 million to Incline Aviation Fund, an aircraft investment fund managed by BBAM Limited Partnership, an operating company of Onex Partners III LP ("Incline").
- (10) As of December 31, 2016, Mr. Casey also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.4% of the Onex group's aggregate invested capital at fair market value).
- (11) As of December 31, 2016, Mr. Gouin also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.3% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.2% of the Onex group's aggregate invested capital at fair market value), and (iv) Celestica, an operating company subsidiary of the Corporation not within the private equity fund structure (40,000 subordinate voting shares).
- (12) As of December 31, 2016, Mr. Heersink also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.7% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 1.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 1.0% of the Onex group's aggregate invested capital at fair market value), (iv) Celestica, an operating company subsidiary of the Corporation not within the private equity fund structure (41,103 subordinate voting shares), and (v) certain of the products and strategies managed by Onex Credit Partners (US\$3 million at fair market value). In February 2017, Mr. Heersink committed US\$1 million to Incline.
- (13) As of December 31, 2016, Mr. McCoy also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.1% of the Onex group's aggregate invested capital at fair market value).
- (14) As of December 31, 2016, Mr. Prichard also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.3% of the Onex group's aggregate invested capital at fair market value).
- (15) As of December 31, 2016, Ms. Reisman also held, directly or indirectly, individually or through her personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value).

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS

The following table sets forth the attendance of directors at Board and Committee meetings in 2016.

Director	Board	Compensation and Management Resources Committee	Audit and Corporate Governance Committee	Attendance %	
				Board	Committee
Daniel C. Casey	5 of 5	3 of 3	—	100%	100%
William A. Etherington	5 of 5	3 of 3	—	100%	100%
Peter C. Godsoe	4 of 5	—	4 of 4	80%	100%
Serge Gouin	5 of 5	—	4 of 4	100%	100%
Ewout R. Heersink	5 of 5	—	—	100%	—
Arianna Huffington	4 of 5	—	—	80%	—
John B. McCoy	5 of 5	3 of 3	—	100%	100%
J. Robert S. Prichard	5 of 5	—	4 of 4	100%	100%
Heather M. Reisman	5 of 5	—	—	100%	—
Gerald W. Schwartz	5 of 5	—	—	100%	—
Arni C. Thorsteinson	5 of 5	—	4 of 4	100%	100%

CORPORATE GOVERNANCE PRACTICES

The Board of Directors and management of the Corporation believe that both full compliance with all applicable laws and stock exchanges requirements and the implementation of appropriate corporate governance practices are important for the effective management of the Corporation and value creation for its shareholders.

The Onex Board of Directors, both generally and through the Audit and Corporate Governance Committee, is committed to remaining abreast of the ongoing evolution of corporate governance standards and practices both in Canada and more broadly. Overall, the Board believes that the Corporation's corporate governance practices have been thoughtfully developed, continue to be appropriate for the Corporation, and are in the best interests of shareholders and does not currently propose material substantive changes. The Board will continue to follow market or regulatory initiatives, to remain open to discussions with its shareholders on these or other areas of concern, and to consider potential changes or refinements when and as appropriate.

Board Composition

The Board continues to focus on renewal and diversity in the ordinary course without forcing change in a manner or at a pace that it believes may not serve shareholders well. Consistent with this approach, the Corporation has been careful and thoughtful as to the optimal size of the Board and has adopted a measured approach to Board turnover and expansion while constantly seeking to identify individuals who would make a valuable contribution to the mix of skills, experiences, perspectives and relationships represented on the Board. Accordingly, the Corporation is pleased to put forth a new nominee to the Board for consideration and election by the holders of Subordinate Voting Shares at the Meeting. Mr. Mitchell Goldhar is currently the President and Chief Executive Officer of Penguin Investments Inc. and Chair of the Board of SmartREIT. As founder of SmartCentres, Mr. Goldhar has been in the real estate development business for over 25 years and has developed 265 shopping centres across Canada. In 2015, SmartCentres became a core part of SmartREIT, one of Canada's largest real estate investment trusts with total assets in excess of \$8.6 billion. The Board believes that Mr. Goldhar will bring outstanding experience and expertise in real estate development, real property management, retail, e-commerce and other commercial operations, as well as many valuable relationships in the business community.

Director Tenure

The Board has not adopted formal, prescriptive term limits or a mandatory retirement age but rather assesses its size and composition on an ongoing basis. In particular, the Board does not view long tenure as negative but

rather believes that it is most often a distinct advantage. The nature of the Corporation's business is such that it takes considerable time for a new director to reach the highest levels of full and effective participation. This long learning and integration process arises principally from the Corporation's ongoing evolution as a multi-platform asset manager, the fact that such a large portion of the Corporation's capital nonetheless remains invested in private equity, and the nature and variety of the operating businesses within the private equity funds, whether by industry, geography or complexity. Many of these and the Corporation's other investments and initiatives involve substantial commitments of capital and resources and can take considerable time to understand sufficiently in depth to allow a director to add maximum value, particularly as the mix of businesses changes through the investment-to-realization cycle. In fact, one of the principal items the Board considers in recruitment is a potential director's willingness to serve for a meaningful period of time. The Board also notes that new directors are required to build a significant economic stake (a minimum of five times the annual retainer) in the Corporation, a requirement that suggests and supports a longer tenure.

The Board has a long-standing, formal policy requiring that the Audit and Corporate Governance Committee review each year the proposed re-election of any director (other than Mr. Schwartz) who will be 72 or older at the date of the annual meeting and make a recommendation to the full Board as to whether a change should be considered. As Messrs. Etherington, Godsoe, Gouin and McCoy are or at the date of the meeting will be older than 72, the Committee has reviewed the proposed nominations and determined that each of those directors continues to be an exceptionally valuable and effective contributor to the Board and that the loss of their services would not be in the best interests of shareholders. Accordingly, all are proposed for re-election at the meeting.

Gender Diversity

The Corporation's 11-member Board currently includes two women (18.2%). As discussed above, the Board takes a measured and deliberate approach to changes in board size and composition, including with respect to gender diversity, and does not support forcing change based exclusively on formulaic goals or targets. The Board believes that diversity is a key consideration but must be assessed within a broader context having regard to existing and optimal board size, skill set, diversity of experience and expertise, and each director's ability to add value for the benefit of all shareholders. One of the Board's two most recent additions to the Board as proposed for election at the meeting is a woman and the Board intends to continue to make diversity a principal driver in the director identification and selection process moving forward.

Similarly, the Corporation does not use numerical gender-based targets in filling senior management roles, as it believes that matters of this level of importance require a more thoughtful and multi-faceted approach. Women hold, and have long held, many of the senior roles at Onex without a process having been specifically devised and adopted to force that outcome. Currently, two of 11 "executive officer" positions (18.2%) are held by women, specifically the Corporation's Managing Director – General Counsel and Managing Director – Investor Relations. In addition, the Corporation's most senior Talent Management, Information Technology and Administration managers are all women, as is the former Managing Director – Finance who retired from the Corporation earlier this month.

Finally, the Corporation continues to focus on ensuring that its investment team includes a meaningful number of women. That deliberate focus has had positive results in the past two years not only in the diversity of the candidate pool but in the number of women joining the Corporation.

Mandate of the Board of Directors

The Board of Directors has adopted a written mandate setting out its responsibilities for the stewardship of the Corporation. The mandate of the Board is to oversee the management of the business of the Corporation by the executive officers and managers of the Corporation and includes the following duties and responsibilities:

- Approving the long-term strategy for the Corporation and monitoring the Corporation's overall performance against that strategy;
- Reviewing annually the strategic plan including opportunities and risks and approving significant investments, divestitures and alliances;

- Identifying matters that require prior approval of the Board;
- Identifying and assessing the principal risks inherent in the business activity of the Corporation as a whole or in its investment in any major operating company and systems to manage and monitor those risks;
- Reviewing succession planning and the appointment of senior executives of the Corporation, reviewing their performance against the objective of maximizing shareholder value, measuring their contribution to that objective, and overseeing the compensation policies for investment participation of those executives;
- Reviewing annually the Corporation’s communication policies and, prior to issuance, major shareholder communications;
- Establishing and monitoring the environmental policy for the Corporation;
- Approving the Corporation’s written Code of Business Conduct and Ethics and monitoring compliance with that Code;
- Satisfying itself as to the integrity of the Chief Executive Officer and other senior officers and that they foster a culture of integrity within the Corporation;
- Reviewing financial performance and reporting and assessing the integrity of the Corporation’s internal control and management information systems;
- Reviewing and monitoring the Corporation’s adherence to high standards of corporate governance principles as well as measures for receiving shareholder feedback; and
- Developing and participating in a program to ensure the continuing education of members of the Board.

Composition and Skills of the Board

The Board of Directors proposed for election is composed of twelve members. The Corporation has adopted a majority voting policy in respect of their election.

Nine of the current and proposed members of the Board are independent in that they have no direct or indirect business or other relationships that could reasonably be expected to interfere with the exercise of independent judgment.

The non-independent directors are Mr. Schwartz, the President and Chief Executive Officer of the Corporation as well as its founder and a significant shareholder, his spouse, Ms. Reisman, and Mr. Heersink, a Senior Managing Director of the Corporation.

The independent current or proposed directors are:

- | | |
|------------------------|-----------------------|
| Daniel C. Casey | Arianna Huffington |
| William A. Etherington | John B. McCoy |
| Peter C. Godsoe | J. Robert S. Prichard |
| Mitchell Goldhar | Arni C. Thorsteinson |
| Serge Gouin | |

The independent directors have diverse business backgrounds, a wide range of both public and private company experience and meaningful investments in the Corporation and, in many cases, its managed funds and their underlying operating businesses. As a result, they well represent the interests of shareholders, including minority shareholders, of the Corporation. Consistent with the view that the Board should be comprised of directors with a broad range of experience and expertise, the Board has developed a skills matrix to identify those areas which contribute to the Board’s ability to carry out its mandate effectively.

Director or Nominee	Location	CEO Experience	Finance & Accounting	Capital Markets	Corporate Governance	Risk Management & Compliance	Government & Public Policy; International Affairs	HR & Compensation	IT & Cybersecurity	International Businesses	Industry Experience and Expertise
Daniel C. Casey	Canada	✓						✓		✓	industrial operations and manufacturing; real estate development; building products; hospitality
William A. Etherington	Canada	✓	✓		✓	✓		✓	✓	✓	financial services and insurance; business services; industrial operations and manufacturing; marketing; technology and new media; operational restructuring
Peter C. Godsoe	Canada	✓	✓	✓	✓	✓				✓	asset management and investment; capital markets; financial services and insurance; business services; complex and regulated industries; financial restructuring
Mitchell Goldhar	Canada	✓	✓	✓			✓			✓	real estate development; retail; residential; e-commerce
Serge Gouin	Canada	✓	✓	✓	✓	✓		✓		✓	asset management and investment; capital markets; financial services and insurance; industrial operations and manufacturing; healthcare; consumer and retail; marketing; media and communications
Ewout E. Heersink	Canada		✓	✓	✓	✓		✓			auditing; consulting; CFO experience
Arianna Huffington	US	✓								✓	media and communications
John B. McCoy	US	✓	✓	✓	✓	✓	✓	✓	✓	✓	financial services
J. Robert S. Prichard	Canada	✓	✓		✓	✓	✓	✓			media and communications; technology and new media; financial services and insurance; legal; complex and regulated industries
Heather M. Reisman	Canada	✓	✓		✓		✓	✓	✓		retail; e-commerce; marketing
Gerald W. Schwartz	Canada	✓	✓	✓	✓	✓	✓	✓		✓	asset management and investment; capital markets; business services; industrial operations and manufacturing; health care; aerospace; real estate development; building products; consumer and retail; legal; financial restructuring; operational restructuring
Arni C. Thorsteinson	Canada	✓	✓	✓	✓	✓	✓	✓			real estate; finance; investment banking; corporate governance; hospitality

None of the Corporation's current directors are members of the boards of more than two additional public companies. There is only one circumstance in which two or more of the Corporation's current or proposed directors serve together on the board of any other public company. Ms. Reisman and Messrs. Schwartz and Goldhar are directors of Indigo Books & Music, Inc. It is noted that Ms. Reisman is the founder and CEO of Indigo and Mr. Schwartz is its largest shareholder.

Alignment of Interest with Onex Shareholders

The Board has adopted a policy requiring that each director own shares of the Corporation and historically had set the minimum ownership requirement at 30,000 shares. Effective May 2013, the Board determined that the minimum ownership for new directors joining the Board would be five times the current US\$240,000 annual retainer, and that each director would

have up to six years to achieve the minimum ownership level. Deferred Share Units held may be applied towards the share ownership requirement. All of the Corporation's current directors, other than Ms. Huffington (elected in 2014), hold shares and Deferred Share Units substantially in excess of the minimum ownership requirement.

Independence and Functioning of the Board

Mr. Schwartz is Chairman of the Board of Directors as well as President and Chief Executive Officer of the Corporation. It is the view of the Corporation's Board that it derives substantial advantages from having Mr. Schwartz as its Chairman and that its independence is not impaired because:

- There is a designated "independent Lead Director", currently Mr. Arni Thorsteinson, who is chosen for that position by the full Board.
- Nine of the Corporation's current or proposed directors are independent.
- The Board, at each meeting other than unscheduled meetings called for the sole purpose of approving specific transactions, has historically had and will continue to have a session in the absence of Mr. Schwartz or any other member of management as well as a session in the absence of both management and any non-independent directors.
- The performance of Mr. Schwartz is considered in the absence of Mr. Schwartz, Ms. Reisman and Mr. Heersink at least once a year when his compensation is settled.
- Any member of the Board may provide to the Lead Director agenda items for discussion at any meeting and the Lead Director has the right to place items on the Board's agenda in his discretion.
- Under the Corporation's by-laws, any two directors are entitled to convene a meeting of the directors at any time for the purpose of discussing any matter of concern to any director relevant to the Board's mandate or its performance.
- In addition to the two standing committees, independent committees may be struck from time to time when required for particular purposes.

Each director works with his or her fellow directors to perform the responsibilities of the Board and its committees as set out in their respective written charters and commits to devote sufficient time to effectively carry out his or her responsibilities. Each director acts to serve the long-term interests of the Corporation and its shareholders and in so doing conducts himself or herself in an independent manner and in accordance with the highest ethical standards. Directors are expected to be able to provide informed judgment on a wide variety of matters, particularly those relevant to the business of the Corporation. Given the nature of Onex' business and the matters reviewed by the Board, each director is also expected to possess a significant degree of financial literacy.

The Corporation's directors continually seek to improve their knowledge of the Corporation and the opportunities and risks facing its business and have adopted a number of practices designed to achieve that result. Among other things:

- In advance of each regular meeting, the Board receives written information and updates on the activities and performance of each of the Corporation's asset platforms generally and also in respect of each operating company within its core private equity business. The Corporation's entire management team then attends a portion of the Board meeting to review the materials with the Board, to answer any questions and to receive Board input and guidance.
- The Board receives detailed written material in advance of any proposed significant acquisition, investment or realization within the Corporation's core private equity business and has appropriate time to review the materials, to ask questions of management and to otherwise discuss the proposal. If an investment or acquisition proceeds, a detailed discussion of the new business, often including participation by senior executives of that operating company, generally occurs at a subsequent board meeting.
- Most regularly scheduled Board meetings will include a similar in-depth presentation and question-and-answer session with the senior executives of one of the Corporation's operating company affiliates. The selection of the operating company invited to present depends on various factors, including the

size and nature of the investment, the opportunities being considered and challenges being faced by the business, and the time that has elapsed since the Board last interacted at length with the company's executive team.

- The Board participates in an off-site session at least once per year at which the senior executives of a significant number of the operating companies in the core private equity group make detailed presentations and are available to answer questions, followed by an in-camera Board meeting to allow a thorough discussion.

The directors believe that these practices together with their ongoing and frequent interaction with the Corporation's management team and other professionals allow them to acquire and maintain a deep understanding of the Corporation, its businesses, and the continually changing risks and opportunities they face.

The current practice of the Board of Directors permits an individual director or committee of the Board to engage an outside advisor at the expense of the Corporation, and with notice to the lead director. In addition, each director who has or may reasonably be perceived to have a material interest in any transaction or agreement being considered by the Board is required to make full disclosure of his or her interest and if an actual conflict exists, is expected to abstain from voting on such matter.

Key Position Descriptions

The broad mandate of the Board, and its duties and responsibilities as described above, serve to define the relationship between the Board and management. They work together in a collegial manner without a significantly structured or hierarchical format. This is consistent with the highly entrepreneurial nature of the Corporation. There are written mandates for the Board and the committees of the Board.

The following are position descriptions for the Chairman and the Lead Director:

The Chairman is to manage the affairs of the Board, ensuring that the Board meets its obligations and responsibilities and functions effectively, and to see that the interests of the shareholders are achieved. In that capacity he ensures that the Board has adequate resources and the full, timely and relevant information required to enable responsible decision-making. The Chairman chairs all meetings of shareholders and is available for questions from shareholders. The Chairman provides the principal point of contact between management and the Board and facilitates effective interaction between Board members and management.

The Lead Director is to facilitate the functioning of the Board independently of management, to ensure that directors have an independent contact on matters of concern to them and to ensure that the Board's agenda will enable it to successfully carry out its duties. In particular, the Lead Director would provide leadership to the Board if circumstances arose in which the joint role of the Chairman and Chief Executive Officer may be, or may be perceived to be, in conflict and chairs those Board sessions that are attended only by independent directors. To carry out his duties the Lead Director, who is also the Chair of the Corporation's Audit and Corporate Governance Committee, is knowledgeable on corporate governance practices and developments and is able to provide guidance on such matters. The Lead Director also leads development of the Board in terms of skills, orientation and the assessment of the effectiveness of individual members. In doing so the Lead Director seeks the feedback of Board members on the performance of the Board, its committees and individual directors.

Committees of the Board

The Board has established two standing committees of directors, the responsibilities of each of which are summarized below and are set forth in a written charter approved by the Board. Other committees are appointed from time to time when required. The proceedings of committees are reviewed by, and their recommendations are brought for consideration to, the full Board. The Board of Directors will consider modifications to committee responsibilities and procedures as best practices and processes continue to evolve and as and when the Canadian securities regulators put forth proposed changes to applicable rules and guidelines.

Compensation and Management Resources Committee

The Compensation and Management Resources Committee is composed of three members, all of whom are independent and unrelated directors. In addition, the Board recognizes the importance of appointing to the

Committee individuals whose business background and other professional activities would allow them to be thoughtful and knowledgeable stewards of the Corporation's compensation philosophy and practices. In addition to compensation matters generally, the Board believes it is important that the Committee members understand the interaction of compensation and risk management considerations and also the manner in which compensation practices for an asset management and private equity business would appropriately differ from those of a conventional operating company. The Board notes that in addition to their substantial and varied business and professional backgrounds generally (see "Election of Directors" and "Composition and Skills of the Board" above), Messrs. Etherington and McCoy have served on the compensation committees of the boards of other prominent international businesses and that Mr. Casey has a long history both with the Corporation and in other private investing businesses. Accordingly, the Board believes that the Committee as currently composed is highly qualified to develop and oversee the implementation of appropriate and effective compensation practices at the Corporation.

This Committee establishes and administers the compensation policies and remuneration levels for the executive officers and managers of the Corporation. This function includes reviewing and making recommendations to the Board in respect of the Corporation's compensation plans and equity-based programs, including the Corporation's Stock Option Plan and the Management Investment Plan. Further information as to the Committee's responsibilities and processes is detailed under "Compensation Discussion and Analysis" below. The Committee's recommendations are submitted to and reviewed by the Board of Directors. The Committee also reviews and approves the Corporation's disclosure with respect to executive compensation.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee is currently composed of four directors. Each member and proposed member is an independent director, including pursuant to the heightened independent requirements applicable to audit committee members under Canadian securities laws. The Committee reviews the financial qualifications of its members and has determined that each member and proposed member of the Audit and Corporate Governance Committee is financially literate and that at least one has the experience level of a financial expert, all as contemplated by applicable law. The Audit and Corporate Governance Committee met four times in 2016 with all members present for each meeting. The Committee is scheduled to meet four times during 2017. Its responsibilities include the review and assessment of the Corporation's external audit plan, the audit approach on subsidiary companies, accounting policies, internal controls, access granted to the Corporation's records and co-operation by management in the audit process, accounting systems, financial risk management, adequacy of insurance coverage, and quarterly and annual financial reporting. The Audit and Corporate Governance Committee reviews the annual and quarterly consolidated financial statements, Management's Discussion and Analysis of the financial results, the external auditor's report and press releases on earnings, reports its findings to the Board of Directors for consideration by the Board when approving the financial statements for issuance or, as appropriate, approves the issuance of quarterly financial statements pursuant to the authority delegated to it by the Board. The Audit and Corporate Governance Committee meets without the presence of management, except at the Committee's invitation, and has direct access to representatives of the auditors. The Committee is responsible for assessing the independence of the auditors and sets the criteria for non-audit services the external auditor is prohibited from providing. The Committee has a broad responsibility for reviewing and monitoring the Corporation's corporate governance policies and related disclosures. The Committee also annually reviews the adequacy and forms of compensation for directors. This review is completed with reference periodically to outside surveys of directors' compensation for corporations of similar size and complexity. The Committee monitors compliance with the Corporation's Code of Business Conduct and Ethics and would consider and determine any proposed waiver for the benefit of the Corporation's directors or senior officers. The mandate of the Audit and Corporate Governance Committee is published in this circular and appears on the Corporation's website.

Director Recruitment and Performance Review

The number of directors on the Board as proposed is twelve, which is considered by the Board to be an appropriate size to facilitate effective decision-making. The entire Board, nine out of twelve of the members or

proposed members of which are independent, acts as a nominating committee in identifying and recruiting new members to the Board. The Board considers the competencies and skills that the Board, as a whole, should possess, evaluates the competencies and skills of each current Board member and then determines the competencies, skills and other qualities for new directors and assesses prospective new directors against that framework. Most recently, this ongoing analysis and assessment has led to the nomination of an additional director, Mr. Mitchell Goldhar, who will both complement and augment the mix of skills represented on the Board.

Annually, each Board member completes a formal corporate governance questionnaire designed to assist in assessing the effectiveness of the Board as a whole and of the committees of the Board, as well as formal peer reviews to evaluate the contribution and performance of each individual director. These matters are discussed in depth by the Audit and Corporate Governance Committee and any recommendations or material observations are presented to the full Board.

Annually, the Board reviews the slate of directors proposed to be elected by the Subordinate Voting Shareholders at the annual meeting. The Audit and Corporate Governance Committee of the Board also reviews each year the proposed re-election of any director, other than the Chief Executive Officer, who will have reached the age of 72 or greater at the time of the annual meeting and makes a recommendation to the Board as to whether a change should be considered. Participation of directors is expected, and generally there is full attendance, at all Board and committee meetings. Directors are asked to notify the Corporation if they are unable to attend and attendance at meetings is duly recorded.

New directors of the Corporation have generally been executives with extensive business experience and directorship responsibilities on the boards of other public and private institutions. It is the responsibility of the Audit and Corporate Governance Committee to oversee the orientation of new directors. Orientation is tailored to the particular background of the new director and would typically include a review of the Board's mandate, the mandates of committees, the Corporation's Code of Business Conduct and Ethics, and select past Board of Directors' materials and other private and public documents concerning the Corporation, exposure to the full management team of the Corporation and, over time, interaction with key management of the Corporation's various asset platforms and significant operating company affiliates. The expectation as to time commitment and participation by directors would also be reviewed.

The Board encourages continuing education for directors, including advice to the Audit and Corporate Governance Committee members on a timely and continuing basis of changes in accounting principles, regulatory and governance matters. To enhance the directors' knowledge and understanding of Onex' businesses, certain meetings of the Board include presentations by the chief executive officers of Onex' major operating companies as described in further detail above.

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 such special investigations as it sees fit in respect of any matters within its various roles and responsibilities.

Composition and Qualification

The Audit and Corporate Governance Committee is comprised of four directors, each of whom is 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) Establish criteria for immediate reporting of significant complaints to the Committee and obtaining periodic reports about other complaints received.
- (w) Review of management's antifraud programs and controls, including the fraud risk assessment process.
- (x) Review, on a timely basis, reports describing the nature, status and eventual disposition of any 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) Reviewing the performance of all directors over the age of 72, with the exception of the Chief Executive Officer.
- (g) Monitoring on a continuing basis the overall effectiveness of the Corporation's system of corporate governance.
- (h) 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 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.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors of the Corporation has adopted a Code of Business Conduct and Ethics (the “Code”) to reflect the Corporation’s commitment to a culture of honesty, integrity and accountability and to outline the basic principles and policies with which all directors, officers and employees of Onex and its operating companies are expected to comply. A copy of the Code is available on written request made to the Corporation at 161 Bay Street, 49th Floor, Box 700, Toronto, Ontario M5J 2S1, Attention: Managing Director, General Counsel and Secretary.

The Board recognizes that it is ultimately responsible for monitoring compliance with the Code. This monitoring is achieved through systems and processes implemented by Onex management that are designed to result in wide dissemination of the Code, to encourage compliance with its provisions, to encourage consultation with appropriate members of management to the extent that guidance is necessary or desirable, and to facilitate the reporting of actual or suspected breaches. Any breach or concern would be investigated by management as appropriate and, depending upon the circumstances, either dealt with by management with the results reported to the Board or referred to the Board for further action. The Code specifies that no individual who reports a violation or potential violation or who cooperates in the investigation of a violation or potential violation will be subject to harassment, discipline or retaliation as a result of such report. The chief executive officer of each of Onex’ operating companies is required to certify annually that he or she has caused the Code (or a comparable code of business conduct and ethics adopted by the Board of the particular operating company) to be disseminated to all employees and is not aware of any instance of non-compliance or breach.

FEES PAID TO AUDITORS

The following table sets forth the aggregate fees incurred by the Corporation and operating companies for audit and other services performed by the Corporation's auditor, PricewaterhouseCoopers LLP, for the years ended December 31, 2016 and 2015.

<u>Consolidated:</u>	<u>2016</u>	%	<u>2015 (1)</u>	%
Audit				
Corporate office	US\$ 2,258,000		US\$ 1,872,000	
Operating companies (2)	21,284,000		14,596,000	
	<u>23,542,000</u>	48.6	<u>16,468,000</u>	56.5
Audit Related				
Operating companies	3,477,000		1,267,000	
	<u>3,477,000</u>	7.2	<u>1,267,000</u>	4.3
Tax – Compliance & Returns				
Corporate office	1,754,000		1,852,000	
Operating companies	1,680,000		1,020,000	
	<u>3,434,000</u>	7.1	<u>2,872,000</u>	9.8
Tax – Other				
Operating companies	2,153,000		1,510,000	
	<u>2,153,000</u>	4.4	<u>1,510,000</u>	5.2
Other				
Corporate office (3)	674,000		1,243,000	
Operating companies (4)	15,143,000		5,800,000	
	<u>15,817,000</u>	32.7	<u>7,043,000</u>	24.2
Total	<u>US\$ 48,423,000</u>	100.0	<u>US\$ 29,160,000</u>	100.0
<u>Corporate Office Only:</u>	<u>2016</u>	%	<u>2015</u>	%
Audit	US\$ 2,258,000	48.2	US\$ 1,872,000	37.7
Tax – Compliance & Returns	1,754,000	37.4	1,852,000	37.3
Other (3)	674,000	14.4	1,243,000	25.0
Total	<u>US\$ 4,686,000</u>	100.0	<u>US\$ 4,967,000</u>	100.0

- (1) Fees for 2015 include fees for companies that were sold during 2016.
- (2) Includes fees for the audit of internal controls over financial reporting where integrated with the audit of the financial statements.
- (3) Includes fees for due diligence associated with merger and acquisition transactions as well as other non-audit services.
- (4) Includes fees for due diligence associated with merger and acquisition transactions, consulting for transition and reorganization as well as other non-audit services. Approximately 45% (2015 – 75%) of fees related to due diligence associated with merger and acquisition transactions and services related to securities offerings.

COMPENSATION DISCUSSION AND ANALYSIS

One of the responsibilities of the Compensation and Management Resources Committee (the “Committee”) is to determine and administer or review the compensation policies and levels for the executive officers of the Corporation. The recommendations of the Committee are communicated to the Board of Directors and, with respect to the Chief Executive Officer, are submitted to the Board of Directors for approval. Mr. Schwartz, Ms. Reisman and Mr. Heersink do not participate in the Board’s deliberations concerning the compensation for Mr. Schwartz.

Onex’ Compensation Policy and Practices

General

The Corporation is one of North America’s oldest and most successful private equity investors and asset managers, with operations and interests across a wide variety of companies, industries, geographies and asset classes. The Corporation’s approach to compensation has among its principal tenets the desire to attract, motivate and retain top quality professionals, to align their interests with those of the Corporation, and to emphasize and reward the creation of tangible value for Onex and its shareholders. The Committee also recognizes that the private equity business and the broader asset management industry have evolved meaningfully and are becoming progressively more global in scope. The Corporation is often competing with U.S., European and other global firms not only in finding attractive investment opportunities but also in seeking to attract and retain top professionals in its core activities of raising, investing and managing large pools of investor capital. Accordingly, the Committee is of the view that its consideration of compensation arrangements and levels requires a broad perspective.

Levels of compensation, including the components thereof, generally are based on the ability of an executive officer or other professional to contribute to the long-term objective of the Corporation, which is to create long-term value for shareholders and to have that value reflected in Onex’ share price. This objective is met through two fundamental strategies, namely (i) acquiring, building and growing industry-leading businesses and (ii) managing and growing the Corporation’s asset management business not only to earn management fees and carried interests on the value the Corporation creates for third-party investors, but also to enable the Corporation to be efficient and responsive to opportunities in its core private equity activities.

The Committee also appreciates the importance of qualitative factors in assessing individual performance and considers matters such as demonstrated leadership ability and the management of major projects, the relatively small number of executives and other professionals charged with executing the Corporation’s long-term objective, and the role and contribution of each of those executives and professionals to the success of the firm.

The compensation package for executives of the Corporation consists of three components — base salary, additional variable cash compensation and equity participation. In its core private equity business, the Corporation has adopted the basic compensation structure used throughout the industry, in which salaries are set at relatively modest levels to provide a baseline amount of current cash income and are intended to comprise only a small portion of aggregate annual compensation.

The second component of executive compensation, and that generally most emphasized by the Committee and the Board, is the variable cash compensation opportunity. Executives and professionals with primary responsibilities in the Corporation’s core private equity activities expect that a large portion of their compensation will be closely related to the Corporation’s success in, among other things, raising new capital, completing new acquisitions, realizing on investments in existing operating companies and growing and improving the performance and results of its operating businesses, as well as upon each individual’s contribution to those successes. Of all of these factors, the greatest emphasis is placed on the demonstrable creation of value through the successful realization of investments. The variable compensation of executives with broader responsibilities, most particularly those with significant involvement in the growth and ongoing operation of the Corporation’s overall asset management business, will also generally reflect their contributions to those activities.

The third component of executive compensation is equity-based in the form of options to acquire Onex shares. Options are viewed by the Board as an essential and effective means of rewarding and incentivizing executives and other professionals and of aligning the interests of the Corporation's management directly with those of shareholders. The Committee believes that by making a substantial portion of variable cash compensation reflective of value actually realized from the efforts of management in current and past years and awarding stock options to drive future performance, it has developed an approach that has served and should continue to serve the Corporation and its shareholders well.

The Committee has not developed detailed quantitative benchmarks for establishing precise compensation levels and does not believe that a formulaic approach to compensation decisions is realistic or appropriate given the nature of the Corporation's business, the substantial and inevitable changes in the mix of the Corporation's investments and the performance of those investments year-to-year, and the likelihood that inappropriate compensation decisions would result from the application of specific quantitative measures. Instead, the Committee conducts thorough qualitative reviews with respect to all of the Corporation's senior management and investment professionals annually and periodically considers comparative data compiled by a third party expert with respect to compensation in the private equity industry and in the financial services industry overall. The Committee has generally acquired and used detailed reports prepared by Johnson Associates, Inc., a leading private equity compensation consulting firm, on a biannual basis, including in 2016.

In addition to its responsibilities in respect of compensation matters as discussed above, the Committee has principal responsibility for the oversight of certain non-compensatory plans and programs whereby members of senior management of the Corporation invest in, or acquire other contingent entitlements in respect of, acquisition and investment transactions undertaken by the Corporation. These plans and programs are outlined on pages 33 through 38 of this management information circular and are similar in substance to those in which management of competitors of the Corporation participate.

Consideration and Mitigation of Risk

The Committee believes it is essential that the Corporation's executives and employees be highly focused on the management of risk and the long-term best interests of the Corporation and not financially motivated to pursue short-term successes at the expense of those long-term interests. This belief drives the Corporation's approach on the following matters, among others, all of which are principally within the mandate of the Committee:

- *Variable Cash Compensation.* A large portion of the variable cash compensation of the Corporation's executive team and other investment professionals results not from the making of investments or the initiation of new strategies with the expectation of future success but from the value that is ultimately realized from these efforts. Further, variable compensation to recognize the realization of value is typically awarded only when all or substantially all of a particular investment has been sold or otherwise divested, and not on partial dispositions or the achievement of other interim realization milestones. Accordingly, awards are made only when no meaningful portion of the Corporation's investment remains at risk rather than rewarding successful partial realizations given the possibility that subsequent negative events may have led to different compensation decisions.
- *Equity-Based Compensation.* The Corporation's Stock Option Plan (described below) is the Corporation's only form of equity-based compensation. The terms of the plan, particularly the long vesting period of stock options issued thereunder (typically 5 years), together with the additional requirement that the market price of the Corporation's shares be at least 25% above the strike price at the time of exercise, are clearly consistent with the success of the Corporation and the best interests of its public shareholders over the longer term.
- *Non-compensatory Investment Programs.* As indicated above, the Corporation maintains a number of non-compensatory investment and mandatory long-term reinvestment plans and programs, all of which are overseen by the Committee. These plans and programs, the details of each of which are set forth on pages 33 through 38 below, come to represent an increasing proportion of the net worth of the Corporation's executives and other investment professionals during their tenure with the Corporation

and have been carefully designed to reward almost exclusively the success of the Corporation's business over the long term in the form of realized rather than anticipated value and to ensure that a substantial portion of that increased net worth is re-invested in the Corporation's shares, strengthening the close alignment of interests between management and public shareholders.

The Committee notes that many companies have recently adopted formulaic policies whereby incentive compensation for a specific period is "clawed back" in, and often only in, the event of an accounting restatement resulting in a determination that compensation was "erroneously paid". The Committee is of the view that the Corporation's long-standing approach as described above is far better suited and much more effective than such clawback mechanisms in ensuring that incentive and other awards and entitlements reflect actual, realized successes and achievements, that those awards could not reasonably be determined in hindsight to have been made in error and to cause much of management's personal net worth to remain at risk alongside shareholders over the long-term.

The Corporation also has adopted a formal Anti-Hedging Policy, further demonstrating the Corporation's commitment to the optimal alignment of interests as between Board, management and shareholders.

2016 Compensation Considerations

General

Consistent with its approach to compensation generally, the Committee considered in determining variable compensation levels for 2016: (i) the performance of the Corporation's management, of each of its sponsored Funds and their operating companies, and of the Corporation overall; (ii) the activities undertaken in respect of the management and growth of the Corporation's core private equity funds and other asset classes throughout the year; and (iii) relevant market and industry conditions. Among the range of factors specifically considered by the Committee in 2016 were:

- the completion or announcement of a number of large platform investments and significant add-on acquisitions, including:
 - the US\$3.55 billion acquisition of the Intellectual Property & Science business of Thomson Reuters (rebranded as Clarivate Analytics), the owner and operator of a collection of leading subscription based businesses, involving aggregate equity investments of US\$1.2 billion by Onex, Onex Partners and its co-invest partners;
 - the US\$1.37 billion acquisition of Save-A-Lot, one of the largest hard-discount grocery retailers in the United States, with aggregate Onex and Onex Partners equity of US\$660 million;
 - the acquisition of WireCo WorldGroup, a leading global manufacturer of mission-critical steel wire rope, synthetic rope, specialty wire and engineered products, with aggregate Onex and Onex Partners equity of US\$270 million;
 - the December agreement to acquire Parkdean Resorts, a leading UK operator of caravan holiday parks, for US\$1.69 billion, with aggregate Onex and Onex Partners equity of approximately US\$750 million; and
 - the acquisition of Tecta America, the largest provider of commercial roofing services in the U.S., with aggregate ONCAP and Onex equity of \$130 million;
- the realization of value through:
 - the sale of KraussMaffei Group, which resulted in gross proceeds of US\$747 million to the Onex group, equal to 2.1 times multiple of invested capital and resulting in a 24% gross rate of return;
 - the sale of CiCi's Holdings Inc. for net proceeds of US\$66 million, of which Onex' share was approximately US\$29 million;
- the closing of ONCAP IV, the latest of Onex' mid-market private equity funds, with total capital commitments of \$1.1 billion, including Onex' \$480 million commitment as the largest limited partner;

- the successful completion of substantial debt financings and refinancings within the Corporation's operating companies, both bolstering the financial strength of those companies and resulting in distributions to Onex and its funds of approximately US\$500 million;
- the continued growth and solid financial performance of the Corporation's operating companies, including significant acquisitions by a number of those companies; and
- the continued growth of Onex Credit Partners, the Corporation's credit investing platform, particularly in its CLO business.

The Committee considered 2016 to be another strong year for the Corporation and its stakeholders overall. By objective measure, 2016 performance included:

- a 7% increase in the aggregate value of the private equity investments, including realizations and distributions;
- a 7% increase in Onex' fee-generating assets to US\$15.9 billion, largely reflecting growth in the Onex Credit platform as well as the successful formation of ONCAP IV;
- a 8% growth in Onex' capital per share to US\$58.56, which was partially impacted by a meaningful portion of Onex' capital being held in cash and near-cash items during the majority of 2016;
- the return of value to shareholders through the payment of regular dividends and the purchase of approximately 3.1 million Subordinate Voting Shares under an active share buyback program; and
- the 8% growth of the Onex share price during the year (11% when converted to US dollars).

For all the reasons set forth in describing the Corporation's approach to compensation generally, variable cash compensation levels throughout the organization reflected the Committee's view of the Corporation's overall performance in the year. As in prior years, however, variable cash awards were meaningfully impacted by the level of, and each individual's contribution to, 2016 realization transactions.

Chief Executive Officer Compensation

Executive compensation for Mr. Schwartz in his capacity as Chief Executive Officer is considered and determined by the Committee and approved by the Board of Directors in the absence of Mr. Schwartz, Ms. Reisman and Mr. Heersink. It generally consists of base salary and variable cash compensation and may include options issued under the Corporation's Stock Option Plan.

In establishing the overall approach to the Chief Executive Officer's compensation, the Committee is mindful of the unique demands arising from the magnitude and diversity of the revenue and asset base of the Corporation, the expansion and evolution of that base over time, and the constantly changing mix of businesses that comprise the total business and operations of the Corporation. The Committee then generally takes into consideration Mr. Schwartz' contribution in terms of leadership in the management of the Corporation and its subsidiaries, efforts to safeguard and grow shareholder value and the value of the Corporation's underlying assets, the development of strategic initiatives as Onex continues to become a larger and more diversified asset manager, the financial performance of operating subsidiaries and other investments, the effective development and growth of the Corporation and its team of investment professionals, completed acquisitions and dispositions, and the development of new business platforms and channels, investment opportunities and relationships for the Corporation and its subsidiaries. Finally, the Committee recognizes that compensation arrangements for Mr. Schwartz should reflect U.S. and other global practices and levels for chief executives having similar roles and responsibilities.

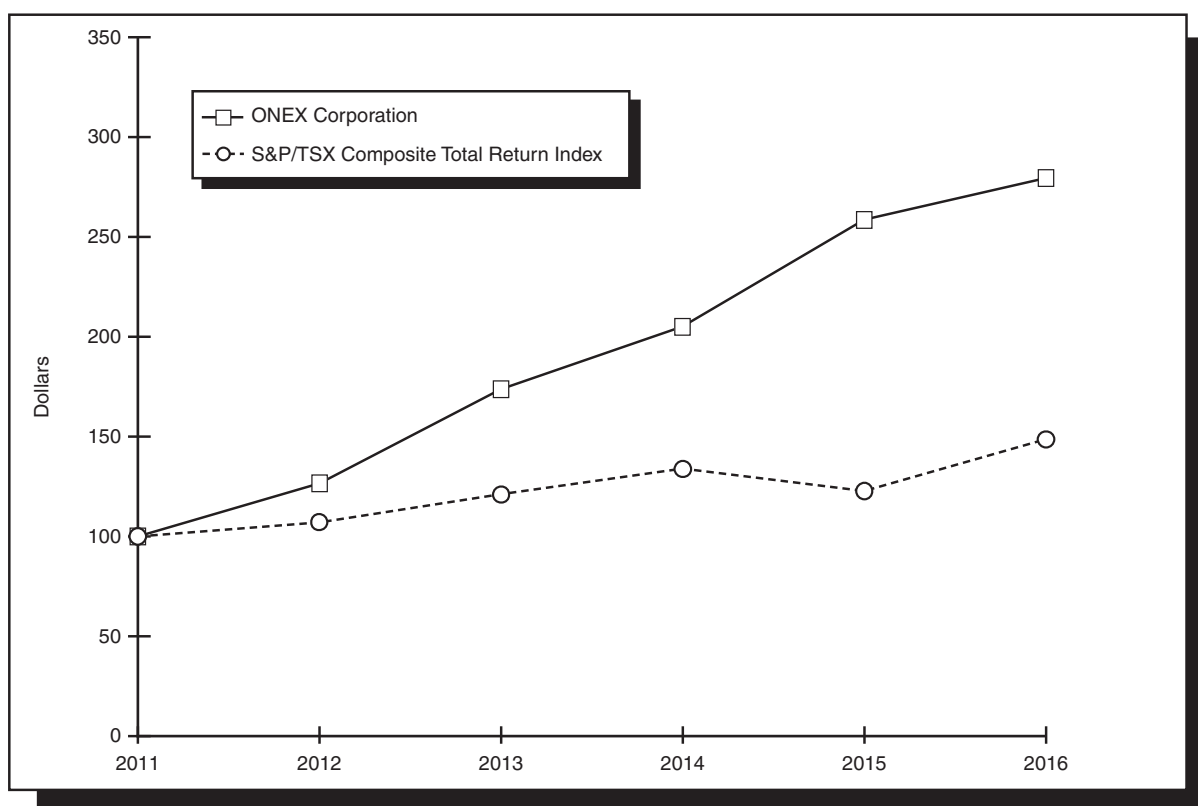
As described above, the Corporation's approach to compensation involves the payment of base salaries together with variable cash compensation, a portion of which constitutes a fundamental part of basic annual earnings. In determining Mr. Schwartz' variable compensation for 2016, the Committee considered Mr. Schwartz' efforts and achievements in each of the areas outlined above, all within the context of the additional factors taken into account by the Committee in determining executive compensation generally. The Committee recommended that Mr. Schwartz be awarded variable cash compensation of US\$6.6 million for 2016. Further, the Committee recommended that Mr. Schwartz' base salary for 2017 remain unchanged from 2016 at

US\$1.3 million. The independent members of the Board unanimously approved the Committee’s recommendations, subject to further final approval by the Committee in April 2017.

The Committee and the Board remain firmly of the view that stock options are an integral part of executive compensation and are fundamental to the alignment of interests and the incentivization of future performance, and that stock options are an essential part of Chief Executive Officer compensation. As discussed in the Corporation’s 2014 management information circular, however, Mr. Schwartz’ significant option award in 2013 was accompanied by a Board determination that no additional options would be issued to Mr. Schwartz for the next five years. Accordingly, no options were issued to Mr. Schwartz in respect of 2016.

SHARE PERFORMANCE GRAPH

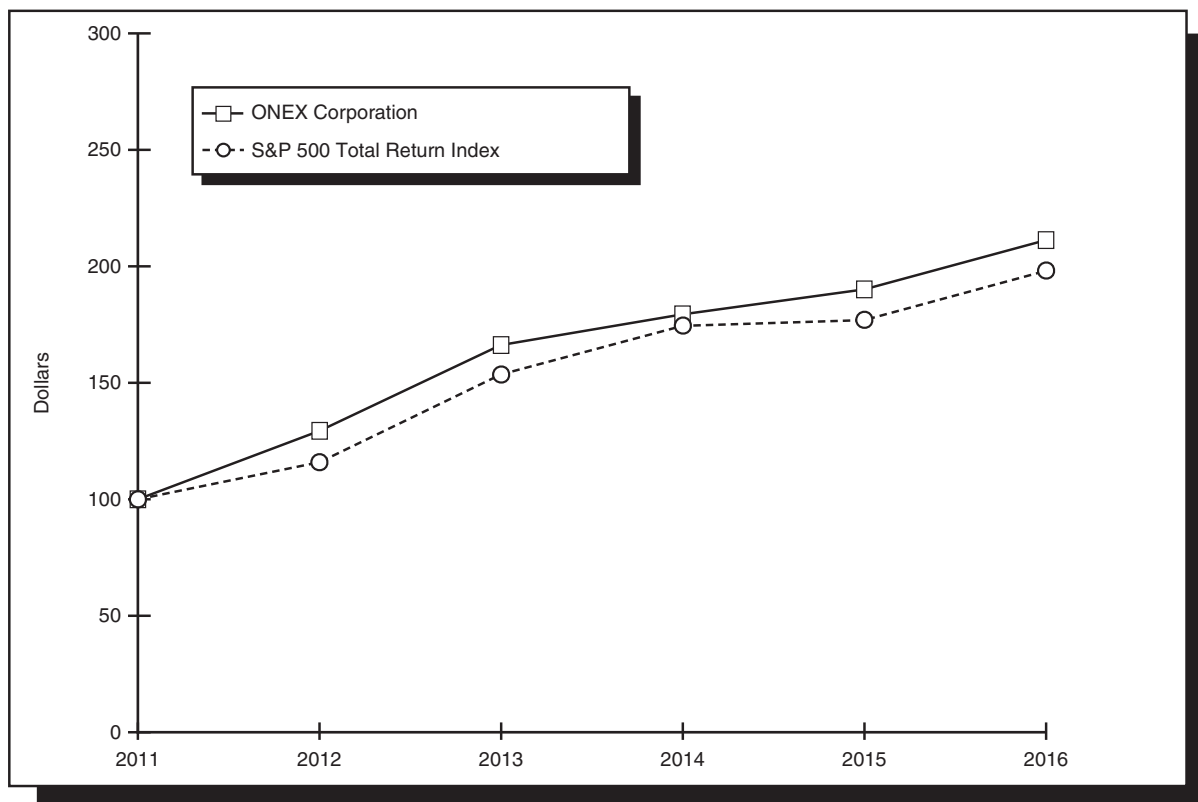
The following chart compares the total cumulative shareholder return (assuming re-investment of dividends) for \$100 invested in the Corporation’s Subordinate Voting Shares on December 31, 2011 with the comparative cumulative total return for \$100 invested in the S&P/TSX Composite Index for the Corporation’s five most recently completed financial years.



Onex 5 Year Total Shareholders’ Return

	December 31, 2011	For the Financial Years				
		2012	2013	2014	2015	2016
Onex Corporation	\$100.00	\$126.56	\$173.80	\$205.01	\$258.54	\$279.42
S&P/TSX Composite Total Return Index	\$100.00	\$107.19	\$121.11	\$133.90	\$122.76	\$148.64

The following chart compares the total cumulative shareholder return in U.S. dollars (assuming re-investment of dividends) for \$100 invested in the Corporation's Subordinate Voting Shares on December 31, 2011 and \$100 invested in the S&P 500 Index for the Corporation's five most recently completed financial years.



Onex 5 Year Total Shareholders' Return (U.S. dollars)

	December 31, 2011	For the Financial Years				
		2012	2013	2014	2015	2016
Onex Corporation	\$100.00	\$129.32	\$166.25	\$179.44	\$190.08	\$211.19
S&P 500 Total Return Index	\$100.00	\$116.00	\$153.57	\$174.60	\$177.01	\$198.18

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS OF THE CORPORATION AND ITS SUBSIDIARIES

Directors

Each of the directors of the Corporation other than Mr. Schwartz and Mr. Heersink is currently paid an annual retainer of US\$240,000 which consists of US\$50,000 payable quarterly in the form of cash or DSUs at the choice of each director and the balance payable as a single annual amount in the form of DSUs. An additional US\$2,000 per meeting is currently paid in respect of directors' participation on the Compensation and Management Resources Committee and the Audit and Corporate Governance Committee of the Board. One half of the meeting fee is provided for telephone attendance. In addition, the Lead Director receives an annual amount of US\$40,000. The Chair of the Audit and Corporate Governance Committee receives US\$30,000 and the Chair of the Compensation and Management Resources Committee receives US\$15,000 annually in their capacities as committee Chairs. The members of the Audit and Corporate Governance Committee, other than the Chair, each receive an annual amount of US\$7,500. The members of the Compensation and Management Resources Committee, other than the Chair, each receive an annual amount of US\$4,500. The directors are also reimbursed for any expenses incurred in respect of their activities as directors. Directors do not receive meeting fees or any other form of per diem amount. All Committee and Lead Director fees are payable quarterly.

A Deferred Share Unit Plan for directors (“Directors’ DSU Plan”) was adopted in 2004 with a view to aligning directors’ compensation with the interests of shareholders and allows directors the opportunity to benefit from the appreciation in the value of Onex’ Subordinate Voting Shares through a cash payment upon retirement from the Board. The plan provides that a director may elect annually to receive all or a portion of his or her directors’ fees in Deferred Share Units (“DSUs”). The number of DSUs received in respect of the portion of the annual retainer required to be paid in the form of DSUs (US\$190,000 in 2016) is calculated by reference to the closing market price of the Subordinate Voting Shares on the trading day immediately preceding the Corporation’s annual meeting. The number of DSUs received in respect of a quarterly amount is calculated by reference to the entitlement for that quarter and the market price of Subordinate Voting Shares at the end of the quarter. DSUs vest immediately, are redeemable only once the holder retires from the Board of Directors and must be redeemed within one year following the year of retirement. DSUs are redeemable only for cash and no shares or other securities of the Corporation will be issued on the exercise, redemption or other settlement thereof.

Compensation levels for the directors of the Corporation are considered by the Audit and Corporate Governance Committee annually. This consideration includes a review of the compensation paid to directors of similarly-sized businesses in Canada and the U.S. while also taking into account the unique circumstances arising from the diversity of the revenue and asset base of the Corporation through both its operating companies and its asset management businesses and the rapid evolution of those businesses. The total compensation to the directors of the Corporation for the year ended December 31, 2016 was US\$2,320,500, comprised of the amounts set forth in the table below.

Director	Retainers					Total Fees Earned (US\$) (1)	Portion of total fees received in DSUs (%)
	Board (US\$)	Lead Director (US\$)	Committee Chair (US\$)	Committee Member (US\$)	Committee Meetings (US\$)		
Daniel C. Casey	240,000	—	—	4,500	4,000	248,500	100%
William A. Etherington (2)	240,000	—	—	4,500	4,000	248,500	100%
Peter C. Godsoe	240,000	—	—	7,500	8,000	255,500	100%
Serge Gouin	240,000	—	—	7,500	8,000	255,500	100%
Arianna Huffington	240,000	—	—	—	—	240,000	100%
John B. McCoy	240,000	—	15,000	—	4,000	259,000	100%
J. Robert S. Prichard	240,000	—	—	7,500	8,000	255,500	100%
Heather M. Reisman	240,000	—	—	—	—	240,000	100%
Arni C. Thorsteinson	240,000	40,000	30,000	—	8,000	318,000	100%
Total	2,160,000	40,000	45,000	31,500	44,000	2,320,500	—

Notes:

- (1) Each director elected to receive all fees payable to him or her in respect of 2016 board and, if applicable, Committee and Lead Director service in the form of DSUs.
- (2) Mr. Etherington is a member of the board of directors of Celestica Inc., a subsidiary of the Corporation. Mr. Etherington received compensation from Celestica of US\$360,000 for his services as a director in 2016, all of which was received in the form of deferred share units.

Executive Officers

Under applicable securities legislation, the Corporation is required to disclose certain financial information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and the Corporation’s three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer).

The Summary Compensation Table which follows provides a summary of compensation earned during each of the last three fiscal years by the Chief Executive Officer, the Chief Financial Officer and three other most highly compensated executive officers (collectively the “Named Executive Officers”). Specific aspects of their compensation are dealt with in further detail on the following pages.

Summary Compensation Table

Name and principal Position	Year	Salary	Share-based awards	Option-based awards (1)	Non-equity incentive plan compensation			All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans	Pension value		
Mr. Gerald W. Schwartz Chief Executive Officer	2016	US\$ 1,300,000	—	—	US\$ 6,611,616	—	—	—	US\$ 7,911,616
	2015	US\$ 1,300,000	—	—	US\$ 6,000,000	—	—	—	US\$ 7,300,000
	2014	US\$ 1,300,000	—	—	US\$ 17,838,291	—	—	—	US\$ 19,138,291
Mr. Christopher A. Govan (2)(3) Chief Financial Officer	2016	US\$ 302,000	—	US\$ 565,202	US\$ 1,224,261	—	—	—	US\$ 2,091,463
	2015	US\$ 313,240	—	US\$ 487,723	US\$ 1,100,000	—	—	—	US\$ 1,900,963
Mr. Robert M. Le Blanc Senior Managing Director	2016	US\$ 400,000	—	—	US\$ 3,292,407	—	—	—	US\$ 3,692,407
	2015	US\$ 400,000	—	—	US\$ 3,400,000	—	—	—	US\$ 3,800,000
	2014	US\$ 400,000	—	—	US\$ 11,913,658	—	—	—	US\$ 12,313,658
Mr. Seth M. Mersky (3) Senior Managing Director	2016	US\$ 400,000	—	—	US\$ 3,291,043	—	—	—	US\$ 3,691,043
	2015	US\$ 400,000	—	—	US\$ 3,400,000	—	—	—	US\$ 3,800,000
	2014	US\$ 400,000	—	—	US\$ 22,936,543	—	—	—	US\$ 23,336,543
Mr. Anthony Munk Senior Managing Director	2016	US\$ 400,000	—	—	US\$ 3,299,103	—	—	—	US\$ 3,699,103
	2015	US\$ 400,000	—	—	US\$ 3,400,000	—	—	—	US\$ 3,800,000
	2014	US\$ 400,000	—	—	US\$ 5,079,682	—	—	—	US\$ 5,479,682

Notes:

- (1) The amounts shown under “Option-based awards” represent the dollar amount computed by the Corporation based on the individual award grant date fair value, in accordance with International Financial Reporting Standards’ authoritative guidance, and include amounts from awards granted in the respective fiscal years. As previously disclosed, certain 2013 option awards to Messrs. Schwartz, Le Blanc, Mersky and Munk were accompanied by a determination by the Compensation and Management Resources Committee that no additional options would be awarded to those individuals for the succeeding five years.
- (2) Christopher A. Govan was appointed Chief Financial Officer of the Corporation on March 1, 2015.
- (3) Messrs. Govan and Mersky elected to apply a portion of their variable cash compensation to the purchase of Management DSUs as follows: (i) Mr. Govan invested US\$1,100,000 and US\$1,198,455 in Management DSUs in respect of 2015 and 2016 respectively; and (ii) Mr. Mersky invested US\$3,440,481 in Management DSUs in respect of 2014.

Incentive Plan Awards

The following table provides information with regard to the outstanding option-based awards held by the Named Executive Officers as at December 31, 2016. All of the awards were made pursuant to the Corporation’s Stock Option Plan. The Corporation does not utilize share-based awards in its compensation program.

Outstanding Option-Based Awards (1)

<u>Name</u>	<u>Number of securities underlying unexercised options (#)</u>	<u>Option exercise price</u>	<u>Option expiration date</u>	<u>Value of unexercised in-the-money options (2)</u>
Mr. Gerald W. Schwartz (3)				
January 16, 2014 Award	3,950,000	\$ 57.45	January 16, 2024	\$40,207,050
Mr. Christopher A. Govan (3)				
December 11, 2008 Award	40,000	\$ 15.95	December 11, 2018	\$ 3,017,200
December 8, 2009 Award	40,000	\$ 23.35	December 8, 2019	\$ 2,721,200
December 15, 2010 Award	20,000	\$ 29.29	December 15, 2020	\$ 1,241,800
December 13, 2011 Award	25,000	\$ 33.11	December 13, 2021	\$ 1,456,750
December 4, 2012 Award	25,000	\$ 40.35	December 4, 2022	\$ 1,020,600
December 10, 2013 Award	20,000	\$ 56.92	December 10, 2023	\$ 413,520
December 9, 2014 Award	50,000	\$ 63.53	December 9, 2024	\$ 55,700
November 27, 2015 Award	30,000	\$ 81.76	November 27, 2025	\$ —
December 6, 2016 Award	30,000	\$ 93.94	December 6, 2026	\$ —
Mr. Robert M. Le Blanc (3)				
December 11, 2008 Award	40,000	\$ 15.95	December 11, 2018	\$ 3,017,200
December 8, 2009 Award	40,000	\$ 23.35	December 8, 2019	\$ 2,721,200
December 15, 2010 Award	25,000	\$ 29.29	December 15, 2020	\$ 1,552,250
December 13, 2011 Award	25,000	\$ 33.11	December 13, 2021	\$ 1,456,750
December 4, 2012 Award	50,000	\$ 40.35	December 4, 2022	\$ 2,041,200
December 10, 2013 Award	850,000	\$ 56.92	December 10, 2023	\$13,180,950
Mr. Seth M. Mersky (3)				
December 11, 2008 Award	40,000	\$ 15.95	December 11, 2018	\$ 3,017,200
December 8, 2009 Award	40,000	\$ 23.35	December 8, 2019	\$ 2,721,200
December 15, 2010 Award	75,000	\$ 29.29	December 15, 2020	\$ 4,656,750
December 13, 2011 Award	25,000	\$ 33.11	December 13, 2021	\$ 1,456,750
December 4, 2012 Award	50,000	\$ 40.35	December 4, 2022	\$ 2,041,200
December 10, 2013 Award	850,000	\$ 56.92	December 10, 2023	\$13,180,950
Mr. Anthony Munk (3)				
December 8, 2009 Award	40,000	\$ 23.35	December 8, 2019	\$ 2,721,200
December 15, 2010 Award	25,000	\$ 29.29	December 15, 2020	\$ 1,552,250
December 13, 2011 Award	25,000	\$ 33.11	December 13, 2021	\$ 1,456,750
December 4, 2012 Award	50,000	\$ 40.35	December 4, 2022	\$ 2,041,200
December 10, 2013 Award	850,000	\$ 56.92	December 10, 2023	\$13,180,950

Notes:

- (1) All amounts are presented in Canadian dollars unless otherwise indicated.
- (2) "In-the-money" means the excess of the market value of the applicable underlying security on December 31, 2016 over the exercise price of the options. See also note 3 below.
- (3) The Onex Corporation Stock Option Plan provides that vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) is at least 25% above the relevant exercise price. Options for which the market value of such shares is above strike price are reflected as being in-the-money only if such threshold was met or exceeded at December 31, 2016. The terms and conditions of the plan are described in detail on page 34 below.

The following table provides information with regard to the outstanding option-based awards vested or earned during 2016 under the Stock Option Plan together with information as to non-equity incentive plan value earned during the year. Presented amounts show, in the case of options, the aggregate dollar value that would have been realized if such options had been exercised on the vesting date or, in the case of share-based awards, the aggregate dollar value realized upon vesting.

Incentive Plan Awards — Value Vested or Earned During the Year

<u>Name</u>	<u>Option-Based Awards Value Vested During the Year (1)</u>	<u>Non-Equity Incentive Plan Compensation Value Earned During the Year (2)</u>
Mr. Gerald W. Schwartz	US\$ 13,979,593	US\$ 6,611,616
Mr. Christopher A. Govan	US\$ 832,025	US\$ 1,224,261
Mr. Robert M. Le Blanc	US\$ 4,206,263	US\$ 3,292,407
Mr. Seth M. Mersky	US\$ 4,206,263	US\$ 3,291,043
Mr. Anthony Munk	US\$ 4,206,263	US\$ 3,299,103

Notes:

- (1) The Onex Corporation Stock Option Plan provides that vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) is at least 25% above the relevant exercise price. Options for which the market value of such shares is above strike price are reflected as being in-the-money only if such threshold was met or exceeded at December 31, 2016. The terms and conditions of the plan are described in detail on page 34 below.
- (2) These amounts are also disclosed in the Summary Compensation Table under “Non-equity incentive plan compensation — annual incentive plans”.

Termination and Change in Control Benefits

The Corporation has not entered into agreements with any of the Named Executive Officers that provide for benefits on termination, resignation, retirement, change in control or change in responsibility. There is an agreement between Mr. Schwartz and the Corporation confirming his continuation in office as Chief Executive Officer of the Corporation and limiting to certain defined causes the circumstances (other than his resignation, death or incapacity, as defined in the Corporation’s articles) in which he may be removed by the Corporation from such office. The agreement does not deal with termination entitlements. Each of the other Named Executive Officers has entered into an agreement providing for certain confidentiality, non-competition and non-solicitation covenants that would survive the termination of his employment, but the agreement does not deal with termination entitlements. The rights and entitlements, if any, of the Named Executive Officers in the event of termination of employment or change in control of the Corporation arising under the Corporation’s investment and related other programs are described under “Management Investment Programs and Performance Entitlements” below.

Indebtedness of Directors, Executive Officers and Senior Officers

There were no loans from the Corporation to present or former directors, officers and employees of the Corporation outstanding at February 28, 2017.

The aggregate indebtedness to the Corporation and its subsidiaries (including indebtedness guaranteed by the Corporation or its subsidiaries) of present and former directors, officers and employees, entered into in connection with purchases of securities of subsidiaries, excluding routine indebtedness, as at February 28, 2017 was US\$1.5 million.

The aggregate indebtedness of present and former directors, officers and employees of subsidiaries of the Corporation to such subsidiaries entered into other than with respect to the purchase of securities of the Corporation or a subsidiary, excluding routine indebtedness, as at February 28, 2017 was US\$0.3 million. There is no similar indebtedness to the Corporation.

Routine indebtedness includes (i) indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances or for similar reasons and (ii) loans to directors and executive or senior officers who are full-time employees, which loans are fully secured by their residences and do not exceed annual salary in amount, of which there are none.

Directors and Officers Liability Insurance

The Corporation purchased directors' and officers' liability and professional liability insurance of US\$60 million in respect of the Corporation and certain of its subsidiaries for a period of one year expiring at midnight on November 30, 2017 for an annual total premium of US\$786,500.

Supplemental 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 and, in certain other cases, Mr. Thorsteinson's involvement with such entities has ceased. In other cases, the relevant entities have now been able to obtain discretionary relief from filing requirements; however, relief to correct prior transgressions is not available and, accordingly, in some cases these orders remain in force.

MANAGEMENT INVESTMENT PROGRAMS AND PERFORMANCE ENTITLEMENTS

The Corporation, both directly and through entities related to the Onex Partners Funds, maintains various investment or similar performance-based programs in which members of senior management are entitled to participate. For greater certainty, the performance-based programs are not compensatory in nature but provide for direct participation in the appreciation in value of the investments made on behalf of the Corporation and its co-investors, including such participants. Entitlements under those programs are generally conditional upon achievement of certain performance hurdles and satisfaction of vesting requirements. In addition, the Management Investment Plan and carried interest entitlements have associated with them certain obligations for the participants to make personal investments in the transactions completed by the Corporation or the Funds, further aligning the interests of the Corporation's management team with those of investors. The various programs are described in detail in the following pages and certain key aspects are summarized in the table below:

	<u>Minimum Stock Price Appreciation/ Return Threshold</u>	<u>Vesting</u>	<u>Associated Investment by Management</u>
Management Investment Plan (1)	15% Compounded Return	6 years	<ul style="list-style-type: none"> • personal "at risk" equity investment required • 25% of gross proceeds on the 7.5% gain allocated under the MIP to be reinvested in Subordinate Voting Shares or Management DSUs until 1,000,000 shares and DSUs owned
Carried Interest Participation – Onex Partners Funds	8% Compounded Return	6 years (2)	<ul style="list-style-type: none"> • corresponds to participation in minimum "at risk" Onex Partners management equity investment for Onex Partners I through Onex Partners IV • 25% of gross proceeds to be reinvested in Subordinate Voting Shares or Management DSUs until 1,000,000 shares and DSUs owned
Carried Interest Participation – ONCAP Funds	8% Compounded Return	5 years (3)	<ul style="list-style-type: none"> • corresponds to participation in minimum "at risk" ONCAP management equity investment
Stock Option Plan	25% Price Appreciation	5 years	<ul style="list-style-type: none"> • satisfaction of exercise price (market value at grant date)
Management DSU Plan	N/A	N/A	<ul style="list-style-type: none"> • investment of elected portion of annual compensation in Management DSUs • value reflects changes in Corporation's share price • units not redeemable while employed
Director DSU Plan	N/A	N/A	<ul style="list-style-type: none"> • investment of elected portion of annual directors' fees in Director DSUs • value reflects changes in Onex' share price • units not redeemable until retirement

Notes:

- (1) In addition, the investment professionals responsible for the management of the ONCAP Funds participate in a similar program related to the Corporation's co-investment in operating companies of those Funds (excluding a reinvestment obligation in respect of Onex shares).
- (2) Each of Onex Partners I, II and III is fully vested; Onex Partners IV vests equally over 6 years ending in August 2020.
- (3) ONCAP II and III are fully vested; ONCAP IV will vest equally over 5 years ending in November 2021.

STOCK OPTION PLAN

The Corporation's Stock Option Plan (the "Option Plan") is designed to enhance shareholder value by (i) providing a long-term incentive to the Corporation's key service providers, including directors, officers and employees; (ii) improving the ability of the Corporation to attract, retain and motivate its key personnel; and (iii) encouraging participants in the Plan to maintain a significant level of investment in the Corporation, thereby closely aligning their personal interests with those of the shareholders.

The Option Plan provides for the grant of stock options ("Options") to directors, officers and employees of the Corporation and its related entities, although the Corporation discontinued the practice of issuing stock options to outside directors with the adoption of its Deferred Share Unit Plan in 2004 (see "Compensation of Directors and Executive Officers of the Corporation and its Subsidiaries — Directors" above). The maximum number of Subordinate Voting Shares issuable under the Option Plan has remained fixed at 16 million since 2004 and can be amended only with shareholder approval. The Corporation has purchased for cancellation a substantial number of its outstanding Subordinate Voting Shares under its normal course issuer bids and other exempt transactions since the adoption of the Option Plan and the establishment of the number of Subordinate Voting Shares issuable thereunder, including approximately 3.1 million shares repurchased in 2016. As a result, the total number of authorized Options as at December 31, 2016 represented 13.2% of the outstanding Subordinate Voting Shares on a fully-diluted basis (15.2% on an undiluted basis).

The Option Plan expressly precludes a grant of new Options if the number of Subordinate Voting Shares reserved for issuance pursuant to Options granted to insiders would exceed 10% of the issued and outstanding Subordinate Voting Shares, if insiders would be issued, within a one-year period, a number of Subordinate Voting Shares exceeding 10% of the issued and outstanding shares or if it would result in the issuance to any one insider, together with such person's associates and within a one-year period, of a number of Subordinate Voting Shares exceeding 5% of the issued and outstanding shares. At December 31, 2016 Options were outstanding to purchase 12,883,183 Subordinate Voting Shares, representing 11.1% of the outstanding Subordinate Voting Shares on a fully-diluted basis (12.5% on an undiluted basis).

The exercise price for each grant of Options is determined by the Compensation and Management Resources Committee and may not be less than the closing price of the Subordinate Voting Shares on the trading day immediately preceding the date of grant. If no specific determination is made by such Committee, Options vest ratably on each of the first five anniversaries of the date of grant and are exercisable only during that five-year period. As permitted by the terms of the Option Plan, it has been the practice of the Committee to approve the issuance of Options with a ten-year term, allowing an appropriate period for exercise following full vesting. Other than certain grants made in or in respect of 2013 and 2014, Options generally vest ratably over five years. Vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) is at least 25% above the relevant exercise price.

The Option Plan contains detailed provisions relating to the continuation or forfeiture of rights following termination of eligibility to participate in the plan and generally provide for (i) a 90-day grace period for exercise of vested options, (ii) an extension of such grace period for up to five years where the termination arises from retirement, (iii) forfeiture of all vested and unvested Options on termination for cause, and (iv) in the event of death, accelerated vesting, waiver of the 25% hurdle referred to above and extension of the grace period for exercise for up to two years. In addition, the Option Plan provides for limited continued vesting (commensurate with the applicable severance or notice period) where termination of employment occurs in certain circumstances following an Event of Change (as defined in the articles of the Corporation; see also "Voting Shares" above), and a corresponding extended grace period for the exercise of Options. The Option Plan also provides for forfeiture of both vested and unvested Options, and a clawback of value realized on the exercise of Options within the one-year period preceding termination, where termination was for cause, on disability or on resignation and the optionee engages in a business competitive with that of the Corporation within one year thereafter.

Subject to required regulatory approval and, if and as required by the regulator, including the Toronto Stock Exchange, shareholder approvals, the Board of Directors of the Corporation may amend or discontinue the Option Plan at any time.

Equity Compensation Plan Information

The following table sets forth information in respect of the Options outstanding or available for future issuance as of December 31, 2016. The Corporation has no other equity compensation plans. See also “Compensation Discussion and Analysis — Onex’ Compensation Policy and Practices” at page 22 hereof.

	Number of securities issuable upon exercise of outstanding options as at December 31, 2016	Weighted average exercise price of outstanding options (1)	Number of securities remaining available for future issuance under equity compensation plans as at December 31, 2016 (excluding shares issuable upon the exercise of outstanding options)
	(#)		(#)
Equity compensation plans approved by securityholders	12,883,183	\$55.9198	2,728,817
Equity compensation plans not approved by securityholders	—	—	—

Note:

- (1) Vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) is at least 25% above the relevant exercise price.

OWNERSHIP OF SUBORDINATE VOTING SHARES BY MANAGEMENT

The Corporation’s Chief Executive Officer, Gerald W. Schwartz, is also its single largest holder of Subordinate Voting Shares. Mr. Schwartz and The Gerald Schwartz & Heather Reisman Foundation beneficially own 13,459,140 Subordinate Voting Shares having a value in excess of \$1.3 billion based on the closing price of the Subordinate Voting Shares on the Toronto Stock Exchange on March 20, 2017. Mr. Schwartz also holds options to acquire a further 3,950,000 Subordinate Voting Shares at an exercise price of \$57.45 per share.

Members of the Corporation’s management team other than Mr. Schwartz hold an aggregate of 4,462,907 Subordinate Voting Shares and Management DSUs, collectively having a value in excess of \$444 million based on the closing price of the Subordinate Voting Shares on the Toronto Stock Exchange on March 20, 2017. Included in those amounts are 2,193,545 Subordinate Voting Shares and Management DSUs having a value of \$219 million held by the Named Executive Officers other than Mr. Schwartz.

This substantial ownership of securities of the Corporation is in addition to meaningful investment in each of the Corporation’s operating companies (see “Management Investment Plan” below) and outstanding capital commitment to Onex Partners (see “Management Participation in Private Equity Fund Investments and Performance” below).

MANAGEMENT SHARE OWNERSHIP PROGRAM

General

The Corporation’s Board of Directors maintains a constant focus on advancing the best interests of the Corporation and all of its shareholders and is of the view that meaningful personal investment by those charged with managing the business of the Corporation and implementing its corporate and strategic plans is an important element in achieving that goal.

Management’s Investment in Onex Shares or Deferred Share Units

In early 2006, the Corporation’s Board of Directors adopted a program (the “Reinvestment Program”) designed to further align the interests of the Corporation’s shareholders with those of senior management and other investment professionals (“Participants”) through increased share acquisition and ownership. Under the Reinvestment Program, members of senior management of the Corporation are required to invest at least 25% of

all gains realized by them pursuant to the management investment plan and carried interest entitlement described below under “Management Investment Plan” in the purchase of Subordinate Voting Shares of the Corporation until such time as they individually hold at least 1,000,000 Subordinate Voting Shares. Each of the other professional employees of the Corporation is required to invest at least 15% of all such amounts received by them in excess of a specified minimum threshold in the purchase of Subordinate Voting Shares. It is expected that all purchases of Subordinate Voting Shares under the Reinvestment Program will take place in the secondary market through the facilities of the Toronto Stock Exchange. The Reinvestment Program reinvestment requirements described above may be satisfied through any combination of purchases of Subordinate Voting Shares and Management Deferred Share Units (“Management DSUs”), all as described below. Shares and Management DSUs purchased under the Reinvestment Program generally must be held until retirement.

Management Deferred Share Unit Plan

The Corporation has adopted a Management Deferred Share Unit Plan (the “Management DSU Plan”) as a further means of encouraging personal and direct economic interest in the performance of the Subordinate Voting Shares by the Corporation’s senior management. Under the Management DSU Plan, the members of the Corporation’s senior management team are given the opportunity to designate all or a portion of their annual compensation for the purchase of Management DSUs in lieu of cash.

The number of Management DSUs credited to a participant in the plan for a particular year will be equal to the amount of compensation designated by the participant divided by the market price of the Onex Subordinate Voting Shares, without discount. Management DSUs are redeemable by the participant only after he or she has ceased to be an officer or employee of the Corporation or an affiliate for a cash payment equal to the then-current market price of the Subordinate Voting Shares. To hedge the Corporation’s exposure to changes in the trading price of the Subordinate Voting Shares associated with Management DSUs, the Corporation has entered into forward agreements with a counterparty financial institution for all outstanding Management DSUs and intends to enter into a similar arrangement for each year in which Management DSUs are granted under the Management DSU Plan. The costs of those arrangements are borne entirely by participants in the plan. Management DSUs are redeemable only for cash and no shares or other securities of the Corporation will be issued on the exercise, redemption or other settlement thereof.

Purchases and MDSU Elections in 2016

A total of 28,671 Management DSUs having an aggregate value, at the date of issue, of US\$1.9 million were issued in early 2017 in lieu of an equivalent dollar amount of 2016 cash compensation.

In addition 35,912 Subordinate Voting Shares were purchased pursuant to the Reinvestment Program in 2016 for a total purchase price of US\$2.1 million.

MANAGEMENT INVESTMENT PLAN

General

Under the investment plan (the “Plan”) established in 1996, full-time members of management of the Corporation (“Investors”) began to invest, directly or through corporations owned by them, in the entities resulting from acquisition transactions undertaken or to be undertaken by the Corporation from and after January 1, 1995 (the “Transactions”). All members of management invest in all future acquisition transactions during their tenure at the Corporation. The aggregate investment by all Investors under the Plan is a maximum of 9% of the Corporation’s interest in each of the Transactions. Each Investor acquires the interest through, effectively (i) a cash purchase of 1/6th of the investment and (ii) the receipt of investment rights to acquire the remaining 5/6ths, in each case at the same price or value paid by the Corporation. The 1/6th investment requirement for investments made through the Onex Partners Funds (described below) has been or will be made indirectly through the Investor’s share of the 1% capital commitment made to the relevant Fund by the Onex principals. The 5/6ths investment rights applies only to capital invested by Onex through the Funds and not to the capital provided by third-party investors. Customarily, the Investors voluntarily contribute a portion of their proceeds from the exercise of investment rights for distribution to employees of Onex that are not Plan participants in recognition of the important role that all members of the Onex team play in achieving positive outcomes for the Corporation and its shareholders.

Vesting and Exercisability

For Transactions completed after November 7, 2007, the 5/6ths investment rights described above vest ratably on each of the first six anniversaries of the closing date of the Transaction, with vesting accelerated in the event that (i) the Corporation disposes of its entire investment for cash or (ii) the Corporation disposes of only part of its investment but the return hurdle described below is satisfied, in cash, in respect of the entire invested amount, in which case vesting is accelerated if and to the extent necessary to provide that the portion of each Investor's rights that are vested is equal to the portion of the Corporation's total investment then being disposed of. Vested rights in respect of a particular operating company investment will be exercisable (i) in full at such time as the Corporation disposes of its entire investment, provided that the return hurdle described below is satisfied in cash, (ii) in part at such time as the Corporation disposes of a corresponding portion of its investment, but only if the return hurdle is satisfied, in cash, in respect of the entire invested amount or (iii) in part in the event that the Corporation has continued to hold at least a majority of the investment for at least eight years, the securities of relevant operating company are publicly traded and the return hurdle on the Corporation's entire investment has been satisfied in cash or would be satisfied on a combined cash and valuation basis. Vesting and exercisability of the investment rights would be accelerated upon the occurrence of an Event of Change (as defined in the articles of the Corporation; see also "Voting Shares" above).

For Transactions completed prior to November 7, 2007, the 5/6ths investment rights vest ratably on each of the first four anniversaries of the closing date of the Transaction, with vesting accelerated in the event that the Corporation disposes of at least 90% of its entire investment for cash. Vested rights in respect of a particular operating company investment will be exercisable (i) in full at such time as the Corporation disposes of at least 90% of its investment, provided that the return hurdle described below is satisfied, in cash, on the entire invested amount, (ii) in part in the event that the Corporation has recovered less than a majority of the investment within eight years, the securities of relevant operating company are publicly traded and the return hurdle on the Corporation's entire investment has been satisfied in cash or would be satisfied on a combined cash and valuation basis.

Minimum Return Hurdle

In the event that a particular Transaction does not result in a minimum 15% per annum compounded rate of return on investment to the Corporation on a realization, the 5/6ths investment rights, if vested, will cease to be exercisable by an Investor. In effect, if the threshold return is not met, the Investors will not benefit from the 5/6ths portion. The 15% rate of return is calculated assuming, and after giving effect to, exercise in full of all the investment rights issued under the Plan and relating to the operating company disposed of. Investors beneficially own the economic interest in their purchased securities and securities subject to investment rights, to the extent to which their rights are vested, but the Corporation will maintain voting and other control over the Investors' participation in the Transactions.

Clawback

An Investor who either leaves the Corporation and within six months thereafter becomes an employee of or provides services to a competitor of the Corporation, or who breaches certain provisions relating to confidentiality, non-solicitation of employees and the misappropriation of opportunities, not only loses his or her non-vested and vested, but non-exercised, investment rights (the 5/6ths portion), but must repay to the Corporation the after-tax proceeds realized from the exercise of investment rights after the date that is one year prior to the date of leaving.

Investments and Realizations in 2016

In 2016, new investments and further investments were made by Investors as required under the Plan in a number of the Corporation's operating companies and investments for an aggregate cash payment by all participants of approximately US\$19.7 million. Amounts invested by those participants under the minimum investment commitments for the Onex Partners and ONCAP Funds are allocated to meet their 1/6ths investment requirement under the Plan.

The Investors, together with certain directors and employees of the Corporation, also made direct co-investments on the same terms as the Corporation in a number of the Corporation's operating companies and investments in the aggregate amount of approximately US\$135.9 million in 2016.

Total 5/6th investment rights payments to the Investors in 2016 amounted to US\$7.1 million, including US\$2.1 million to Mr. Schwartz, US\$0.3 million to Mr. Govan, US\$0.7 million to Mr. Le Blanc, US\$0.7 million to Mr. Mersky and US\$0.6 million to Mr. Munk. Each of the foregoing individuals other than Mr. Schwartz reinvested 25% of those amounts (on a pre-tax basis) in Subordinate Voting Shares and DSUs.

Additional information concerning the Plan is contained in the audited consolidated financial statements of the Corporation for the year ended December 31, 2016 and the notes thereto.

MANAGEMENT PARTICIPATION IN PRIVATE EQUITY FUND INVESTMENTS AND PERFORMANCE

General

Starting in November 2003, the Corporation established a series of large cap private equity funds (collectively, the “Onex Partners Funds” or the “Funds”) to provide capital for future Onex-sponsored operating company investments not related to Onex’ existing operating companies or the ONCAP funds. The Onex Partners Funds have aggregate capital commitments of approximately US\$15.5 billion, including US\$4.7 billion from the Corporation as a limited partner.

Management Capital Commitment

The Investors initially committed, as a group, to invest a minimum of 1% of each of the first three Onex Partners Funds and a minimum of 2% of Fund IV, subject to annual adjustments up to a maximum of 4% in the case of Funds I and II, up to 6% in the case of Fund III and up to 8% in the case of Fund IV. The total amount invested in Fund investments by the Investors in the year ended December 31, 2016 was US\$116.8 million. Onex controls the general partners and manager of the Funds.

Carried Interest and Vesting

The Funds’ general partners will receive a carried interest of 20% of realized gains attributable to third-party limited partners in each Fund, subject to an 8% compound annual preferred return to such limited partners on all amounts contributed to the relevant Fund. This carried interest will be determined based on the overall performance of the Fund and includes typical catch-up and claw-back provisions. Consistent with market practice, Onex, as sponsor of the Fund, has been allocated 40% of the carried interest with 60% allocated to the Investors. The Investors’ entitlements in respect of their respective shares of the carried interest vest ratably over on each of the first six anniversaries (four or five anniversaries in the case of Fund I and Fund II, respectively) of the later of the first drawdown of capital commitments by the relevant Fund and the date on which the particular Investor was first allocated a carried interest entitlement. Vesting would be accelerated upon the occurrence of an Event of Change (as defined in the articles of the Corporation; see also “Voting Shares” above).

Carried Interest Payments in 2016

Total carried interest realized by the Investors in 2016 amounted to US\$22.3 million, including US\$5.5 million to Mr. Schwartz, US\$0.4 million to Mr. Govan, US\$2.7 million to Mr. Le Blanc, US\$2.6 million to Mr. Mersky and US\$2.2 million to Mr. Munk. Each of the foregoing individuals other than Mr. Schwartz reinvested 25% of those amounts (on a pre-tax basis) in Subordinate Voting Shares and DSUs.

NORMAL COURSE ISSUER BID

On April 11, 2016, the Corporation filed a Notice of Intention to make a normal course issuer bid to permit repurchases of Subordinate Voting Shares commencing April 18, 2016 and terminating on April 17, 2017. The Corporation was permitted to effect such purchases from time to time during the period of the issuer bid when it determined that such purchases were advantageous to the Corporation. Any purchases made under the issuer bid and other permitted exempt transactions were to be effected in accordance with the rules and policies of the Exchange. The Corporation has purchased 1,176,487 Subordinate Voting Shares under the issuer bid and other permitted exempt transactions up to February 28, 2017.

The Corporation may file a further Notice of Intention to make a normal course issuer bid to again permit repurchases of Subordinate Voting Shares commencing upon the expiry of the current normal course issuer bid and terminating immediately prior to the first anniversary thereof. Any shareholder of the Corporation may obtain a copy of any further Notice of Intention, without charge, by writing the Corporation at its head office following acceptance thereof by the Exchange.

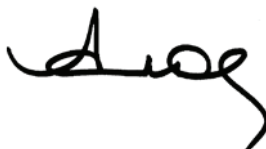
ADDITIONAL INFORMATION

Any shareholder of the Corporation may obtain copies of the Corporation's annual information form, annual report, interim quarterly reports, and management's discussion and analysis, without charge, by writing to the Corporation at its head office. Additional copies of this management information circular are also available on request. Such documents are also available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com.

APPROVAL OF BOARD OF DIRECTORS

The contents of this management information circular and the sending of it to the shareholders of the Corporation, to each director of the Corporation, to the auditor of the Corporation and to the appropriate governmental agencies have been approved by the Board of Directors of the Corporation.

DATED the 20th day of March, 2017.

A handwritten signature in black ink, appearing to read 'A. Daly', with a stylized flourish at the end.

ANDREA E. DALY
Managing Director, General Counsel
and Secretary

ONEXcorporation