



NOTICE OF
ANNUAL MEETING
OF SHAREHOLDERS
TO BE HELD MAY 9, 2019
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 the **Hockey Hall of Fame, Tim Horton's Theatre (concourse level), 30 Yonge Street, Toronto, Ontario on Thursday, the 9th day of May, 2019 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, 2018 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 of the Corporation;
3. to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to elect directors of the Corporation;
5. to consider and approve, on an advisory basis, a resolution accepting the Corporation's approach to executive compensation disclosed herein; and
6. to transact such further and other business as may properly come before the meeting or any adjournment to 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 AST Trust Company no later than 48 hours preceding the meeting or any adjournment or postponement thereof.

DATED at Toronto, Ontario, the 18^h day of March, 2019.

BY ORDER OF THE BOARD OF DIRECTORS



ANDREA E. DALY
Managing Director, General Counsel
and Secretary

ONEX corporation

MANAGEMENT INFORMATION CIRCULAR as at March 18, 2019

This management information circular (the “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 9, 2019 at 10:00 a.m. (Eastern Daylight Savings Time) at the Hockey Hall of Fame, Tim Horton’s 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 AST 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 set of rules that reduce the volume of materials that must be physically mailed to shareholders by allowing the Corporation to post the 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, Circular, 2018 Financial Statements and 2018 Management’s Discussion and Analysis have been made available to shareholders at <http://www.meetingdocuments.com/astca/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 99,785,058 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 Subordinate Voting Share. 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 18, 2019. 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 10% 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, 12,099,140 Subordinate Voting Shares of the Corporation representing approximately 12.1% 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 Onex management and provided that up to an aggregate of 10% of the outstanding Multiple Voting Shares may be transferred to persons other than members of Onex management without such approval. Multiple Voting Shares acquired by any transferee would be subject to certain repurchase options and obligations in favour of the Corporation. The stock control agreement remains in full force and effect and no party is in material breach thereof.

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 **FOR** 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

Twelve nominees are proposed for election the Board of Directors (the "Board") at the Meeting. As described under "Voting Shares" above, the holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled, voting separately as classes, to elect 40% and 60%, respectively, of the members of the Board, in each case rounded to the nearest whole number. 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. Shares represented by proxies solicited by management will be voted **FOR** the SVS Nominees, unless authority to do so is withheld. Each nominee elected will hold office 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 are currently directors of the Corporation. As discussed in detail under "Corporate Governance Practices" below, the Board regularly assesses its membership to with a view to ensuring that an appropriate mix of skills, experience, perspectives and relationships are represented. The Board believes that each incumbent director has provided and is continuing to make a material contribution and provide significant value and does not propose changes for the upcoming year.

The Corporation has adopted a majority voting policy in respect of director elections. Any director who is not elected by at least a majority of the votes cast must immediately tender his or her resignation. The Board will accept the resignation absent exceptional circumstances and will announce its decision within 90 days. All members of the Board received more than 94% support at the Corporation's last annual meeting.

Throughout this Circular, all amounts are in United States dollars unless otherwise indicated. All references to C\$ are to Canadian dollars.

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 18, 2019 (1)(2)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 18, 2019 (3)</u>
<p>WILLIAM A. ETHERINGTON (5)(6)(16)</p> <p>Mr. Etherington, 77, of Toronto, Ontario, is a director and board chair of Celestica Inc. He was Chairman, President and Chief Executive Officer of IBM World Trade Corporation until 2001 and 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 65,378	C\$ 5,501,840.22
<p>MITCHELL GOLDHAR</p> <p>Mr. Goldhar, 57, 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>	Since May 2017	— 8,295	C\$ 605,452.05

<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 18, 2019 (1)(2)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 18, 2019 (3)</u>
<p>ARIANNA HUFFINGTON (7)</p> <p>Ms. Huffington, 68, 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	— 18,522	C\$ 1,351,920.78
<p>ARNI C. THORSTEINSON, C.F.A. (4)(8)(16)</p> <p>Mr. Thorsteinson, 70, of Winnipeg, Manitoba, is the President of Shelter Canadian Properties Limited, a privately owned diversified real estate development and management company. He is also a trustee of Lanesborough Real Estate Investment Trust, 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	50,425 116,749	C\$ 12,202,030.26
<p>BETH A. WILKINSON</p> <p>Ms. Wilkinson, 56, of Washington, DC is the founder of Wilkinson Walsh & Eskovitz, a specialty trial and litigation law firm. Ms. Wilkinson was previously a partner in two major U.S. law firms and served as General Counsel to Federal National Mortgage Association (Fannie Mae) from 2006-2008. Ms. Wilkinson has a Bachelor of Arts from Princeton University and a law degree from the University of Virginia School of Law.</p>	Since May 2018	— 3,938	C\$ 287,434.62

II. MVS NOMINEES

The following is a description of the seven directors to be voted on separately by the sole holder of Multiple Voting Shares of the Corporation (“MVS Nominees”):

<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 18, 2019 (1)(2)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 18, 2019 (3)</u>
<p>GERALD W. SCHWARTZ, O.C (9).</p> <p>Mr. Schwartz, 77, of Toronto, Ontario, is the Founder, 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 non-profit 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	12,099,140	C\$883,116,228.60
<p>DANIEL C. CASEY (5)(10)</p> <p>Mr. Casey, 71, 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 92,166	C\$ 9,354,836.34

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of March 18, 2019 (1)(2)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 18, 2019 (3)
<p>SERGE GOUIN (4)(11)</p> <p>Mr. Gouin, 76, of Outremont, Quebec, was formerly Chairman of the Board of Quebecor Media Inc., a communications and media-cable and entertainment company. Mr. Gouin was appointed as a Member of the Order of Canada in 2018. 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 Angés Québec Capital Fund. He previously served on the Advisory Committee of the Ivey Business School 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 Business School at the University of Western Ontario.</p>	Since August 1991	45,568 94,468	C\$10,221,227.64
<p>EWOUT HEERSINK (12)</p> <p>Mr. Heersink, 68, of Oakville, Ontario, is a Senior Managing Director of the Corporation and has been an executive of Onex since 1983. He served as Onex' Chief Financial Officer through 2008 and has also served as a director of several of Onex' 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 Business School 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	944,790 313,439	C\$91,838,134.71
<p>JOHN B. MCCOY (5)(13)</p> <p>Mr. McCoy, 75, of Columbus, Ohio, retired as Chairman and Chief Executive Officer of Banc One Corporation in December 1999, where he had been Chief Executive Officer since 1984 and Chairman since 1998. Mr. McCoy joined Banc One Corporation in 1970. Mr. McCoy is a director 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 86,135	C\$ 7,746,793.65

<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 18, 2019 (1)(2)</u>	<u>Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of March 18, 2019 (3)</u>
<p>J. ROBERT S. PRICHARD, O.C., O. ONT. (4)(14)</p> <p>Mr. Prichard, 70, 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 Bank of Montreal, a director of George Weston Ltd. 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 88,682	C\$ 7,932,699.18
<p>HEATHER M. REISMAN (15)</p> <p>Ms. Reisman, 70, 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 former member of the Bilderberg Meetings Steering Committee. 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 79,844	C\$99,402,161.40

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 1,238,500 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 under "Compensation of Directors and Named Executive Officers of the Corporation and its Subsidiaries — Directors". Mr. Schwartz also holds (i) options to acquire 3,950,000 Subordinated Voting Shares, (ii) investments in the Corporation's operating companies and credit strategies valued in excess of \$540 million, and (iii) investments of more than \$23 million in the Corporation's real estate activities and its sponsored aircraft leasing fund, all at December 31, 2018.
- (2) Each director other than Mr. Goldhar and Ms. Wilkinson has also made personal investments in one or more of the Corporation's sponsored funds, their respective operating companies and/or the Corporation's other investee businesses.
- (3) 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 18, 2019.
- (4) Member of the Audit and Corporate Governance Committee.
- (5) Member of the Compensation and Management Resources Committee.

- (6) As of December 31, 2018, 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 Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (10,000 subordinate voting shares).
- (7) As of December 31, 2018, 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, 2018, 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), (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), (iv) certain of the products and strategies managed by Onex Credit (\$1.8 million at fair market value) and (v) Incline Aviation Fund, an aircraft investment fund managed by BBAM Limited Partnership, an operating company of Onex Partners III LP ("Incline") (approximately \$1.0 million at fair market value).
- (9) As of December 31, 2018, 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 3.4% 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 7.1% of the Onex group's aggregate invested capital at fair market value), (iv) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (120,657 subordinate voting shares), (v) certain of the products and strategies managed by Onex Credit (\$271.6 million at fair market value), and (vi) Incline (approximately \$11.6 million at fair market value).
- (10) As of December 31, 2018, 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, 2018, 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), (iv) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (40,000 subordinate voting shares), and (v) Incline (approximately \$0.7 million at fair market value).
- (12) As of December 31, 2018, 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 0.6% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.9% 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 0.8% of the Onex group's aggregate invested capital at fair market value), (iv) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (41,103 subordinate voting shares), (v) certain of the products and strategies managed by Onex Credit (\$12.0 million at fair market value), and (vi) Incline (approximately \$0.5 million at fair market value).
- (13) As of December 31, 2018, 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), (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), and (iv) Incline (approximately \$0.2 million at fair market value).
- (14) As of December 31, 2018, 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, 2018, 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), (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) Incline (approximately \$1.0 million at fair market value).
- (16) Following the election of directors at the Meeting, the Board will appoint Mr. Etherington as Lead Director of the Board. The Board wishes to express its appreciation to Mr. Thorsteinson for his service and contribution as the outgoing Lead Director of the Board.

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS

The following table sets forth the attendance of each nominee that is currently a member of the Board at the 2018 Board and Committee meetings.

<u>Director</u>	<u>Board</u>	<u>Compensation and</u>	<u>Audit and Corporate</u>	<u>Attendance%</u>	
		<u>Management</u>	<u>Governance Committee</u>	<u>Board</u>	<u>Committee</u>
		<u>Resources Committee</u>			
Daniel C. Casey	5 of 5	2 of 2	—	100%	100%
William A. Etherington	5 of 5	2 of 2	—	100%	100%
Mitch Goldhar	5 of 5	—	—	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	2 of 2	—	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%
Beth A. Wilkinson(1)	4 of 5	—	—	80%	—

Note:

- (1) Ms. Wilkinson attended Board meetings by invitation prior to and in preparation for her nomination and election to the Board in May 2018.

CORPORATE GOVERNANCE PRACTICES

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

The Board, 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 in Canada and more broadly. The Corporation also maintains an active investor engagement program, providing an ongoing opportunity for shareholders to raise corporate governance matters directly with the Corporation. While the Board believes the Corporation's corporate governance practices have been thoughtfully developed so as to be appropriate for the Corporation, it also recognizes that practices can and should evolve over time. The Board will continue to follow market or regulatory initiatives, to remain open to discussions with shareholders and to consider potential changes or refinements when and as appropriate.

Board Composition and Independence

The Corporation has put forth 12 nominees for election to the Board. The following nine nominees are considered independent under relevant securities guidelines and all have confirmed that they have no direct or indirect business or other relationships that could reasonably be expected to interfere with the exercise of independent judgment:

<u>Name of Director</u>	<u>Independent</u>
Daniel C. Casey	✓
William A. Etherington	✓
Mitchell Goldhar	✓
Serge Gouin	✓
Arianna Huffington	✓
John B. McCoy	✓
J. Robert S. Prichard	✓
Arni C. Thorsteinson	✓
Beth Wilkinson	✓

While Mr. Schwartz, the President and Chief Executive Officer of the Corporation as well as its founder and controlling shareholder, his spouse, Ms. Reisman, and Mr. Heersink, a Senior Managing Director of the Corporation are not “independent” within the meaning of relevant securities guidelines, the Board believes that their status does not preclude them from exercising independent judgment with a view to the best interests of the Corporation.

None of the Corporation’s current and proposed directors are members of the boards of more than two additional public companies. Only one nominee, Ms. Heather M. Reisman, the founder, Chair and Chief Executive Officer of Indigo Books & Music Inc., is chief executive officer of a public company other than the Corporation. Ms. Reisman does not sit on any other public company boards. There is only one circumstance in which two or more of the Corporation’s current and 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.

Independent Functioning of the Board

Mr. Schwartz is Chairman of the Board of Directors as well as the founder, President and Chief Executive Officer of the Corporation. The Board firmly believes that it derives substantial advantages from having Mr. Schwartz in each of those roles and has implemented appropriate protections to ensure its independence is not impaired. Among other protections:

- nine of the Corporation’s 12 current and proposed directors are independent;
- the Board selects and appoints a Lead Director to ensure that the Board functions independently of management, particularly in circumstances in which the joint role of the Chairman and Chief Executive Officer may be, or may be perceived to be, in conflict (see also Formal Board Mandate and Structure – Key Position Descriptions” below);
- each scheduled Board meeting includes an in-camera session in the absence of management and any non-independent directors;
- Mr. Schwartz’ performance and compensation are considered in the absence of Mr. Schwartz, Ms. Reisman and Mr. Heersink;
- any director 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;
- any two directors may convene a meeting of the directors at any time to discuss any matter of concern;
- the two standing committees of the Board are comprised entirely of independent directors;

- in addition to the two standing committees, independent committees may be struck from time to time if necessary or appropriate; and
- each member and or committee of the Board is permitted to engage an outside advisor at the expense of the Corporation, and with notice to the Lead Director, as appropriate.

The position of Lead Director is currently held by Mr. Thorsteinson. In connection with its regular assessment of Board composition and refreshment generally, the Board intends to appoint Mr. Etherington to the role of Lead Director following the Meeting and expects to consider rotation of the role from time to time as appropriate. Mr. Thorsteinson has been and continues to be a valuable independent member of the Board and is being nominated for re-election. Assuming such election, he will continue to chair the Corporation's Audit and Corporate Governance Committee.

Director Education

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 the operating companies within its core private equity business. The Corporation's management team is available to answer questions and to receive Board input and guidance;
- the Board receives detailed material in advance of any proposed significant transaction by the Corporation or within its core private equity business and has appropriate time to review the materials, to ask questions of management and to otherwise discuss the proposal. If a significant new 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 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 with the operating company's executive team;
- the Board is invited to participate in an annual off-site session 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 from fund investors; and
- Board meetings frequently include in-depth sessions led by an outside expert or a member of the Corporation's senior management team regarding emerging issues or specific areas of the Corporation's business. In 2018, the Board participated in sessions relating to artificial intelligence and to the Corporation's perspective on and approach to investing in each of the technology sector and the European market.

The directors believe that these practices together with their regular 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.

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 experience and long tenure as negative but rather believes that it is most often a distinct advantage which needs to be balanced against the potential benefits of renewal according to a predetermined schedule. 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 is 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 in the Corporation (a minimum of five times the annual retainer), a requirement that suggests and supports a longer tenure.

Board and Corporate Diversity

The Board continues to focus on director renewal and diversity in the ordinary course without forcing change in a manner or at a pace it believes may not serve shareholders well. The Board has adopted a measured approach to director turnover while continuously seeking to identify individuals who would make a valuable contribution to the mix of skills, experience, perspectives and relationships represented on the Board. The Board recognizes that broader perspectives can contribute to the Corporation's innovation and growth but also understands that diversity is multi-faceted and increased diversity is a long-term goal. Consistent with other public companies and with regulatory and shareholder perspectives and initiatives, the Board has focused on gender diversity as the first step toward this achieving broader diversity in the longer term. Two of the last three directors elected to the Board were women and three of the 12 nominees currently proposed for election to the Board are women (25%). The Board endeavors to ensure that at least 20% of its members are women at all times and intends to increase that target minimum to 25% in 2024. The Board supports the Corporation's broader Diversity Policy described below and intends to take other measures of diversity into consideration as it assesses its composition in the future.

The Corporation adopted a formal written diversity and inclusion policy ("Diversity Policy") in 2019, the objective of which is to support the inclusion of individuals from diverse backgrounds, having regard to gender as well as other dimensions of diversity, while ensuring that the Corporation's core business as a private equity investor and asset manager is staffed by a highly qualified and high performing team. The Diversity Policy targets maintaining a minimum 20% female representation in senior management positions. Six of 16 (37.5%) of those positions are currently held by women, including the Managing Directors leading the Corporation's Investor Relations, Legal and Talent Management groups and its most senior Administration and Information Technology leads. The Diversity Policy also provides that the Corporation's investment professional and operational teams should include a meaningful number of women. Management has actively worked to ensure that a substantial and growing portion of the new investment professional candidate pool are women and that the investment professional team has increased representation of women year over year, who are given equal opportunity for career advancement. The Corporation has also formally recognized in the Diversity Policy that diversity is not limited to gender and has committed to supporting increased diversity broadly in the future.

Skills Matrix

The independent directors have diverse business and professional backgrounds and a wide range of both public and private company experience. 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; Specific Industry Experience & Expertise	Location	CEO Experience	Finance & Accounting	Capital Markets	Corporate Governance	Risk Management & Compliance	Governmental, Public-Policy, Intergovernmental Affairs	Human Resources & Compensation	Information Technology & Cybersecurity	International Business
Daniel C. Casey industrial operations and manufacturing; real estate development; building products; hospitality	Canada	✓	✓	✓				✓		✓
William A. Etherington financial services and insurance; business services; industrial operations and manufacturing; marketing; technology and new media; operational restructuring	Canada	✓	✓		✓	✓		✓	✓	✓
Mitchell Goldhar real estate development; retail; residential; e-commerce	Canada	✓	✓				✓			✓
Serge Gouin asset management and investment; capital markets; financial services and insurance; industrial operations and manufacturing; healthcare; consumer and retail; marketing; media and communications	Canada	✓	✓	✓	✓	✓		✓		✓
Ewout R. Heersink auditing; consulting; finance leadership	Canada		✓	✓	✓	✓		✓		
Arianna Huffington media and communications	U.S.	✓								✓
John B. McCoy financial services	U.S.	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Robert S. Prichard media and communications; technology and new media; financial services and insurance; law; complex and regulated industries	Canada	✓	✓		✓	✓	✓	✓		
Heather M. Reisman retail; e-commerce; marketing	Canada	✓	✓		✓		✓	✓	✓	
Gerald W. Schwartz asset management and investment; capital markets; business services; industrial operations and manufacturing; health care; aerospace; real estate development; building products; consumer and retail; financial restructuring; operational restructuring	Canada	✓	✓	✓	✓	✓	✓	✓		✓
Arni C. Thorsteinson real estate; finance; investment banking; corporate governance; hospitality	Canada	✓	✓	✓	✓	✓	✓	✓		
Beth A. Wilkinson legal; complex and regulated industries; financial services; media rights; governmental and regulatory investigations; government contracts	U.S.	✓			✓	✓	✓	✓		

Director Recruitment, Nomination and Performance Review

The Board is maintained at an appropriate size to facilitate effective decision-making. The entire Board, which is 75% independent, acts as a nominating committee in identifying and recruiting new members. The Board considers the competencies, skills and perspectives that the Board, as a whole, should possess or that may provide incremental value and evaluates each current Board member and prospective new directors against that framework.

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 and policies, the mandates of Board committees and past Board materials, a discussion of expected time commitment and participation, exposure to the Corporation's senior management team and, over time, interaction with key management of the Corporation's various asset platforms and significant operating companies, and. Typically, new Board members already have a deep understanding of the duties and responsibilities of corporate directors and of board and governance processes generally as a result of past board experience or their professional backgrounds.

Each Board member completes an annual corporate governance questionnaire to assist in assessing the effectiveness of the Board and its committees, as well as formal peer reviews to evaluate the contribution and performance of each individual director. The questionnaire addresses Board and committee structure and composition, Board leadership, strategic planning, risk management, operational performance and Board processes and effectiveness and asks directors not only to comment on the Board's current structure and practices but also to propose improvements. The results are discussed in depth by the Audit and Corporate Governance Committee and any recommendations or material observations are presented to the full Board.

Shareholder Engagement

Onex takes a proactive approach to shareholder engagement. Its dedicated Investor Relations team interacts with investors on an ongoing basis through frequent in-person meetings and calls in which shareholders are free to raise any corporate governance issues or concerns. Excluding Subordinate Voting Shares held by Onex' directors and management (18%) and those shareholders the Corporation is unable to identify based upon the best information available (14%), the Corporation's Investor Relations team has interacted with shareholders representing more than 70% of the Subordinate Voting Shares in the past 18 months.

Environmental, Social and Governance Framework

Onex views sound governance and good environmental and social practices as important aspects of successful investing. Onex has been a responsible investor for more than 35 years and manages and invests capital on behalf of itself, its investors and its employees. The Corporation has adopted an Environmental, Social and Governance ("ESG") Framework that captures the principles of: (i) encouraging environmental stewardship and protection throughout its operating companies; (ii) promoting equal, diverse and inclusive work environments; (iii) adherence to the highest level of ethical conduct, fairness and transparency; and (iv) mandatory adoption by all operating companies of effective ESG programs supported by annual reporting and certification obligations. Onex is of the view that integrating ESG considerations into its investment decisions can have a direct and positive influence in creating long-term value and mitigating risk for its shareholders.

Code of Business Conduct and Ethics

The Board 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 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 is 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.

Director Share Ownership Requirement

In order to promote alignment of the interests of directors with shareholders of the Corporation, the Board requires each non-management director to invest in shares of the Corporation in an amount equal to five times the current \$240,000 annual retainer. New directors have up to six years to achieve the minimum ownership level and Deferred Share Units may be applied towards the share ownership requirement. All current directors hold shares and Deferred Share Units substantially in excess of the minimum ownership requirement with the exception of Mr. Goldhar (elected in 2017), Ms. Huffington (elected in 2014) and Ms. Wilkinson (elected in 2018). The current holdings of each of Mr. Goldhar, Ms. Huffington and Ms. Wilkinson are set forth in this Circular under “Election of Directors”. Almost all members of the Board are also materially invested directly in the funds, operating companies and other investee entities that collectively comprise the business of the Corporation. As a result, directors are well aligned with the interests of public shareholders.

FORMAL BOARD MANDATE AND STRUCTURE

Mandate of the Board of Directors

The Board 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 Corporation’s long-term strategy and monitoring its overall performance against that strategy;
- reviewing annually the strategic plan, including opportunities and risks, and approving significant new initiatives;
- assessing the principal risks inherent in the business activities of the Corporation and the mechanisms available to manage and monitor those risks;
- reviewing succession planning and the appointment of senior executives of the Corporation;
- overseeing the development and implementation of the Corporation’s compensation policies and programs;
- approving and monitoring compliance with the Corporation’s Code of Business Conduct and Ethics;
- satisfying itself as to the integrity of the Chief Executive Officer and other senior executives and that they foster a culture of integrity within the Corporation;
- reviewing financial performance and reporting and the integrity of the Corporation’s internal control and management information systems; and
- reviewing and monitoring the Corporation’s adherence to high standards of corporate governance and openness to shareholder feedback.

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 an excessively structured or hierarchical format, consistent with the highly entrepreneurial nature of the Corporation. The following are position descriptions for the Chairman and the Lead Director:

Chairman

The Chairman is to manage the affairs of the Board, ensuring 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 the Board has adequate resources and the full, timely and relevant information required to enable responsible decision-making. The Chairman provides the principal point of contact between management and the Board and facilitates effective interaction between Board members and management.

Lead Director

The Lead Director is appointed to facilitate the functioning of the Board independently of management, to ensure directors have an independent contact on matters of concern to them and to ensure the Board's agenda will enable it to successfully carry out its duties. In particular, the Lead Director will 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 a member of the Corporation's Audit and Corporate Governance Committee, is knowledgeable on corporate governance practices and developments and is able to provide the necessary guidance. The Lead Director also leads the regular and ongoing assessment of the effectiveness of individual Board members. The position of Lead Director is currently held by Mr. Thorsteinson and is expected to be held by Mr. Etherington following the Meeting. In connection with its regular assessment of Board composition and refreshment generally, the Board intends to appoint Mr. Etherington to the role following the Meeting and expects to consider rotation of the role from time to time as appropriate. Mr. Thorsteinson has been and continues to be a valuable independent member of the Board and is being nominated for re-election. Assuming such election, he will continue to chair the Corporation's Audit and Corporate Governance Committee.

Committees of the Board

The Board has established two standing committees, the Audit and Corporate Governance Committee and Compensation and Management Resources Committee, the responsibilities of each of which are summarized below. Other committees may be appointed from time to time if required. The proceedings of committees are reviewed by, and their recommendations are brought for consideration to, the full Board. The Board considers modifications to committee responsibilities and procedures as regulatory expectations and 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 comprised of three members, all of whom are independent and unrelated directors within the meaning of applicable securities guidelines. The Committee is comprised of Mr. McCoy (Chair), Mr. Casey and Mr. Etherington. 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, 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 comprised is highly qualified to develop and oversee the implementation of appropriate and effective compensation practices at the Corporation.

The Committee establishes and administers the compensation policies and remuneration levels for the executive officers and managers of the Corporation and reviews and approves the Corporation's disclosure with respect thereto (see "Compensation Discussion and Analysis" below). In addition to its responsibilities in respect of compensation matters, the Committee has principal responsibility for the oversight of certain non-compensatory plans and programs under which members of senior management and investment professionals are required to invest in, or acquire other contingent entitlements in respect of, acquisition and investment transactions undertaken by the Corporation. These plans and programs are outlined under "Management Alignment of Interests with Shareholders" of this Circular and are similar in substance to those in place at other leading private equity firms. The Committee's recommendations are submitted to and reviewed by the Board.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee is currently comprised of three directors, Messrs. Thorsteinson (Chair), Gouin and Prichard. The Committee will be expanded to four members following the Meeting and Mr Etherington will be appointed. Each member of the Committee is an independent director pursuant to the applicable guidelines and 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 of the Committee is financially literate and that at least one has the experience level of a financial expert, all as contemplated by applicable law. Its responsibilities include the review and assessment of the Corporation's external audit plan, 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 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 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 also has a broad responsibility for reviewing and monitoring the Corporation's corporate governance policies and related disclosures. In addition, the Committee 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. Finally, the Committee monitors compliance with the Corporation's Code of Business Conduct and Ethics. The Committee's formal charter is set forth at Appendix A of the Corporation's Annual Information Form dated February 28, 2019.

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION (SAY-ON-PAY)

The Corporation's compensation programs are designed to pay for performance and to align the interests of the Corporation's executives with the long-term interests of shareholders. The Board believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles underpinning compensation decisions and to participate in an advisory vote on the Board's approach to executive compensation. A "say-on-pay" advisory vote was conducted at the Corporation's most recent annual meeting, with approximately 97% of votes cast in support of the Corporation's approach to compensation.

The Board will again put forth the following advisory resolution giving shareholders an opportunity to express their support for the Corporation's approach to executive compensation as described under "Compensation Discussion and Analysis" of this Circular:

"BE IT RESOLVED, on an advisory basis and without diminishing the role and responsibilities of the Board of Directors, that the shareholders of the Corporation accept the approach to executive compensation disclosed in the management information circular delivered in advance of the annual meeting of the shareholders of the Corporation held on May 9, 2019."

While the results of an advisory resolution are not binding on the Board, the Compensation Committee will consider those results when reviewing the Corporation's executive compensation programs in the future and may make recommendations to the Board. The Corporation will publicly disclose the voting results following the Meeting.

The Board and management recommend that the shareholders vote **FOR** the approval of the foregoing resolution. Unless contrary instructions are given, the persons named on the proxy form or on the voting instruction form will vote FOR the approval of this resolution.

COMPENSATION DISCUSSION AND ANALYSIS

One of the principal responsibilities of the Compensation and Management Resources Committee is to establish and administer the compensation policies and levels for the Corporation's executives, including the executives identified in the Summary Compensation Table of this Circular (the "NEOs" or "Named Executive Officers"). The Committee's recommendations are communicated to the Board and, with respect to the Chief Executive Officer, are submitted for Board approval. Mr. Schwartz, Ms. Reisman and Mr. Heersink are not present for and do not participate in the Board's deliberations concerning Mr. Schwartz' compensation.

Onex' Compensation Policy and Practices

General

The Corporation is a leading private equity investor and asset manager, with operations and interests across a wide variety of companies, industries, geographies and asset classes. As the private equity business and the broader asset management industry have evolved and expanded globally, 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 Compensation and Management Resources Committee is of the view that its consideration of compensation arrangements and levels requires a broad perspective.

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 its shareholders over the long term and to emphasize and reward the long-term creation of tangible value for Onex and its shareholders. The importance of delivering on the Corporation's core business objective of creating demonstrable value for shareholders is woven through the Corporation's compensation philosophy, which seeks to ensure that total compensation is directly linked to the actual performance results of both the individual and the Corporation.

Elements of Compensation

Compensation of the Corporation's executives consists of three principal components – base salary, variable annual cash compensation and long-term performance-based equity compensation. Each component has a different purpose but all work together to reward and incentivize individual and corporate performance.

Base Salary

In its core private equity business, the Corporation has adopted the conventional compensation structure used throughout its industry, in which salaries are set at relatively modest levels to provide a baseline amount of current cash income and are intended to comprise a relatively small portion of aggregate annual compensation.

Variable Cash Compensation (Bonuses)

The second component of executive compensation, and that generally most emphasized by the Committee and the Board, is the variable cash compensation opportunity. The substantial majority of the value of the Corporation is driven by the value of its private equity investments and activities. 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, completing new acquisitions, growing and improving the performance and results of its operating businesses over the long term and realizing on investments in existing operating companies, as well as each individual's contribution to those successes. 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, particularly those with significant involvement in the growth and ongoing operation of the Corporation's overall asset management business, will also reflect their contributions to those activities.

While bonuses are determined annually, they often reflect several years of work and effort by an individual. Specifically, the Corporation may award relatively large compensation to certain members of the Corporation's executive and investment teams to reward the realization of a successful investment in respect of which those

individuals played a leadership role. The realization of value, particularly in the private equity business, is almost always the result of several years of effort sourcing an investment opportunity, executing on that opportunity, devoting substantial time and effort to growing and improving the operating company and its business, and leading the sale of that business or the consummation of another realization transaction. Typically, a small “deal team” of executives and investment professionals is principally responsible for each operating company investment from identification through realization and spends a large part of their time and efforts over that period working closely with that operating company and, ultimately, leading the realization. The Corporation believes a successful investment that has delivered value to the Corporation in the form of cash proceeds should be rewarded. Accordingly, the Corporation will typically award to the core deal team variable cash compensation that, in the aggregate, reflects a portion of the Corporation’s realized gain from the investment (which may include both sale proceeds and any cash distributions received by the Corporation over the life of the investment). In all cases, the Committee considers and approves both the aggregate amount actually awarded and the individual allocations thereof.

The Compensation Committee believes that the Corporation’s approach to variable cash compensation has certain effects that are particularly relevant to shareholders assessing the Corporation’s compensation program:

- *Low likelihood that the Corporation will reward anticipated success which is not ultimately achieved.* Making relatively larger compensation awards in respect of a particular investment only when no meaningful portion of that investment remains at risk substantially eliminates the possibility that subsequent negative events may have led to different compensation decisions.
- *Variable cash compensation that reflects the culmination of several years of value creation may appear volatile, unpredictable or outsized if viewed solely in the context of a single year.* Rewarding the successful conclusion of a multi-year effort means that the aggregate cash compensation paid by the Corporation in a particular year may appear volatile or unpredictable if viewed on a standalone basis. Years with relatively more and larger successful realizations will have relatively larger aggregate cash compensation rewards. Over the long term, however, variable compensation is much smoother and tracks the delivery of tangible value to shareholders. The same dynamic applies to the variable cash compensation paid to a particular individual, which may include an NEO, over the course of his or her career with the Corporation. The largest bonuses in a year are concentrated in the small group of individuals who contributed most directly and meaningfully to an operating company investment that was successfully realized in the year. The individuals comprising this core “deal team” will be different for different investments, and a particular individual’s variable cash compensation year over year will depend on his or her role in respect of investments realized in the year.

The development and growth of the Corporation’s broader asset management business has similar characteristics. Specifically, it takes years of effort to successfully develop, launch and grow a new asset management strategy or platform. A decision by the Corporation to acknowledge and reward contribution to the growth of the asset management business would generally occur only when such a strategy or platform has been successfully launched and is generating fees or other value to the Corporation and the individual’s contribution to those efforts has been substantial. A bonus award in a year in which the effort has generated tangible results may be larger than in other years.

The Corporation’s approach was thoughtfully developed and both the Board and Compensation and Management Resources Committee continue to believe it serves shareholders well by aligning variable cash compensation awards with value actually created for shareholders. When applicable, the Corporation includes disclosure in its management information circular for the specific transactions or achievements that resulted in large variable cash compensation awards for an NEO in the year.

Equity Compensation (Performance-Based Options)

The third component of executive compensation takes the form of options to acquire Onex shares. Equity compensation is viewed by the Board as an essential and effective means of incentivizing executives and other professionals to deliver value over the longer term and of aligning the interests of the Corporation’s management directly with those of shareholders. The Board has determined that those objectives are best achieved by the

award of options the terms of which have been thoughtfully designed. Specifically, options issued under the Corporation's stock option plan have several features that differentiate them from the options typically issued by other public companies.

- *High Performance Threshold.* Options are exercisable only if the share price is at least 25% above the trading price at the date the options were issued. The Board and the Compensation and Management Resources Committee believe this feature significantly differentiates the Corporation's option plan from the plans of most public companies. The Corporation's executives can exercise options and realize value only if the Corporation has delivered substantial value to shareholders as demonstrated by a corresponding 25% increase in the share price.
- *Long Vesting Period.* The emphasis on long-term value creation is bolstered by a vesting period (typically five years) that is longer than a standard option plan vesting period (four years) and meaningfully longer than the typical vesting periods of the performance stock units and restricted stock units that many other issuers use as their principal form of long-term equity compensation (three years). Private equity investments are typically held for several years before being successfully realized and the long vesting period incentivizes executives and investment professionals to continue to work to create value throughout that period.
- *Long Term to Expiry.* Options issued under the Corporation's stock option plan typically have a ten-year expiry term. The Board and Committee believe that the long period of exercisability directly incentivizes employees to continue to create value well after their options have vested, importantly, over the relatively long hold and value creation period of most private equity investments. Other than in the event of death or the retirement of a long-serving executive, the exercise period will terminate 90 days after the departure of an optionholder from the Corporation, ensuring that the holder benefits from value created during his or her tenure but not from the subsequent efforts of others.

Accordingly, the structure of the Corporation's option plan is clearly consistent with the overall success of the Corporation and the best interests of its public shareholders over the longer term and, in the Committee's view, is particularly favourable to shareholders relative to market norms.

Evaluating Performance

The implementation of the Corporation's compensation philosophy and the assessment of corporate and individual performance involve both objective and subjective considerations. The Compensation and Management Resources Committee does not rely upon specific financial statement, share price or other similar fixed quantitative measures to establish precise compensation levels and does not believe that a formulaic approach to compensation is realistic or appropriate given the nature of the Corporation's business, the substantial and inevitable changes in the mix of the Corporation's activities and investments and the performance of those investments year-to-year, and the material likelihood that inappropriate compensation decisions would result from the application of specific quantitative measures. Further, the Committee believes that a rigid formulaic approach to compensation would be inconsistent with accepted practice within its industry and would negatively affect the Corporation's ability to attract and retain top talent.

Accordingly, the Committee periodically receives comparative compensation data and analysis from an independent financial services industry expert and also conducts thorough qualitative reviews with respect to all of the Corporation's executives, senior management and certain other professionals annually. Corporate and individual performance are considered against key indicators relevant to the Corporation's business, including acquisitions completed, investment realizations, operating performance of the Corporation's portfolio companies and platforms, financing activity, fundraisings completed and changes in the Corporation's share price during the year, among other factors. In assessing individual performance, the Committee 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.

Independent Compensation Consultant

The Corporation has engaged Johnson Associates, Inc. (“JAI”), a leading specialized compensation consulting firm, biannually to assist the Compensation and Management Resources Committee in evaluating the Corporation’s compensation program and gathering the information and advice necessary to allow it to make thoughtful and appropriate compensation decisions. JAI was most recently engaged in late 2017.

JAI focuses almost exclusively on the financial services industry, with specific expertise in the compensation, incentive and investment programs of private equity, hedge fund and other asset management businesses, and provides benchmarking information and advice critical to the Committee’s decision-making process. Onex’ core business is private equity, both as an investor and asset manager, and the substantial majority of its professional personnel are dedicated exclusively or principally to those activities. In particular, the NEOs other than the Chief Financial Officer dedicate the substantial majority of their business time and attention to private equity while also playing important roles in the oversight of the Corporation’s credit fund management activities and the growth of its asset management business generally. Compensation and benchmarking information for similar firms and executives is extremely difficult to obtain. The vast majority of private equity and asset management firms the size, scope, activities and talent base of which are most closely comparable to those of the Corporation are not publicly-traded, such that their compensation information is not available to the Corporation or publicly. The core business of JAI involves gathering from its client firms detailed and confidential information on compensation and investment program structure and quantum and using that information to provide tailored benchmarking and other compensation program advice. JAI is bound by strict obligations of confidentiality such that no client firm may access the information of another, nor does JAI disclose exactly which comparator firms it has considered in developing the benchmarking advice provided to any other client. The Committee believes that while most Canadian public companies can identify a group of publicly-traded Canadian peers against which specific compensation data can be compared, such an approach is not feasible for the Corporation. Rather, the Committee believes that an informed assessment of the size, scope and competitiveness of its executive and investment professional compensation program necessarily requires access to confidential information and that it is not only appropriate but necessary to rely meaningfully on the work of a well-positioned expert like JAI.

The benchmarking methodology employed by JAI includes consideration of the Corporation’s position-specific data and information as against a combination of: (i) proprietary and confidential comparator data for other private equity firms determined by JAI to be of comparable size, track record and investment focus; (ii) reference data for other firms with comparable professional positions within the financial services industry more broadly; and (iii) market hiring and compensation trends, including with respect to the demand for talented private equity investment professionals. JAI completed a detailed review of Onex’ investment professional structure and compensation information and positioning within the market for comparably-sized private equity firms in late 2017. JAI’s analysis and conclusions specifically included the NEOs other than the Chief Financial Officer who, by the nature of his role, was not within the scope of the study. JAI concluded that the compensation proposals under consideration at that time were consistent with market median and appropriate in the context of the market. The structure of the Corporation’s compensation program did not change during 2018.

Consideration and Mitigation of Risk in Compensation Decisions

General

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 not only in respect of compensation matters but also in respect of the non-compensatory investment and mandatory long-term reinvestment plans and programs described later in this Circular. With respect to compensation:

- *Variable Cash Compensation (Bonuses)*. As described in detail above, a large portion of the variable cash compensation of the Corporation’s executive team and other investment professionals results not from the deployment of capital, 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 is its only form of equity-based compensation. The plan is meaningfully performance-based, incentivizes executives and other participants to work to achieve the Corporation's financial goals over the longer term and aligns their interests with those of shareholders. The terms of the plan, particularly the relatively long vesting and exercise periods and the requirement that the market price of the Corporation's shares be at least 25% above the exercise price before an option can be exercised, are clearly consistent with the overall success of the Corporation and the best interests of its public shareholders over the longer term and not with excessive risk-taking for short-term gain.

Clawback of Incentive Compensation

Clawback and recoupment concepts have always been an embedded and fundamental aspect of the Corporation's executive equity compensation and non-compensatory investment programs. In particular, the Corporation's stock option plan and investment programs provide for the forfeiture and, in many cases, clawback of the proceeds of option exercises and investments realized following specified types of conduct injurious to the Corporation. In consideration of evolving corporate governance practices as well as feedback from shareholder engagement, the Board has supplemented these existing protections by adopting an incentive compensation clawback policy in January 2019. The policy provides for the recoupment of up to two years of incentive compensation awards if an NEO has engaged in misconduct (i) that requires a material restatement of financial results and has received incentive compensation that would have been lower based on the restatement or (ii) that caused material financial, operational or reputational harm to the Corporation.

Prohibition on Insider Trading and Hedging

The Corporation's insider trading policy, which includes an anti-hedging policy, further demonstrates the Corporation's commitment to the optimal alignment of interests as between Board, senior management and shareholders. Onex' trading policy: (i) specifically states that active trading in its securities is strongly discouraged and that trades should be exclusively for investment, and not speculative, purposes; (ii) prohibits executives and employees from trading in the Corporation's shares without first obtaining the consent of each of its Chief Financial Officer and Managing Director, General Counsel; and (iii) expressly provides that the policy applies not only to buying and selling Onex shares but also to creating, buying or selling any convertible or exchangeable security, put or call option, or other financial instrument designed to hedge or offset a change in the market value of Onex shares and to any other transaction that involves the acquisition or disposition of all or part of the economic risk or return associated with the ownership of Onex equity or with its financial performance.

Alignment of Management and Shareholder Interests – Personal “at-risk” Investments

The Corporation and the Board believe that the strong alignment of interests among Onex' shareholders, limited partners, NEOs, senior management and investment professionals is critical to the success of the Corporation. The Corporation has developed several non-compensatory investment programs and plans that require NEOs, senior management and investment professionals to personally invest in the long-term success of the Corporation, its private equity funds and its operating companies. These investment programs and plans are designed to drive and reward long-term value creation for participants while also exposing the personal at-risk investments to the downside risk of loss. For further detail, see “Management Alignment of Interests with Shareholders” of this Circular.

2018 Compensation Considerations

General

Consistent with its approach to compensation generally, the Committee considered (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 management of the Corporation's core private equity funds and asset management business throughout the year and (iii) relevant market and industry conditions in determining variable compensation levels for 2018. Among the factors specifically considered by the Committee were:

- the continued growth of Onex Credit Partners, the Corporation's credit investing platform;
- the growth and positive financial performance of certain of the Corporation's operating companies;
- the successful completion of an aggregate of \$7.0 billion of debt financings and refinancings by the Corporation's operating companies, both bolstering the financial strength of those companies and resulting in distributions to Onex and its funds of approximately \$25 million;
- the completion or announcement of a number of new investments, including:
 - SMG Holdings, a leading global manager of convention centers, stadiums, arenas, theatres, performing arts centers and other venues;
 - PowerSchool Group, a leading education technology platform for K-12 schools;
 - Ryan Specialty Group, a leading international specialty insurance organization, which includes a wholesale brokerage firm and an underwriting management organization;
 - KidsFoundation Holdings, the largest childcare provider in the Netherlands;
 - AutoSource, a used vehicle retailer specializing in branded title vehicles;
 - Precision Global, a leading global manufacturer of dispensing solutions;
 - Walter Surface Technologies, a provider of innovative solutions for the metal working industry; and
 - Wyse Meter Solutions, a leading provider of submetering and utility expense management solutions for the Canadian multi-residential, condominium and commercial markets;
- realizations and distributions of \$1.9 billion returned to Onex and its investors, including through:
 - the sale of Mavis Discount Tire for total net proceeds of \$518 million to the ONCAP group, equal to 3.4 times gross multiple of invested capital and a 48% gross rate of return;
 - a secondary offering for Emerald Expositions in which net proceeds to the Onex group were a combined \$120 million, with the Onex group continuing to hold approximately 66% of the company valued at approximately \$550 million as at December 31, 2018;
 - the initial public offering for SIG Combibloc Group on the SIX Swiss Exchange in which net proceeds to the Onex group were a combined \$511 million, with the Onex group continuing to hold approximately 51% of the company valued at \$1.6 billion as at December 31, 2018;
 - an initial and secondary offering for Pinnacle Holdings in which net proceeds to the Onex group were a combined \$53 million, with the Onex group continuing to hold approximately 32% of the company valued at \$90 million as at December 31, 2018;
 - the sale of Tecta America for total net proceeds of \$416 million to the ONCAP group, equal to 3.4 times gross multiple of invested capital and a 72% gross rate of return; and
 - the return of value to public shareholders through the payment of regular dividends and the purchase of approximately 669,733 Subordinate Voting Shares under an active share buyback program.

Despite those successes and achievements, however, the Compensation Committee and management considered 2018 to be a difficult year for the Corporation. Negative global market and economic conditions, widespread political, economic and trade uncertainty particularly in the United States and the European Union, and challenges faced by certain of the Corporation's operating companies and the industries in which they operate led to a modest weakening of the Corporation's financial performance. While the Board and management expect and believe the weakness to be temporary, continue to work to deliver value to shareholders over the longer term, and are acutely focused on improvement, they recognize that its results in 2018 were mixed. By objective measure, 2018 performance included:

- a modest 5% decrease in Onex' fee-generating assets to \$20.6 billion which was the result of realizations in private equity and net fair value decreases in Onex' private equity portfolio;
- a modest 6% and 8% decrease in the value of the private equity and credit investments, respectively, including realizations and distributions;
- a modest 5% decrease in Onex' capital per share to \$61.24 (C\$83.55), which was partially offset by Onex' relatively high cash balance in the second half of 2018; and
- a decrease of 19% in Onex' share price in Canadian dollars, which also reflects the positive impact of the 9% appreciation in the U.S. dollar (being the natural currency of a large portion of the Corporation's assets) relative to the Canadian dollar. The share price in U.S. dollars decreased 26%.

For all the reasons set forth in describing the Corporation's pay-for-performance approach to compensation generally, variable cash compensation and equity-based compensation levels throughout the organization were meaningfully reduced compared to prior years.

Chief Executive Officer and other NEO Compensation

Executive compensation for Mr. Schwartz in his capacity as Chief Executive Officer is considered and determined by the Compensation Committee and approved by the Board in the absence of Mr. Schwartz, Ms. Reisman and Mr. Heersink. Compensation for the other NEOs is generally determined by the Compensation Committee with information and assistance from Mr. Schwartz.

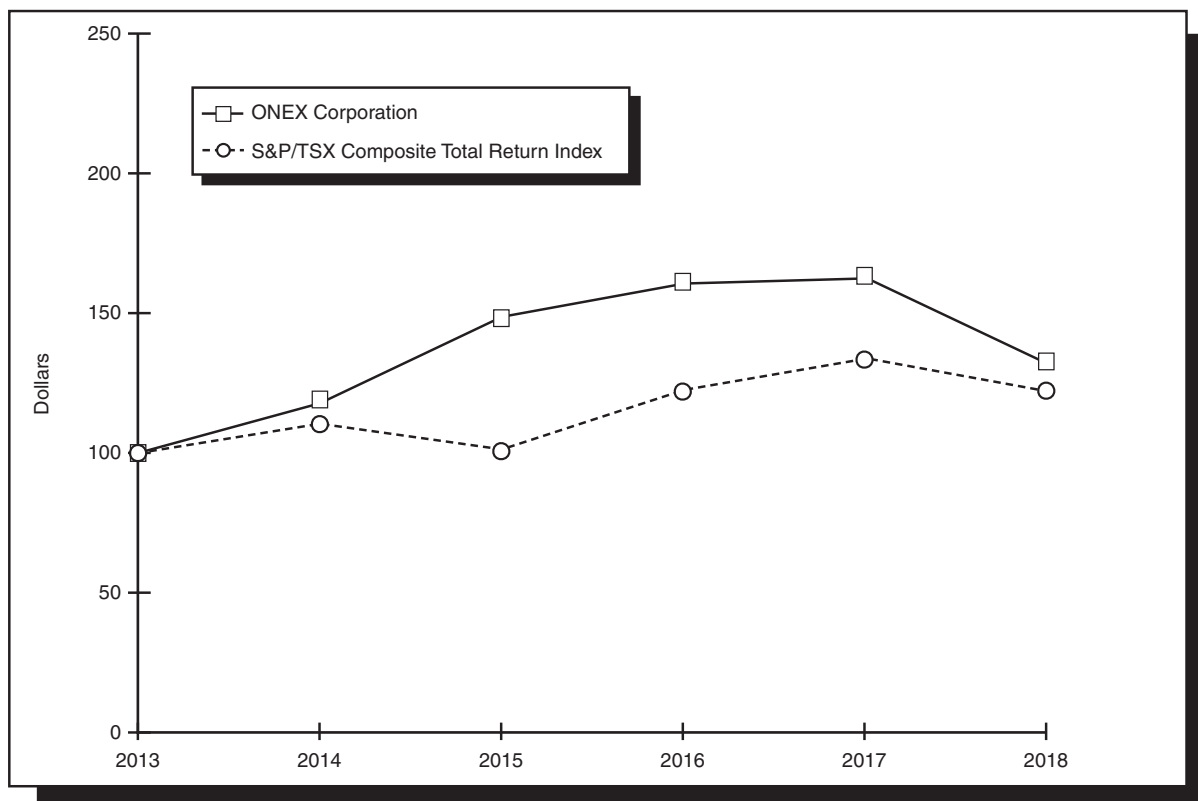
In establishing the overall approach to the Chief Executive Officer's compensation, the Compensation Committee is mindful of the unique demands arising from the magnitude and diversity of the Corporation's business, its expansion and evolution over time, and the constantly changing mix of businesses that comprise the total business and operations of the Corporation. The Compensation Committee then generally takes into consideration Mr. Schwartz' 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 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 Compensation 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. The compensation of the other NEOs, three of whom comprise the firm's Executive Committee together with Messrs. Schwartz and Heersink, is generally driven by similar considerations.

Consistent with its compensation practices generally, the Corporation's approach to Chief Executive Officer and other NEO compensation ordinarily involves the payment of base salary and variable cash compensation, a portion of which typically constitutes a fundamental part of basic annual earnings and the balance of which is based on specific and tangible corporate and personal achievements, as well as the award of stock options to drive future performance. The Committee generally considers that variable cash compensation awards to the Chief Executive Officer and other NEOs will often be both appropriate and deserved even in disappointing years, that leading an organization through difficulties can be more complicated and require greater effort than leading when things are consistently positive, and that years that are challenging overall also invariably include noteworthy achievements and successes. In light of those considerations, it may reasonably have been expected

that the Compensation Committee would make appropriate variable cash compensation awards to the NEOs in 2018. However, Mr. Schwartz and each of the other NEOs advised the Compensation Committee prior to its consideration of 2018 compensation proposals that they were acutely aware that 2018 had been disappointing and would decline any variable cash compensation and stock options the Committee may otherwise have awarded.

SHARE PERFORMANCE GRAPH

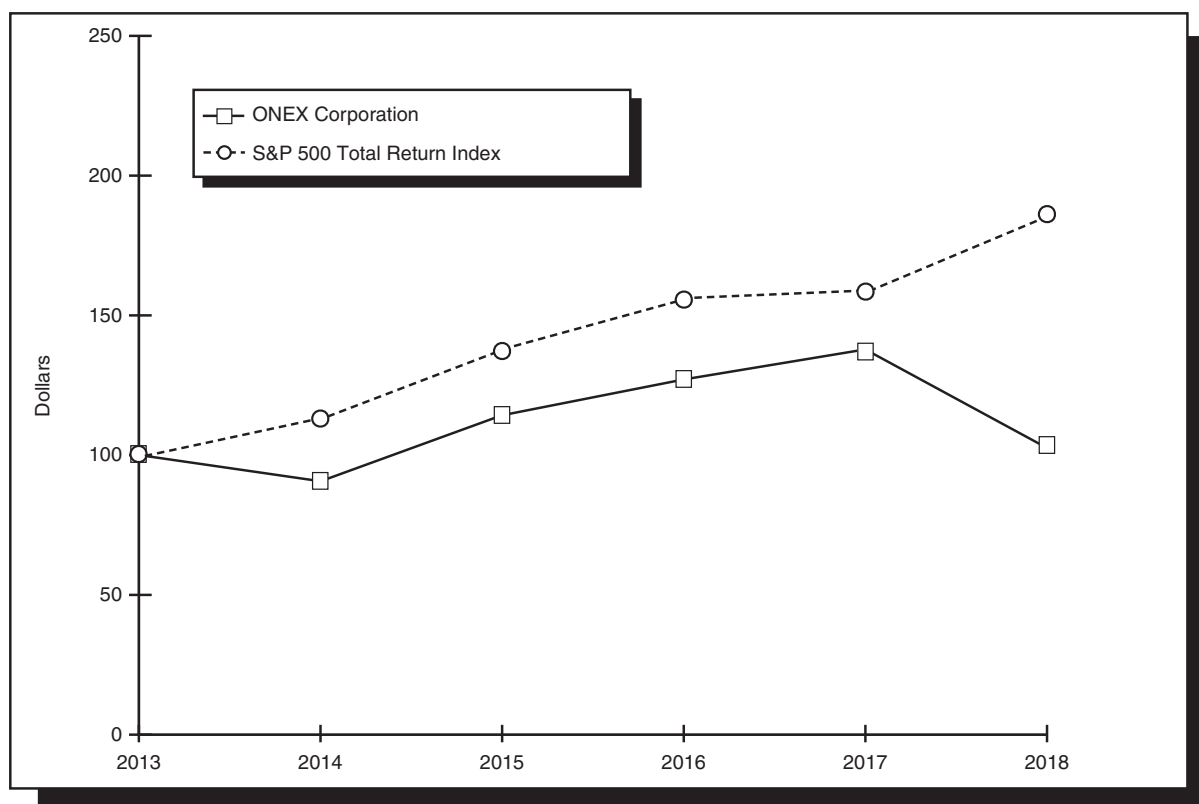
The following chart compares the total cumulative shareholder return (assuming re-investment of dividends) for C\$100 invested in the Corporation's Subordinate Voting Shares on December 31, 2013 with the comparative cumulative total return for C\$100 invested in the S&P/TSX Composite Index for the Corporation's five most recently completed financial years.



Onex 5 Year Total Shareholders' Return

	December 31, 2013	For the Financial Years				
		2014	2015	2016	2017	2018
Onex Corporation	C\$100.00	C\$117.96	C\$148.76	C\$160.78	C\$162.68	C\$131.66
S&P/TSX Composite Total Return Index	C\$100.00	C\$110.55	C\$101.36	C\$122.73	C\$133.89	C\$121.99

The following chart compares the total cumulative shareholder return in U.S. dollars (assuming re-investment of dividends) for C\$100 invested in the Corporation's Subordinate Voting Shares on December 31, 2013 and C\$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, 2013	For the Financial Years				
		2014	2015	2016	2017	2018
Onex Corporation	\$100.00	\$90.66	\$114.34	\$127.04	\$137.82	\$102.70
S&P 500 Total Return Index	\$100.00	\$113.96	\$138.87	\$156.55	\$159.34	\$186.71

The Compensation Committee does not seek to specifically tie decisions as to executive or other compensation directly to share price performance over a defined period, nor do the Board and management believe that such an approach would be appropriate for the reasons discussed at length under "Compensation Discussion & Analysis". Rather, the Board and management are confident that the Corporation's compensation policies and practices are designed to reward performance that will drive shareholder value, and share price, over the long term and are effective in achieving that goal.

COMPENSATION OF DIRECTORS AND NAMED 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 \$240,000 which consists of \$50,000 payable quarterly in the form of cash or director deferred share units ("Director DSUs") at the choice of each director and the balance of \$190,000 payable as a single annual amount in the form of DSUs. An additional \$5,000 per committee meeting is currently paid in respect of

directors' participation on the Compensation Committee and the Audit and Corporate Governance Committee of the Board. One half of the committee meeting fee is provided for telephone attendance. In addition, the independent Lead Director receives an annual amount of \$40,000. The Chair of the Audit and Corporate Governance Committee receives \$30,000 and the Chair of the Compensation Committee receives \$20,000 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 \$7,500. The members of the Compensation Committee, other than the Chair, each receive an annual amount of \$4,500. The directors are also reimbursed for any expenses incurred in respect of their activities as directors. Directors do not receive Board meeting fees or any other form of per diem amount. All Committee and Lead Director fees are payable quarterly in the form of cash or DSUs at the choice of each committee member and Lead Director.

A Deferred Share Unit Plan for directors ("Directors' DSU Plan") was adopted in 2004 with a view to aligning directors' compensation with the long-term interests of shareholders and allows directors the opportunity to benefit from the appreciation in the value of Onex' Subordinate Voting Shares through a redemption of Director DSUs for cash upon retirement from the Board. The Directors' DSU Plan provides that a director may elect annually to receive all or a portion of his or her directors' annual retainer in Director DSUs. The number of Director DSUs received in respect of the portion of the annual retainer required to be paid in the form of Director DSUs (\$190,000 in 2018) 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 of shareholders. The number of Director 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. Director DSUs vest immediately, are redeemable only once the holder retires from the Board and must be redeemed within one year following the year of retirement. Director 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, 2018 was \$2,568,750, comprised of the amounts set forth in the table below.

Director	Retainers					Total Fees Earned (\$ (1))	Portion of total fees received in DSUs (%)
	Board (\$)	Lead Director (\$)	Committee Chair (\$)	Committee Member (\$)	Committee Meetings (\$)		
Daniel C. Casey	240,000	—	—	4,500	12,000	256,500	100%
William A. Etherington (2)	240,000	—	—	4,500	12,000	256,500	100%
Mitch Goldhar	240,000	—	—	—	—	240,000	100%
Serge Gouin	240,000	—	—	7,500	17,000	264,500	100%
Arianna Huffington	240,000	—	—	—	—	240,000	100%
John B. McCoy	240,000	—	18,750	—	9,500	268,250	100%
J. Robert S. Prichard	240,000	—	—	7,500	13,500	261,000	100%
Heather M. Reisman	240,000	—	—	—	—	240,000	100%
Arni C. Thorsteinson	240,000	40,000	30,000	—	17,000	327,000	100%
Beth A. Wilkinson	215,000	—	—	—	—	215,000	100%

Notes:

- (1) Each director elected to receive all fees payable to him or her in respect of 2018 Board and, if applicable, Committee and Lead Director service in the form of Director 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 \$360,000 for his services as a director in 2018, all of which was received in the form of deferred share units.

Named 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. 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 (2)	Long-term incentive plans	Pension value		
Mr. Gerald W. Schwartz, Chief Executive Officer	2018	\$1,300,000	—	—	—	—	—	—	\$ 1,300,000
	2017	\$1,300,000	—	—	\$ 7,939,440	—	—	—	\$ 9,239,440
	2016	\$1,300,000	—	—	\$ 6,611,616	—	—	—	\$ 7,911,616
Mr. Christopher A. Govan, . . . Chief Financial Officer	2018	\$ 308,760	—	—	—	—	—	—	\$ 308,760
	2017	\$ 308,480	—	\$972,583	\$ 1,066,992	—	—	—	\$ 2,348,055
	2016	\$ 302,000	—	\$565,202	\$ 1,224,261	—	—	—	\$ 2,091,463
Mr. Robert M. Le Blanc, Senior Managing Director	2018	\$ 400,000	—	—	—	—	—	—	\$ 400,000
	2017	\$ 400,000	—	—	\$11,732,505	—	—	—	\$12,132,505
	2016	\$ 400,000	—	—	\$ 3,292,407	—	—	—	\$ 3,692,407
Mr. Seth M. Mersky, Senior Managing Director	2018	\$ 400,000	—	—	—	—	—	—	\$ 400,000
	2017	\$ 400,000	—	—	\$ 2,756,368	—	—	—	\$ 3,156,368
	2016	\$ 400,000	—	—	\$ 3,291,043	—	—	—	\$ 3,691,043
Mr. Anthony Munk, Senior Managing Director	2018	\$ 400,000	—	—	—	—	—	—	\$ 400,000
	2017	\$ 400,000	—	—	\$ 7,769,829	—	—	—	\$ 8,169,829
	2016	\$ 400,000	—	—	\$ 3,299,103	—	—	—	\$ 3,699,103

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 Committee that no additional options would be awarded to those individuals for the succeeding five years.
- (2) Annual incentive payments to an NEO in a particular year include amounts reflecting his role in significant completed realization transactions during the year, if applicable. The specific transactions that contributed to awards in 2016 and 2017 and the personal involvement of the relevant NEO therein are set forth in detail in the Compensation Discussion & Analysis sections of the Corporation's information circulars in respect of its 2017 and 2018 annual meetings.

Incentive Plan Awards

The following table provides information with regard to the outstanding option awards held by the NEOs as at December 31, 2018. All of the awards were made pursuant to the Corporation's stock option plan. The Corporation does not utilize other 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	\$40,053,000
Mr. Christopher A. Govan (3)				
December 8, 2009 Award	10,000	\$23.35	December 8, 2019	\$ 510,000
December 15, 2010 Award	20,000	\$29.29	December 15, 2020	\$ 901,200
December 13, 2011 Award	25,000	\$33.11	December 13, 2021	\$ 1,031,000
December 4, 2012 Award	25,000	\$40.35	December 4, 2022	\$ 850,000
December 10, 2013 Award	20,000	\$56.92	December 10, 2023	\$ 348,600
December 9, 2014 Award	50,000	\$63.53	December 9, 2024	\$ 432,800
November 27, 2015 Award	30,000	\$81.76	November 27, 2025	\$ —
December 6, 2016 Award	30,000	\$93.94	December 6, 2026	\$ —
January 25, 2018 Award	50,000	\$92.15	January 25, 2028	\$ —
Mr. Robert M. Le Blanc (3)				
December 8, 2009 Award	40,000	\$23.35	December 8, 2019	\$ 2,040,000
December 15, 2010 Award	25,000	\$29.29	December 15, 2020	\$ 1,126,500
December 13, 2011 Award	25,000	\$33.11	December 13, 2021	\$ 1,031,000
December 4, 2012 Award	50,000	\$40.35	December 4, 2022	\$ 1,700,000
December 10, 2013 Award	850,000	\$56.92	December 10, 2023	\$14,815,500
Mr. Seth M. Mersky (3)				
December 8, 2009 Award	40,000	\$23.35	December 8, 2019	\$ 2,040,000
December 15, 2010 Award	75,000	\$29.29	December 15, 2020	\$ 3,379,500
December 13, 2011 Award	25,000	\$33.11	December 13, 2021	\$ 1,031,000
December 4, 2012 Award	50,000	\$40.35	December 4, 2022	\$ 1,700,000
December 10, 2013 Award	850,000	\$56.92	December 10, 2023	\$14,815,500
Mr. Anthony Munk (3)				
December 10, 2013 Award	850,000	\$56.92	December 10, 2023	\$14,815,500

Notes:

- (1) All amounts are presented in Canadian dollars unless otherwise indicated. Options granted in January of a year are granted in respect of the NEO's service during the prior year.
- (2) "in-the-money" means the excess of the market value of the applicable underlying security on December 31, 2018 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) meets or exceeds a performance threshold set at 25% above the relevant exercise price. Options for which the market value of such shares is above the exercise price are reflected as being in-the-money only if such 25% performance threshold was met or exceeded at December 31, 2018. The terms and conditions of the Corporation's stock option plan are described in detail below under "Stock Option Plan".

The following table provides information with regard to options vested during 2018 under the Corporation's stock option plan. Presented amounts show the aggregate dollar value that would have been realized if such options had been exercised on the vesting date. As discussed under "Chief Executive Officer and other NEO Compensation" above, the NEOs declined to be considered for incentive compensation awards in 2018.

<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</u>
Mr. Gerald W. Schwartz	\$7,756,964	—
Mr. Christopher A. Govan	\$ 173,508	—
Mr. Robert M. Le Blanc	\$5,211,406	—
Mr. Seth M. Mersky	\$5,211,406	—
Mr. Anthony Munk	\$5,211,406	—

Note:

- (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) meets or exceeds a performance threshold set at 25% above the relevant exercise price. Options for which the market value of such shares is above the exercise price are reflected as being in-the-money only if such 25% performance threshold was met or exceeded at December 31, 2018. The terms and conditions of the Corporation's stock option plan are described in detail below.

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 executives, senior management, investment professionals and certain other employees; (ii) improving the ability of the Corporation to attract, retain and motivate its key personnel; and (iii) encouraging participants in the Option Plan to maintain a significant level of investment in the Corporation, thereby closely aligning their personal interests with those of shareholders. The Corporation is of the view that the design of its Option Plan, which involves a significant 25% performance threshold as a condition of exercisability, is more rigorous than both traditional stock option plans and conventional performance share unit and restricted share unit plans commonly used by other public companies. Further, the option vesting and exercise periods reflect an emphasis on the long-term effort needed to maximize shareholder value, particularly in the Corporation's core private equity business. See above "Equity Compensation (Performance-Based Options)" of this Circular.

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 1,169,733 shares repurchased in 2018. As a result of those cumulative repurchases, the total number of authorized options as at December 31, 2018 represented 14.3% of the outstanding Subordinate Voting Shares on a fully-diluted basis (15.5% on an undiluted basis). At December 31, 2018, options were outstanding to purchase 13,491,917 Subordinate Voting Shares, representing 8.0% of the outstanding Subordinate Voting Shares on a fully-diluted basis (13.4% on an undiluted basis).

The Option Plan expressly precludes a grant of new options if the grant would result in (i) the number of Subordinate Voting Shares reserved for issuance pursuant to options granted to insiders exceeding 10% of the issued and outstanding Subordinate Voting Shares, (ii) the issuance to insiders within a one-year period of a number of Subordinate Voting Shares exceeding 10% of the issued and outstanding shares or (iii) the issuance to any one insider and his or her associates, within a one-year period, of a number of Subordinate Voting Shares exceeding 5% of the issued and outstanding shares.

The exercise price for each grant is determined by the Compensation and Management Resources Committee and may not be less than the closing price of the shares on the trading day immediately preceding the date of grant. Vested options may be exercised only if the market value of a share (based on a five-day average

closing price) meets or exceeds a performance threshold of 25% above exercise price. Other than certain grants made in or in respect of 2013, the Corporation’s options generally vest ratably over five years. The Committee has generally approved the issuance of options with a ten-year term, allowing an appropriate period for exercise following full vesting and reflecting typical private equity investment cycles.

The Option Plan contains detailed provisions relating to the continuation or forfeiture of rights following an optionholder’s departure from Onex and generally provide for: (i) a 90-day grace period to exercise vested options, provided the 25% performance threshold has been met or exceeded; (ii) an extension of the exercise period for up to five years in the event of an optionholder’s retirement after long service to the Corporation, (iii) forfeiture of all vested options where the 25% performance threshold has not been met or exceed prior to the end of the relevant grace period; and (iv) forfeiture of all vested and unvested options on termination for cause. The Option Plan also provides for forfeiture and a clawback of value realized on the exercise of options within the preceding year where the optionholder resigns and subsequently engages in a business competitive with that of the Corporation within one year thereafter or if the optionholder was terminated for cause. The Option Plan does not provide for accelerated or automatic vesting of options in the event of a change of control of the Corporation. For greater certainty, other than in the event of death or the retirement of a long-serving executive, the exercise period will terminate 90 days after the departure of an optionholder from the Corporation, ensuring that the holder benefits from value created during his or her tenure but not from the subsequent efforts of others. In the event of retirement after an optionholder’s long service to the Corporation, an extension of the exercise period for up to five years fairly exposes the optionholder to both the upside potential and downside risk and reduces excessive risk taking prior to retirement.

The following table sets forth information in respect of the options outstanding or available for future issuance as of December 31, 2018. The Corporation has no other equity compensation plans. See also “Compensation Discussion and Analysis – Onex’ Compensation Policy and Practices” of this Circular.

	Number of securities issuable upon exercise of outstanding options as at December 31, 2018 <u>(#)</u>	Weighted average exercise price of outstanding options (1) <u>(#)</u>	Number of securities remaining available for future issuance under equity compensation plans as at December 31, 2018 (excluding shares issuable upon the exercise of outstanding options) <u>(#)</u>
Equity compensation plans approved by securityholders	13,491,917	\$63.38	2,066,833
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) meets or exceeds a performance threshold set at 25% above the relevant exercise price.

The annual burn rate (the “ABR”) of the Option Plan is expressed as a percentage and calculated by dividing the number of options granted in the applicable fiscal year by the weighted average number of securities outstanding for the applicable fiscal year. For 2018, the ABR was 2.06% (2017 – 0.17%; 2016 – 0.87%). The ABR for a particular year reflects the time at which the Corporation makes year-end compensation decisions, including the issuance of options. Specifically, options in respect of 2016 and 2018 service were granted in December of those years while 2017 options were issued in January 2018. The average ABR for the three years 2016-2018 was 1.03%.

Termination and Change in Control Benefits

The Corporation has not entered into agreements with any of the NEOs 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 NEOs 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 agreements do not deal with termination entitlements. The rights and entitlements, if any, of the NEOs in the event of termination of employment or change in control of the Corporation arising under the Corporation's investment and related other programs and the Option Plan are described under "Stock Option Plan" of this Circular.

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, 2019.

The aggregate indebtedness to the Corporation (including indebtedness guaranteed by the Corporation) of present and former directors, officers and employees, excluding routine indebtedness, as at February 28, 2019 was nil.

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 \$60 million in respect of the Corporation and certain of its subsidiaries for a period of one year expiring at midnight on November 30, 2019 for an annual total premium of \$1.1 million.

MANAGEMENT ALIGNMENT OF INTERESTS WITH SHAREHOLDERS

General

Management and the Board believe that the strong alignment of interests among Onex' shareholders, limited partners, NEOs, senior management and investment professionals is critical to the success of the Corporation. The Corporation's distinctive ownership culture requires the NEOs, senior management and investment professionals to have a significant ownership stake in Onex shares and to invest meaningfully in each of its operating companies. As discussed in detail below, mandatory investment programs, restrictive share ownership requirements and a long-term deferred share unit plan ensure that a considerable amount of personal wealth of NEOs, senior management and investment professionals is directly tied to the success of the Corporation. As at December 31, 2018, the Onex NEOs, senior management and investment professionals:

- were the largest shareholder in Onex, with combined holdings of approximately 16.2 million shares, or 16.1% of outstanding shares, and 743,139 management deferred share units;
- had a total cash investment in the Corporation's current operating companies of approximately \$480 million; and
- had a total investment at market in credit strategies of approximately \$325 million.

The foregoing includes the personal holding by Mr. Schwartz, the Corporation's Chairman and Chief Executive Officer, of (i) Subordinate Voting Shares valued at approximately \$900 million and options to acquire a further 3,950,000 Subordinate Voting Shares and (ii) investments in the Corporation's operating companies and credit strategies valued in excess of \$540 million, all at December 31, 2018. Mr. Schwartz has also invested more than \$23 million in the Corporation's real estate activities and its sponsored aircraft leasing fund.

Mandatory Investment Programs and Other Investment Plans

The Corporation maintains a number of mandatory investment, reinvestment or equity-linked programs and plans, certain key aspects of which are set forth in the table below. Other than the Corporation’s Option Plan, these investment programs and plans are not compensatory in nature. The non-compensatory investment programs or plans require participants to invest personal capital alongside the Corporation’s invested capital, thereby subjecting these personal investments to the downside risk of loss in return for the potential upside benefit of investment gains on condition that certain minimum performance thresholds are met or exceeded. The Corporation believes these mandatory personal at-risk investments create direct and substantial alignment with shareholder interests. As described in detail in the following pages, the non-compensatory programs and plans come to represent an increasing proportion of the net worth of the Corporation’s NEOs, senior management and investment professionals during their tenure with the Corporation. They have been carefully designed to focus almost exclusively on the success of the Corporation’s business over the long term and to specifically align any investment gain payments to participants with the delivery of tangible value to the Corporation’s shareholders and investors.

	<u>Minimum Performance Threshold</u>	<u>Vesting</u>	<u>Mandatory 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 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
Management DSU Plan	N/A	N/A	<ul style="list-style-type: none"> investment of elected portion of annual variable cash compensation in Management DSUs value reflects changes in Corporation’s share price, including risk associated with price decrease units not redeemable until retirement
Option Plan	25% Share Price Appreciation	5 years	<ul style="list-style-type: none"> satisfaction of exercise price (market value at grant date)

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 Subordinate Voting Shares).
- (2) Each of Onex Partners I, II and III is fully vested; Onex Partners IV vests equally over six years ending in August 2020, Onex Partners V vests equally over six years ending in November 2024.
- (3) ONCAP II and III are fully vested; ONCAP IV vests equally over five years ending in November 2021.

Management Share Ownership Program

The Board maintains a constant focus on advancing the best interests of the Corporation and its shareholders and is of the view that meaningful personal investment and ownership stake 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.

The Corporation's mandatory management share ownership program (the "Reinvestment Program") is designed to further align the interests of the Corporation's shareholders with those of the NEOs, senior management and investment professionals through increased share acquisition and ownership. Under the Reinvestment Program, NEOs and management executives of the Corporation are required to invest at least 25% of all gross proceeds 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 investment professionals of the Corporation is required to invest at least 15% of all gross proceeds 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 be at then-current market price and take place in the secondary market through the facilities of the Toronto Stock Exchange. The Reinvestment Program minimum hold 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 further strengthening the alignment of long-term interests with shareholders.

An aggregate of C\$5 million was required to be invested under the Reinvestment Program in 2018.

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 NEOs and management executives. Under the Management DSU Plan, the Corporation's NEOs and management executives are given the opportunity to designate all or a portion of their annual variable cash compensation toward the purchase of Management DSUs in lieu of cash. Importantly, the Management DSU Plan does not provide for any incremental compensation but rather allows participants to choose not to receive a portion of their current variable cash compensation and to effectively put that amount at risk alongside the Corporation's shareholders for the duration of their tenure at Onex.

The number of Management DSUs credited to a participant in the plan for a particular year will be equal to the amount of variable cash compensation designated by the participant divided by the then-current 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 generally 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.

A total of 14,472 Management DSUs having an aggregate value, at the date of issue, of \$804,786 were issued in early 2019 in lieu of an equivalent dollar amount of 2018 cash compensation.

Management Investment Plan

General

Under the management investment plan (the "MIP") established in 1996, NEOs and management executives 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 Investors have committed to invest in future acquisition transactions during their tenure at the Corporation. The aggregate investment by all Investors under the MIP 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 5/6^{ths}, 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 minimum personal capital commitments described below made to the relevant Fund by the Onex principals. The 5/6^{ths} investment rights apply 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 investments rights for distribution to employees of Onex that are not MIP 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; Achievement of Minimum Performance Hurdle

For Transactions completed after November 7, 2007, the 5/6^{ths} 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 performance 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 (a) in full at such time as the Corporation disposes of its entire investment, provided that the performance return hurdle described below is satisfied in cash, (b) in part at such time as the Corporation disposes of a corresponding portion of its investment, but only if the performance return hurdle is satisfied, in cash, in respect of the entire invested amount, or (c) 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 performance 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 5/6^{ths} 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 performance return hurdle described below is satisfied, in cash, on the entire invested amount, or (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 performance return hurdle on the Corporation’s entire investment has been satisfied in cash or would be satisfied on a combined cash and valuation basis.

In the event that the performance of 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 5/6^{ths} investment rights, if vested, will cease to be exercisable by an Investor. In effect, if the minimum performance threshold return is not met, the Investors will not benefit from the 5/6^{ths} 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 MIP 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.

MIP Clawback

An Investor who leaves the Corporation and subsequently breaches certain customary restrictive covenants not only loses his or her vested and unvested investment rights (the 5/6th portion) but must repay to the Corporation the after-tax proceeds realized from the exercise of investment rights within one year prior to the date of leaving.

Investments and Realizations in 2018

In 2018, cash amounts invested by Investors under the MIP were approximately \$21.9 million.

Total 5/6th investment rights payments to the Investors in 2018 amounted to \$17.0 million, including \$4.6 million to Mr. Schwartz, \$0.8 million to Mr. Govan, \$1.5 million to Mr. Le Blanc, \$1.5 million to Mr. Mersky and \$1.5 million to Mr. Munk. Each of the foregoing NEOs other than Mr. Schwartz reinvested 25% of those amounts (on a pre-tax basis) in Subordinate Voting Shares and/or Management DSUs.

Additional information concerning the MIP is contained in the audited consolidated financial statements of the Corporation for the year ended December 31, 2018 and the notes thereto.

Management Participation in Private Equity Fund Investments and Performance

General

In 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 \$22.6 billion, including \$6.7 billion from the Corporation as a limited partner.

NEO and Management Executives Personal Capital Commitments

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 Funds IV and V, subject to annual adjustments up to a maximum of 4%-10% (depending on the Fund). The total amount invested in Fund investments by the Investors in the year ended December 31, 2018 pursuant to these minimum personal capital commitments was \$80.2 million. Onex controls the general partners and manager of the Funds.

Carried Interest, Vesting and Clawback

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 performance 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 clawback provisions used in the private equity market. 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 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. An Investor who leaves the Corporation and subsequently breaches certain customary restrictive covenants not only loses his or her non-vested and vested carried interest entitlements but must repay to the Corporation the after-tax proceeds received in respect of his or her carried interest entitlements after the date that is one year prior to the date of leaving.

Carried Interest Payments in 2018

Total carried interest realized by the Investors in 2018 amounted to \$12.5 million, including \$3.0 million to Mr. Schwartz, \$0.2 million to Mr. Govan, \$1.5 million to Mr. Le Blanc, \$1.5 million to Mr. Mersky and \$1.2 million to Mr. Munk. Each of the foregoing NEOs other than Mr. Schwartz reinvested 25% of those amounts (on a pre-tax basis) in Subordinate Voting Shares and/or Management DSUs.

Direct Co-Investments

The Corporation's management executives and certain other professionals are generally able to make voluntary personal co-investments in the Corporation's operating companies and other investments that are incremental to the mandatory investments described above. Such co-investments are made on the same terms as the Corporation's corresponding investment. As of December 31, 2018, an aggregate of \$378.8 million was co-invested on this basis (at cost) by the Corporation's management, private equity investment professionals and certain corporate office and other professionals, including \$81.1 million invested during 2018.

NORMAL COURSE ISSUER BID

On April 13, 2018, the Corporation filed a Notice of Intention to make a normal course issuer bid to permit repurchases of Subordinate Voting Shares commencing April 18, 2018 and terminating on April 17, 2019. 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 Toronto Stock Exchange. The Corporation has purchased 1,536,532 Subordinate Voting Shares under the issuer bid and other permitted exempt transactions up to February 28, 2019.

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 Toronto Stock 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 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. Information relating to fees paid to the external auditor can be found in the section of the Corporation's Annual Information Form dated February 28, 2019 entitled "External Auditor Service Fees".

APPROVAL OF BOARD OF DIRECTORS

The contents of this 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 18th day of March, 2019.



ANDREA E. DALY
Managing Director, General Counsel
and Secretary

ONEXcorporation