ONEX

Management's Discussion and Analysis and Financial Statements

First Quarter Ended March 31, 2008

THE ONEX OPERATING COMPANIES

Onex' businesses generate annual revenues of $35 billion, have assets of $39 billion and employ 237,000 people worldwide.

ONEX

- General Partner
  - **ONEX PARTNERS I**
    - Spirit AeroSystems
    - EMSC
    - the warranty group
    - Skilled Healthcare Group
    - Husky
    - CDI Center for Diagnostic Imaging
    - ResCare
    - cei cosmetic essence, inc.
  - **ONEX PARTNERS II**
    - the warranty group
    - Tube City IMS
    - Hawker Beechcraft
    - Carestream Health
    - Allison Transmission
    - Husky
  - **ONCAP II**
    - CSI
    - enGlobe
    - Mister Car Wash & Lube Centers
    - CiCi's Pizza
  - **ONEX REAL ESTATE PARTNERS**
    - Camden Partnerships
    - Cronus Investments
    - Town and Country Properties
    - Flushing Town Center
    - NY Credit
    - High Yield Debt Venture
  - **ONEX CREDIT PARTNERS**
- Direct Investments
  - Celestica
  - Sitel
  - Cineplex Entertainment
  - Other Assets

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

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ONEX CORPORATION

A Leading Private Equity Investor and Alternative Asset Manager

Founded in 1984, Onex is one of North America's oldest and most successful private equity investors and alternative asset managers. Onex has completed more than 240 acquisitions valued at approximately $34 billion. Employing a disciplined, active ownership investment approach to these acquisitions, the Company has generated 3.4 times the capital invested by Onex and third parties, earning a 29 percent compound annual IRR on realized and publicly traded investments.

Onex manages approximately $4.5 billion of third-party capital principally through its Onex Partners and ONCAP families of funds. Through these Funds, Onex generates annual management fee income from third parties and is entitled to a carried interest on that third-party capital. Onex also has a real estate investment platform, Onex Real Estate Partners.

The Onex Funds

Large-cap Private Equity

- Onex Partners, initiated November 2003 – US$1.655 billion
- Onex Partners II, initiated November 2006 – US$3.45 billion

Mid-cap Private Equity

- ONCAP, initiated December 1999 – $400 million
- ONCAP II, initiated May 2006 – $574 million

Credit Securities

- Onex Credit Partners, established in November 2007 – US$350 million

Real Estate

- Onex Real Estate Partners, initiated January 2005 – US$400 million

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following interim MD&A is the responsibility of management and is as of May 7, 2008. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, comprised exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and approved the disclosure.

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

Onex Corporation's interim financial filings, including the 2008 First Quarter MD&A and Financial Statements, and Annual Reports, Annual Information Form and Management Information Circular, are available on the Company's website, www.onex.com, or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

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

INDUSTRY SEGMENTS

At March 31, 2008, Onex had seven reportable industry segments. A description of our operating companies by industry segment, and the economic ownership of Onex and its limited partners in those businesses, is presented below.

Industry Segments	Companies	Economic Ownership (Onex and its Limited Partners/Onex)
Electronics Manufacturing Services	**Celestica Inc.** (TSX/NYSE: CLS), one of the world's largest electronics manufacturing services companies for original equipment manufacturers ("OEMs") (website: www.celestica.com). **Onex shares held: 27.3 million**	12%[1]/12%[1]
Aerostructures	**Spirit AeroSystems, Inc.** (NYSE: SPR), the largest independent non-OEM designer and manufacturer of aerostructures in the world (website: www.spiritaero.com). **Onex shares held: 8.6 million** **Onex Partners I shares subject to a carried interest: 17.2 million**	23%/6%[1]
Healthcare	**Emergency Medical Services Corporation** (NYSE: EMS), a leading provider of emergency medical services in the United States (website: www.emsc.net). **Onex shares held: 12.1 million** **Onex Partners I shares subject to a carried interest: 16.3 million**	77%/29%
	Center for Diagnostic Imaging, Inc., a leading provider of diagnostic and therapeutic radiology services in the United States (website: www.cdiradiology.com). **Total Onex, Onex Partners I and Onex management investment at cost: $88 million** **Onex portion: $21 million** **Onex Partners I portion subject to a carried interest: $64 million**	82%/19%
	Skilled Healthcare Group, Inc. (NYSE: SKH), an organization of leading skilled nursing and assisted living facilities operators in the United States, specifically in California, Texas, Kansas, Missouri, New Mexico and Nevada, that is focused on treating patients who require a high level of skilled nursing care and extensive rehabilitation therapy (website: www.skilledhealthcare.com). **Onex shares held: 3.5 million** **Onex Partners I shares subject to a carried interest: 10.7 million**	40%/9%
	Carestream Health, Inc., a leading provider of medical and dental imaging and healthcare information technology solutions (website: www.carestreamhealth.com). **Total Onex, Onex Partners II and Onex management investment at cost: $521 million** **Onex portion: $206 million** **Onex Partners II portion subject to a carried interest: $292 million**	99%/39%
	Res-Care, Inc.[2] (NASDAQ: RSCR), a leading U.S. provider of residential, training, educational and support services for people with disabilities and special needs (website: www.rescare.com). **Onex shares held: 2.0 million** **Onex Partners I shares subject to a carried interest: 6.2 million**	25%/6%

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

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

Industry Segments	Companies	Economic Ownership (Onex and its Limited Partners/Onex)
Financial Services	**The Warranty Group, Inc.,** one of the world's largest providers of extended warranty contracts (website: www.thewarrantygroup.com). **Total Onex and Onex Partners I, Onex Partners II and Onex management investment at cost: $556 million** **Onex portion: $175 million** **Onex Partners I portion subject to a carried interest: $204 million** **Onex Partners II portion subject to a carried interest: $155 million**	**97%/30%**
Customer Support Services	**Sitel Worldwide Corporation,** a leading global provider of outsourced customer care services (website: www.sitel.com). **Onex investment at cost: $308 million**	**66%/66%**
Metal Services	**Tube City IMS Corporation,** a leading provider of outsourced services to steel mills (website: www.tubecityims.com). **Total Onex, Onex Partners II and Onex management investment at cost: $234 million** **Onex portion: $92 million** **Onex Partners II portion subject to a carried interest: $132 million**	**87%/35%**
Other Businesses		
• *Theatre Exhibition*	**Cineplex Entertainment Limited Partnership**[2] (TSX: CGX.UN), Canada's largest film exhibition company operating 132 theatres with a total of 1,337 screens under the Cineplex Odeon, Famous Players and Galaxy Entertainment brands (website: www.cineplex.com). **Onex shares held: 12.8 million**	**22%[1]/22%[1]**
• *Aircraft & Aftermarket*	**Hawker Beechcraft Corporation**[2]**,** a leading designer and manufacturer of business jet, turboprop and piston aircraft (website: www.hawkerbeechcraft.com). **Total Onex, Onex Partners II and Onex management investment at cost: $564 million** **Onex portion: $223 million** **Onex Partners II portion subject to a carried interest: $319 million**	**49%/20%**
• *Commercial Vehicles*	**Allison Transmission, Inc.**[2]**,** the world leader in the design and manufacture of automatic transmissions for on-highway trucks and buses, off-highway equipment and military vehicles (website: www.allisontransmission.com). **Total Onex, Onex Partners II, certain limited partners and Onex management investment at cost: $805 million** **Onex portion: $250 million** **Onex Partners II portion subject to a carried interest: $357 million**	**49%/15%**
• *Injection Molding*	**Husky Injection Molding Systems Ltd.,** the leading global supplier of injection molding equipment and services to the PET plastics industry (website: www.husky.ca). **Total Onex, Onex Partners I, Onex Partners II and Onex management investment at cost: $626 million** **Onex portion: $226 million** **Onex Partners I portion subject to a carried interest: $97 million** **Onex Partners II portion subject to a carried interest: $278 million**	**99%/36%**

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

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

Industry Segments	Companies	Economic Ownership (Onex and its Limited Partners/Onex)
Other Businesses (cont'd)		
• *Personal Care Products*	**Cosmetic Essence, Inc.,** a leading provider of outsourced supply chain management services, including manufacturing, filling, packaging and distribution, to the personal care products industry (website: www.cosmeticessence.com). **Total Onex, Onex Partners I and Onex management investment at cost: $138 million** **Onex portion: $32 million** **Onex Partners I portion subject to a carried interest: $100 million**	91%/21%
• *Mid-cap Opportunities*	**ONCAP,** a private equity fund focused on acquiring and building the value of mid-capitalization companies based in North America (website: www.oncap.com), which actively manages investments in CSI Global Education Inc., EnGlobe Corp. (TSX: EG), Mister Car Wash and CiCi's Pizza. **Total Onex, ONCAP and Onex management investment at cost: $169 million** **Onex portion: $75 million** **ONCAP portion: $89 million**	44%/44%
• *Real Estate*	**Onex Real Estate Partners,** a platform dedicated to acquiring and improving real estate assets in North America. **Onex investment in Onex Real Estate Partners transactions at cost: $188 million**[1]	86%/86%
• *Credit Securities*	**Onex Credit Partners,** a credit investing platform focused on generating attractive risk-adjusted returns through the purchase of undervalued credit securities. **Onex investment in Onex Credit Partners' funds at market: $50 million**	50%[2]/50%[2]

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

(2) This represents Onex' share in the General Partner of Onex Credit Partners.

FINANCIAL REVIEW

This section discusses the significant changes in Onex' unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three months ended March 31, 2008 compared to those for the same period ended March 31, 2007 and compares Onex' financial condition at March 31, 2008 to that at December 31, 2007.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with the unaudited interim consolidated statements of earnings for the three months ended March 31, 2008 and 2007, the corresponding notes thereto and the December 31, 2007 audited annual consolidated financial statements.

Accounting policies and estimates

Onex prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of these financial statements in conformity with Canadian GAAP requires management of Onex and management of the operating companies to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the unaudited interim consolidated financial statements. Significant accounting policies and methods used in the preparation of the financial statements are described in note 1 to the unaudited interim consolidated financial statements and note 1 to the December 31, 2007 audited annual consolidated financial statements. Onex and its operating companies evaluate their estimates and assumptions on a regular basis based on historical experience and other relevant factors. Included in Onex' unaudited interim consolidated financial statements are estimates used in determining the allowance for doubtful accounts, inventory valuation, the valuation of intangible assets and goodwill, the useful lives of property, plant and equipment and intangible assets, revenue recognition under contract accounting, pension and post-employment benefits, losses and loss adjustment expenses reserves, restructuring costs and other matters. Actual results could differ materially from those estimates and assumptions.

New accounting policies in 2008

Inventories

On January 1, 2008, Onex adopted the *Canadian Institute of Chartered Accountants Handbook* ("*CICA Handbook*") Section 3031, "Inventories", which provides further guidance on the measurement and disclosure requirements for inventory. The new standard outlines the types of costs that can be capitalized and requires the reversal of previous inventory writedowns if economic conditions have changed to support higher inventory values. Under this standard, Onex is required to disclose quarterly the amount of inventory recognized in cost of sales, as well as any inventory writedowns or reversals. During the first quarter of 2008, $3.7 billion of inventory was expensed in cost of sales and there were not any significant inventory writedowns or reversals recorded. The adoption of this standard did not materially affect the unaudited interim consolidated financial statements.

Financial instruments presentation and disclosures

On January 1, 2008, Onex adopted *CICA Handbook* Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards require the disclosure of information on the significance of financial instruments on the Company's consolidated financial position and performance, the nature and extent of risks arising from financial instruments, and management's objectives, policies and procedures for managing such risks. Note 1 to the unaudited interim consolidated financial statements provides these additional disclosures on financial instruments.

Capital disclosures

On January 1, 2008, Onex adopted *CICA Handbook* Section 1535, "Capital Disclosures", which provides guidance for disclosing information about an entity's capital and how it manages its capital. This standard requires the disclosure of an entity's objectives, policies and procedures relating to ongoing capital management. Note 1 to the unaudited interim consolidated financial statements provides that new disclosure.

Variability of results

Onex' unaudited interim consolidated operating results may vary substantially from period to period for a number of reasons, including some of the following: acquisitions or dispositions of businesses by Onex, the parent company; the volatility of the exchange rate between the Canadian dollar and certain foreign currencies, primarily the U.S. dollar; the change in market value of stock-based compensation for both the parent company and its operating companies; and changes in market value of Onex' publicly traded operating companies. Operating companies' activities may include the purchase or sale of businesses; fluctuations in customer demand and in materials and employee-related costs; changes in the mix of products and services produced or delivered; and charges to restructure operations. The discussion that follows identifies a significant factor that affected Onex' unaudited interim consolidated results for the quarter ended March 31, 2008.

A significant impact on the reported 2008 first-quarter consolidated results of operations was due to the movement of the U.S. dollar to the Canadian dollar exchange rate. During the first quarter of 2008, the average exchange rate from U.S. dollars to Canadian dollars was 1.0041 Canadian dollars compared to 1.1716 Canadian dollars for the first three months of 2007. The approximate 14 percent decline in the U.S. dollar exchange rate affected Onex' reported consolidated financial results quarter-to-quarter since most of Onex' operating companies report in U.S. dollars.

There were no significant acquisitions or dispositions of businesses in the first quarter of 2008 by Onex, the parent company.

Consolidated revenues and cost of sales

Consolidated revenues grew 13 percent to $6.2 billion for the three months ended March 31, 2008 from $5.5 billion for the same period of 2007. Consolidated cost of sales was $5.1 billion for the first quarter of 2008, up 10 percent from $4.6 billion for the three months ended March 31, 2007.

Table 1 presents revenues and cost of sales by industry segment in Canadian dollars, as well as in the functional currency of the companies for the quarters ended March 31, 2008 and 2007 and the percentage change in revenues and cost of sales for these periods. Onex believes that reporting revenues and cost of sales in the operating companies' functional currencies is useful in evaluating the performance of those businesses year-over-year since it eliminates the impact of foreign currency translation on revenues and cost of sales.

Changes in Revenues and Cost of Sales by Industry Segment

TABLE 1 *(Unaudited) ($ millions)*	Revenues					
	Canadian Dollars			Functional Currency		
Three months ended March 31	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Electronics Manufacturing Services	**$ 1,843**	$ 2,158	**(15)%**	**US$ 1,836**	US$ 1,842	**–**
Aerostructures	**1,041**	1,118	**(7)%**	**US$ 1,036**	US$ 954	**9%**
Healthcare	**1,353**	814	**66 %**	**US$ 1,348**	US$ 695	**94%**
Financial Services	**330**	346	**(5)%**	**US$ 328**	US$ 296	**11%**
Customer Support Services	**478**	441	**8 %**	**US$ 476**	US$ 376	**27%**
Metal Services	**614**	321	**91 %**	**US$ 612**	US$ 274	**123%**
Other[a]	**567**	323	**76 %**	**C$ 567**	C$ 323	**76%**
Total	**$ 6,226**	$ 5,521	**13 %**			

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

(a) 2008 other includes CEI, Husky, Radian, Onex Real Estate, ONCAP and the parent company. 2007 other includes Cineplex Entertainment, CEI, Radian, Onex Real Estate, ONCAP and the parent company.

Changes in Revenues and Cost of Sales by Industry Segment (cont'd)

TABLE 1 *(Unaudited) ($ millions)*	Cost of Sales					
	Canadian Dollars			Functional Currency		
Three months ended March 31	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Electronics Manufacturing Services	**$ 1,707**	$ 2,041	**(16)%**	**US$ 1,700**	US$ 1,742	**(2)%**
Aerostructures	**836**	910	**(8)%**	**US$ 832**	US$ 777	**7 %**
Healthcare	**1,002**	670	**50 %**	**US$ 998**	US$ 572	**74 %**
Financial Services	**188**	168	**12 %**	**US$ 187**	US$ 143	**31 %**
Customer Support Services	**312**	284	**10 %**	**US$ 310**	US$ 242	**28 %**
Metal Services	**573**	292	**96 %**	**US$ 571**	US$ 249	**129 %**
Other[a]	**460**	252	**83 %**	**C$ 460**	C$ 252	**83 %**
Total	**$ 5,078**	$ 4,617	**10 %**			

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

(a) 2008 other includes CEI, Husky, Radian, Onex Real Estate, ONCAP and the parent company. 2007 other includes Cineplex Entertainment, CEI, Radian, Onex Real Estate, ONCAP and the parent company.

Electronics Manufacturing Services

Celestica Inc. ("Celestica") reported revenues of $1.8 billion in the first quarter of 2008, down 15 percent from $2.2 billion for the first quarter of 2007. Cost of sales was down 16 percent to $1.7 billion for the first three months of 2008 from $2.0 billion for the same period of 2007. Substantially all of the decline in revenues and cost of sales was due to the effect of foreign currency translation.

In the company's functional currency, revenues for the first quarter of 2008 were US$1.8 billion, the same as the first quarter of 2007, while cost of sales declined approximately 2 percent to US$1.7 billion from the first quarter of 2007. Celestica reported a 7 percent increase in revenues primarily from its consumer and telecommunications end markets due to higher volumes on previous program wins, offset by lower volumes and customer disengagements, primarily in its enterprise communications end market. While revenues were on par period-over-period in the company's functional currency, Celestica's cost of sales improved. During the first quarter of 2008, Celestica reported gross profit of US$136 million, up 36 percent from US$100 million in the same quarter last year. Operational improvements in Mexico and Europe, as well as the benefit from cost reduction programs and restructuring, were the factors that contributed to that improvement in the first quarter of 2008.

Aerostructures

Spirit AeroSystems, Inc. ("Spirit AeroSystems") reported revenues of $1.0 billion and cost of sales of $836 million for the first quarter of 2008. This compares to $1.1 billion of revenues and $910 million of cost of sales in the first three months of 2007. The decline in reported revenues and cost of sales in Canadian dollars was due to the effect of foreign currency translation.

In the company's functional currency, Spirit AeroSystems reported revenues of US$1.0 billion in the first quarter of 2008, up 9 percent from US$954 million for the same period last year. Cost of sales in the company's functional currency was US$832 million in the first quarter, up 7 percent from US$777 million for the first three months of 2007. Revenues grew in the first quarter of 2008 due primarily to a 7 percent increase in shipments to Boeing and Airbus. Cost of sales in the company's functional currency increased 7 percent due to higher revenues. The company's cost of sales as a percentage of revenues was reduced in the first quarter of 2008 due to a favourable change in contract cost estimates primarily in its Wing Systems segment's current contract blocks.

Healthcare

The healthcare segment revenues and cost of sales consist of the operations of Emergency Medical Services Corporation ("EMSC"), Center for Diagnostic Imaging, Inc. ("CDI"), Skilled Healthcare Group, Inc. ("Skilled Healthcare") and Carestream Health, Inc. ("Carestream Health"). During the first three months of 2008, the healthcare segment reported consolidated revenues of $1.4 billion, up 66 percent from $814 million for the first quarter of 2007. Cost of sales was up 50 percent to $1.0 billion in the three months ended March 31, 2008 compared to the same period of 2007.

Table 2 provides revenues and cost of sales by operating company in the healthcare segment for the first quarters of 2008 and 2007 in both Canadian dollars and the companies' functional currencies. Res-Care, Inc. ("ResCare") is accounted for by the equity method and thus the company's revenues and cost of sales are not consolidated.

Healthcare Revenues and Cost of Sales

Revenues

TABLE 2 (Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Three months ended March 31	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Emergency Medical Services	**$ 568**	$ 613	**(7)%**	**US$ 566**	US$ 523	**8%**
Center for Diagnostic Imaging	**30**	32	**(6)%**	**US$ 30**	US$ 27	**11%**
Skilled Healthcare	**181**	169	**7 %**	**US$ 181**	US$ 145	**25%**
Carestream Health[a]	**574**	–	**–**	**US$ 571**	–	**–**
Total	**$ 1,353**	$ 814	**66 %**	**US$ 1,348**	US$ 695	**94%**

Cost of Sales

(Unaudited) ($ millions)	Canadian Dollars			Functional Currency		
Three months ended March 31	**2008**	2007	**Change (%)**	**2008**	2007	**Change (%)**
Emergency Medical Services	**$ 496**	$ 531	**(7)%**	**US$ 494**	US$ 453	**9%**
Center for Diagnostic Imaging	**10**	10	**–**	**US$ 10**	US$ 9	**11%**
Skilled Healthcare	**141**	129	**9 %**	**US$ 140**	US$ 110	**27%**
Carestream Health[a]	**355**	–	**–**	**US$ 354**	–	**–**
Total	**$ 1,002**	$ 670	**50 %**	**US$ 998**	US$ 572	**74%**

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

(a) There are no reported results for Carestream Health for the first quarter of 2007 since the business was acquired in April 2007.

Excluding the effect of foreign currency translation, the healthcare segment reported consolidated revenues of US$1.3 billion for the first three months of 2008, up 94 percent from US$695 million in the same period of 2007. Cost of sales increased 74 percent in the companies' functional currencies to US$998 million in the first quarter from US$572 million last year. Approximately 87 percent, or US$571 million, of the growth in revenues and 83 percent, or US$354 million, of the increase in cost of sales in the healthcare segment were due to the inclusion of a full quarter of Carestream Health, acquired in April 2007. In addition, EMSC and Skilled Healthcare reported revenue growth and a corresponding cost of sales increase in the quarter in the companies' functional currencies. The consolidated reported revenues and cost of sales of the healthcare segment were affected as a result of currency translation with the weaker U.S. dollar in the first quarter of 2008 compared to the same period of 2007.

Financial Services

The Warranty Group, Inc. ("The Warranty Group") reported revenues of $330 million and cost of sales of $188 million for the three months ended March 31, 2008. This compares to $346 million in revenues and $168 million in cost of sales for the first three months of 2007. Excluding the effect of foreign currency translation, The Warranty Group reported an 11 percent increase in revenues to US$328 million in the quarter over last year due primarily to higher volume of business. Cost of sales in the company's functional currency increased 31 percent to US$187 million in the first quarter from US$143 million for the same quarter last year. Much of the increase in cost of sales was from the amortization of deferred business acquisition costs. Such costs were lower in 2007 as a result of purchase price accounting stemming from the November 2006 acquisition.

Metal Services

Tube City IMS Corporation ("Tube City IMS") reported first-quarter revenues of $614 million, up 91 percent from $321 million for the first three months of 2007. Cost of sales had a corresponding increase of 96 percent to $573 million in the first quarter of 2008 over the same period last year. Excluding the effect of foreign currency translation, 2008 first-quarter revenues were up 123 percent to US$612 million from US$274 million and cost of sales increased 129 percent to US$571 million in the first quarter of 2008 from the same period last year. The revenue and the corresponding cost of sales increases in the quarter were mostly due to the inclusion in 2008 of a full quarter of results following Onex' purchase of Tube City IMS in late January 2007. Higher volumes and scrap prices further augmented revenues in the first quarter of 2008, but these were accompanied by a corresponding increase in the cost of scrap shipments.

Other businesses

The other businesses segment primarily includes the revenues of Husky Injection Molding Systems Ltd. ("Husky"), Cosmetic Essence, Inc. ("CEI"), the ONCAP companies – CSI Global Education Inc. ("CSI"), EnGlobe Corp. ("EnGlobe"), Mister Car Wash and CiCi's Pizza – and Radian Communication Services Corporation ("Radian"). Revenues in the other businesses segment were up 76 percent to $567 million for the three months ended March 31, 2008 from $323 million for the same period of 2007. Cost of sales was $460 million in the first quarter of 2008, up 83 percent from $252 million in the first three months of 2007.

Approximately $382 million of the revenue growth and $342 million of the cost of sales increase were from Onex' purchase of Husky in mid-December 2007, and the inclusion of a full quarter of results for that business. Included in Husky's cost of sales in the first quarter of 2008 was a one-time charge of US$81 million originating from the step-up in value of inventory on the company's balance sheet at the date of acquisition. Accounting principles for acquisitions require that inventory be stepped up in value to the selling price of the inventory less the direct cost to complete and sell the product. Accordingly, when that inventory is subsequently sold in the normal course of business, cost of sales is increased for the effect of the inventory step-up with the result that the accounting for these sales will not report the typical profit margins for the company.

Partially offsetting the growth in revenues and cost of sales was the 2007 first-quarter inclusion of $179 million of revenues and $148 million of cost of sales from Cineplex Entertainment, which Onex consolidated up to the beginning of the second quarter of 2007. At that time, Onex ceased to have control of a majority of the board of Cineplex Entertainment, with the result that Onex now accounts for its ownership in Cineplex Entertainment on an equity basis.

Operating earnings

Operating earnings is defined as earnings before interest expense, amortization of intangible assets and deferred charges, and income taxes. As Onex' objective is to achieve an operating earnings measurement of our businesses, Onex also excludes earnings (loss) from equity-accounted investments, foreign exchange gains (loss), stock-based compensation income (expense), non-recurring items such as acquisition and restructuring charges, other income (expense), gains on sales of operating investments, as well as non-controlling interests and discontinued operations.

Table 3 provides a reconciliation of the unaudited interim consolidated statements of earnings to operating earnings for the quarters ended March 31, 2008 and 2007.

Operating Earnings Reconciliation

TABLE 3 — *(Unaudited) ($ millions)* Three months ended March 31	**2008**	2007
Earnings before the undernoted items	**$ 519**	$ 475
Amortization of property, plant and equipment	**(149)**	(125)
Interest income	**20**	35
Operating earnings	**$ 390**	$ 385
Amortization of intangible assets and deferred charges	**(129)**	(68)
Interest expense of operating companies	**(131)**	(116)
Earnings (loss) from equity-accounted investments	**(28)**	8
Foreign exchange gains (loss)	**46**	(8)
Stock-based compensation income (expense)	**50**	(56)
Other income (expense)	**(4)**	3
Gains on sales of operating investments, net	**–**	6
Acquisition, restructuring and other expenses	**(48)**	(21)
Earnings before income taxes, non-controlling interests and discontinued operations	**$ 146**	$ 133

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

Consolidated operating earnings were $390 million in the first three months of 2008, up 1 percent, or $5 million, from $385 million in the first quarter of 2007. Table 4 provides a breakdown of and the change in operating earnings (loss) by industry segment in Canadian dollars and the companies' functional currencies for the three months ended March 31, 2008 and 2007.

Operating Earnings (Loss) by Industry Segment

TABLE 4 — *(Unaudited) ($ millions)*	Canadian Dollars			Functional Currency		
Three months ended March 31	**2008**	2007	**Change ($)**	**2008**	2007	**Change ($)**
Electronics Manufacturing Services	**$ 55**	$ 9	**$ 46**	**US$ 55**	US$ 7	**US$ 48**
Aerostructures	**142**	150	**(8)**	**US$ 141**	US$ 127	**US$ 14**
Healthcare	**121**	80	**41**	**US$ 120**	US$ 68	**US$ 52**
Financial Services	**77**	103	**(26)**	**US$ 76**	US$ 88	**US$ (12)**
Customer Support Services	**18**	26	**(8)**	**US$ 18**	US$ 23	**US$ (5)**
Metal Services	**13**	8	**5**	**US$ 13**	US$ 7	**US$ 6**
Other[a]	**(36)**	9	**(45)**	**C$ (36)**	C$ 9	**C$ (45)**
Total	**$ 390**	$ 385	**$ 5**			

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

(a) 2008 other includes CEI, Husky, Radian, ONCAP, Onex Real Estate and the parent company. 2007 other includes Cineplex Entertainment, CEI, Radian, ONCAP, Onex Real Estate and the parent company.

During the first quarter of 2008, operating earnings grew due primarily to:

- Celestica's operating earnings growth of $46 million, or US$48 million in the company's functional currency, resulting primarily from improvements in Celestica's Mexican and European operations, as well as the continued benefit from cost reductions, restructuring actions and the streamlining of processes throughout the company;
- a $41 million increase in operating earnings in the health-care segment resulting primarily from the inclusion of Carestream Health, acquired in late April 2007; and
- metal services' operating earnings increasing by $5 million with the inclusion of a full quarter of operating earnings of Tube City IMS, acquired in late January 2007.

Partially offsetting the above mentioned operating earnings growth factors in the first quarter of 2008 were:

- lower operating earnings in the financial services segment at The Warranty Group of $26 million, or US$12 million, in the company's functional currency; much of the decline in the first quarter was due to higher cost of sales as previously discussed;
- a $23 million operating loss at Husky reported in the other businesses segment resulting from purchase accounting adjustments whereby there was a US$81 million charge originating from the valuation of inventory on the company's balance sheet at the time of acquisition. Accounting principles for acquisitions require that inventory be stepped up in value to its selling price less the direct cost to complete and sell the product. Accordingly, when that inventory is subsequently sold in the normal course of business, cost of sales is increased for the effect of the inventory step-up with the result that the accounting for these sales will not report the typical profit margins for the company; and
- the inclusion of $8 million of operating earnings in the first quarter of 2007 of Cineplex Entertainment; operating earnings were consolidated in that period compared to being equity-accounted in the first quarter of 2008.

Amortization of intangible assets and deferred charges

Amortization of intangible assets and deferred charges totalled $129 million for the three months ended March 31, 2008, up from $68 million for the first quarter of 2007. Much of the increase in amortization of intangible assets and deferred charges, or approximately $48 million, primarily consists of the amortization of Carestream Health's limited life intangible assets, which include developed technology, trademark and tradenames, and customer relationships, that were recorded as part of Carestream Health's opening balance sheet valuation at the time of its acquisition by Onex in April 2007.

Interest expense of operating companies

Onex has a policy to structure the acquisition of each of its operating companies with sufficient equity in the company to enable it to self-finance a significant portion of its acquisition cost with a prudent level of debt. The level of debt assumed is commensurate with the operating company's available cash flow, including consideration of funds required to pursue growth opportunities. It is the responsibility of the acquired operating company to service its own debt obligations.

Consolidated interest expense was up $15 million to $131 million for the first quarter of 2008 from $116 million in the first quarter of 2007. The inclusion of a full quarter of interest expense associated with the debt of the acquisitions of Carestream Health in April 2007 and Husky in December 2007 collectively added $47 million of interest expense in the first quarter of 2008. Partially offsetting this increase was the effect of foreign currency translation on U.S.-dollar-denominated interest cost.

Earnings (loss) from equity-accounted investments

Earnings (loss) from equity-accounted investments for the first quarter of 2008 represent Onex' and/or Onex Partners' portion of the earnings (loss) of Allison Transmission, Inc. ("Allison Transmission"); Cineplex Entertainment; Hawker Beechcraft Corporation ("Hawker Beechcraft"); ResCare; Cypress Insurance Group ("Cypress"); Onex Real Estate's investments in the Camden properties, Flushing Town Center and NY Credit; and Onex Credit Partners. Onex reported a loss from equity-accounted investments of $28 million for the three months ended March 31, 2008 compared to earnings of $8 million for the first three months of 2007. Table 5 details the earnings (loss) from equity-accounted investments by company, as well as Onex' share of those earnings (loss).

Earnings (Loss) from Equity-accounted Investments

TABLE 5 *(Unaudited) ($ millions)* Three months ended March 31	**2008**		2007	
	Net Earnings (Loss)[a]	**Onex' Share of Net Earnings (Loss)**	Net Earnings[a]	Onex' Share of Net Earnings
Allison Transmission[b]	**$ (21)**	**$ (7)**	$ –	$ –
Hawker Beechcraft[b]	**(13)**	**(5)**	–	–
ResCare	**4**	**1**	3	1
Other[c]	**2**	**2**	5	5
Total	**$ (28)**	**$ (9)**	$ 8	$ 6

(a) The net earnings (loss) represent Onex' and/or Onex Partners' share of the net earnings (loss) in those businesses.
(b) Onex completed its investments in Hawker Beechcraft in late March 2007 and Allison Transmission in August 2007.
(c) Other includes Cineplex Entertainment, Cypress, Onex Real Estate and Onex Credit Partners.

The investment in Allison Transmission, which was made in August 2007, contributed $21 million of the loss from equity-accounted investments. Onex' share of the loss from Allison Transmission was $7 million. A significant portion of this loss was due to the effect of purchase price accounting on the company's opening balance sheet, in particular regarding the amortization of intangibles. In addition, the investment in Hawker Beechcraft in late March 2007 contributed a loss of $13 million to the loss from equity-accounted investments. Onex' share of that loss was $5 million. Hawker Beechcraft's loss in the first quarter of 2008 was due primarily to a charge related to the early-production Hawker 4000 aircraft. This charge resulted from an increase in the cost to conform the early-production aircraft to the final type design.

Foreign exchange gains (loss)

Foreign exchange gains (loss) reflect the impact of changes in foreign currency exchange rates, primarily on the U.S.-dollar-denominated cash held at Onex, the parent company.

For the quarter ended March 31, 2008, consolidated foreign exchange gains of $46 million were recorded due primarily to the increase in value of the U.S. dollar relative to the Canadian dollar; the closing exchange rate was 1.0265 Canadian dollars at March 31, 2008, up from 0.9913 Canadian dollars at December 31, 2007. Since Onex, the parent company, holds a significant portion of its cash in U.S. dollars, this exchange rate movement increased the value of the U.S. cash held and Onex recorded a foreign exchange gain of $22 million in the first quarter of 2008. This compares to an $11 million foreign exchange loss recorded by Onex, the parent company, in the first quarter of 2007. Note 14 to the unaudited interim consolidated financial statements provides a breakdown of foreign exchange gains (loss) by industry segment.

Stock-based compensation

During the first quarter of 2008, Onex recorded consolidated stock-based compensation income of $50 million due primarily to the revaluation of the liability for stock options ($53 million) at Onex, the parent company. The $5.04 per share decline in Onex' share price in the quarter to $29.95 per share at March 31, 2008 from $34.99 per share at December 31, 2007 resulted in the reduction of the stock option liability. This compares to a $56 million stock-based compensation expense in the first quarter of 2007, which included $41 million of stock-based compensation expense at Onex, the parent company, due to the 13 percent increase in Onex' share price in the first three months of 2007.

Acquisition, restructuring and other expenses

Acquisition, restructuring and other expenses are considered to be costs incurred by the operating companies to realign organizational structures or restructure manufacturing capacity to obtain operating synergies critical to building the long-term value of those businesses. Acquisition, restructuring and other expenses totalled $48 million in the first quarter of 2008, up from $21 million in the same quarter of 2007. The inclusion of Carestream Health, acquired in April 2007, provided essentially all of the increase in acquisition, restructuring and other expenses as a result of restructuring in multiple functions within the company.

Non-controlling interests in earnings of operating companies

In the unaudited interim consolidated statements of earnings, the non-controlling interests amount represents the interests of shareholders other than Onex in the net earnings or losses of Onex' operating companies. For the first quarter of 2008, this amount was $57 million of Onex' operating companies' earnings compared to $58 million of earnings for the first three months of 2007. Part of the earnings of non-controlling interests in the first quarter of 2008 was due to the increased ownership by shareholders other than Onex in Spirit AeroSystems and Skilled Healthcare following those companies' public share offerings in the second quarter of 2007.

Earnings from continuing operations

Onex' consolidated earnings from continuing operations were $40 million ($0.32 per share) for the first quarter of 2008 compared to earnings from continuing operations of $33 million ($0.26 per share) reported for the three months ended March 31, 2007. Table 6 details the earnings (loss) from continuing operations by industry segment before income taxes, non-controlling interests and discontinued operations.

Earnings (Loss) from Continuing Operations

TABLE 6 — *(Unaudited) ($ millions)* Three months ended March 31	**2008**	2007
Earnings (loss) before income taxes and non-controlling interests:		
Electronics Manufacturing Services	**$ 33**	$ (31)
Aerostructures	**129**	127
Healthcare	**(4)**	44
Financial Services	**37**	54
Customer Support Services	**–**	5
Metal Services	**–**	(4)
Other[a]	**(49)**	(68)
Gains on sales of operating investments	**–**	6
	146	133
Provision for income taxes	**(49)**	(42)
Non-controlling interests of operating companies	**(57)**	(58)
Earnings from continuing operations	**$ 40**	$ 33

(a) 2008 other includes Cineplex Entertainment, CEI, Husky, Hawker Beechcraft, Allison Transmission, Radian, ONCAP, Onex Real Estate, Onex Credit Partners and the parent company. 2007 other includes Cineplex Entertainment, CEI, Radian, ONCAP, Onex Real Estate and the parent company.

Included in the loss from continuing operations in the other segment for the quarter ended March 31, 2008 was Husky's loss from continuing operations of $63 million. This loss included a US$81 million charge stemming from the upward valuation of inventory on the company's balance sheet at the December 2007 date of acquisition. Accounting principles for acquisitions require that inventory be stepped up in value to its selling price less the direct cost to complete and sell the product. Accordingly, when that inventory is subsequently sold in the normal course of business, the accounting for these sales will not report the typical profit margins for the company and therefore, will not cover the operating costs of the business in that period leading to the reported loss.

Consolidated net earnings

Consolidated net earnings were $45 million ($0.36 per share) for the three months ended March 31, 2008 compared to net earnings of $149 million ($1.16 per share) for the same quarter of 2007. Included in consolidated net earnings for the first quarter of 2007 were $116 million ($0.90 per share) of earnings from discontinued operations, which primarily represented the gains on sales of WIS International, CMC Electronics Inc. and certain Town and Country properties.

SUMMARY QUARTERLY INFORMATION

Table 7 summarizes Onex' key consolidated financial information for the last eight quarters.

TABLE 7 — *(Unaudited)* *($ millions except per share amounts)*	2008	2007				2006		
	March	Dec.	Sept.	June	March	Dec.	Sept.	June
Revenues	**$ 6,226**	$ 6,022	$ 6,028	$ 5,862	$ 5,521	$ 4,992	$ 4,810	$ 4,624
Earnings (loss) from continuing operations	**$ 40**	$ (10)	$ (76)	$ 162	$ 33	$ 211	$ (35)	$ 47
Net earnings (loss)	**$ 45**	$ (10)	$ (77)	$ 166	$ 149	$ 244	$ 31	$ 48
Earnings (loss) per Subordinate Voting Share								
Basic and Diluted:								
Continuing operations	**$ 0.32**	$ (0.08)	$ (0.59)	$ 1.26	$ 0.26	$ 1.64	$ (0.27)	$ 0.35
Net earnings (loss)	**$ 0.36**	$ (0.08)	$ (0.60)	$ 1.29	$ 1.16	$ 1.89	$ 0.24	$ 0.36

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

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the unaudited interim consolidated balance sheet as at March 31, 2008 and the corresponding notes thereto and the audited annual consolidated balance sheet as at December 31, 2007.

Consolidated assets

Consolidated assets totalled $27.1 billion at March 31, 2008 compared to $26.2 billion at December 31, 2007. Essentially all of the $865 million increase in assets was due to the strengthening of the U.S. dollar compared to the Canadian dollar. Most of the consolidated assets are in U.S. dollars. The closing U.S. dollar to Canadian dollar exchange rate at March 31, 2008 was 1.0265 Canadian dollars, up from 0.9913 Canadian dollars at December 31, 2007.

Shareholders' equity

Shareholders' equity remained essentially unchanged at $1.7 billion at March 31, 2008 from December 31, 2007. The $45 million in net earnings reported for the first quarter of 2008 was offset by the repurchase of shares under Onex' Normal Course Issuer Bid at a cost of $53 million in the quarter. Table 8 provides a reconciliation of the change in shareholders' equity from December 31, 2007 to March 31, 2008.

Change in Shareholders' Equity

TABLE 8 *(Unaudited) ($ millions)*	
Shareholders' equity as at December 31, 2007	**$ 1,703**
Regular dividends declared	**(4)**
Shares repurchased and cancelled	**(53)**
Net earnings for the period	**45**
Other comprehensive earnings for the period	**3**
Shareholders' equity as at March 31, 2008	**$ 1,694**

Shares outstanding

At April 30, 2008, Onex had 123,879,010 Subordinate Voting Shares issued and outstanding. Table 9 shows the change in the number of Subordinate Voting Shares outstanding from December 31, 2007.

Change in Subordinate Voting Shares Outstanding

TABLE 9 *(Unaudited)*	
Subordinate Voting Shares outstanding at December 31, 2007	**125,574,087**
Shares repurchased and cancelled under Onex' Normal Course Issuer Bid	**(1,698,800)**
Issue of shares – Dividend Reinvestment Plan	**3,723**
Subordinate Voting Shares outstanding at April 30, 2008	**123,879,010**

Onex also has 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value, and 176,078 Series 1 Senior Preferred Shares, which have no paid-in amount reflected in Onex' unaudited interim consolidated financial statements. Note 5 to the unaudited interim consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares and Series 1 Senior Preferred Shares outstanding during the first quarter of 2008.

Onex, the parent company, repurchased 1,698,800 Subordinate Voting Shares under its Normal Course Issuer Bid during the first three months of 2008 at an average cost per share of $31.16 for a total cost of $53 million.

Under Onex' Dividend Reinvestment Plan, the Company issued 3,723 Subordinate Voting Shares at an average cost of $31.86 per Subordinate Voting Share, creating a cash savings of less than $1 million during the period ended April 30, 2008.

Management of capital

Onex considers the capital it manages to be the amounts it has in cash and near-cash investments, the investments made by it in the operating companies and the investments made in ONCAP, Onex Real Estate Partners and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners and ONCAP Funds' acquisitions.

Onex' objectives in managing capital are to:

- preserve a financially strong parent company with substantial liquidity and no, or a limited amount of, debt so that it can have funds available to pursue new acquisitions and growth opportunities as well as to support the building of its existing businesses. Onex does not generally have the ability to draw cash from its operating companies. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital commensurate with the level of risk taken on;
- build the long-term value of its operating companies;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each company is required to support its own debt. Onex does not normally guarantee the debt of the operating companies and there are no cross-guarantees of debt between the operating companies; and
- have appropriate levels of committed third-party capital available to invest along with Onex' capital. This enables Onex to respond quickly to opportunities and to pursue acquisitions of businesses it could not achieve with just its own capital. The management of third-party capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of the third-party participants.

At March 31, 2008, Onex, the parent company, had $620 million of cash on hand and $90 million of near-cash items. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market products. At the end of the first quarter, Onex had access to $892 million of uncalled committed third-party capital for acquisitions through the Onex Partners Funds and ONCAP.

There were no significant changes to the capital Onex manages in the first quarter of 2008. The strategy on risk management of capital has not changed in the quarter.

LIQUIDITY AND CAPITAL RESOURCES

This section should be read in conjunction with the unaudited interim consolidated statements of cash flows for the first quarters ended March 31, 2008 and 2007 and the corresponding notes thereto. Table 10 summarizes the major consolidated cash flow components for the first three months of 2008 and 2007.

Major Cash Flow Components

TABLE 10 — *(Unaudited) ($ millions)* Three months ended March 31	**2008**	2007
Cash from (used in) operating activities	**$ 126**	$ (32)
Cash from financing activities	**$ 19**	$ 1,024
Cash used in investing activities	**$ (222)**	$ (1,315)
Consolidated cash from continuing operations	**$ 2,463**	$ 2,614

Cash from (used in) operating activities

Cash from operating activities totalled $126 million in the first quarter of 2008 compared to cash used in operating activities of $32 million for the same period of 2007. Table 11 provides the components of cash from (used in) operating activities for those periods.

Components of Cash from (Used in) Operating Activities

TABLE 11 — *(Unaudited) ($ millions)* Three months ended March 31	**2008**	2007
Cash from operations	**$ 319**	$ 346
Decrease in cash from non-cash working capital items	**(208)**	(498)
Increase in warranty reserves and unearned premiums and other liabilities	**15**	120
Cash from (used in) operating activities	**$ 126**	$ (32)

Cash from operations excludes changes in non-cash working capital items, warranty reserves and unearned premiums and other liabilities. For the first quarter of 2008, cash from operations was $319 million compared to $346 million in the first three months of 2007. Much of that decline in cash from operations was due to the effect of foreign currency translation, as discussed in the consolidated operating results under the heading

"Consolidated Operating Results" on page 6 of this interim MD&A.

Non-cash working capital items decreased cash by $208 million in the three months ended March 31, 2008 due primarily to the build-up of inventory and accounts receivable at Spirit AeroSystems. This compares to a decrease in cash of $498 million in the first quarter of 2007.

Cash from financing activities

Cash from financing activities was $19 million for the three months ended March 31, 2008 due primarily to additional long-term debt at Spirit AeroSystems and Sitel Worldwide Corporation ("Sitel Worldwide"). Partially offsetting these factors were:

- $53 million of cash spent by Onex, the parent company, on the repurchase of 1,698,800 Subordinate Voting Shares; and
- $55 million of cash distributed in early 2008 primarily by Onex Partners to limited partners, other than Onex, from dividends paid by Hawker Beechcraft and The Warranty Group in 2007.

This compares to cash from financing activities of $1.0 billion in the first quarter of 2007. Included in cash from financing activities in the first quarter of 2007 was $509 million of cash received from the limited partners of Onex Partners II primarily for the investment in the acquisition of Tube City IMS, which was acquired in late January 2007, and the investment in Hawker Beechcraft, which was purchased in late March 2007. There was also $440 million of additional long-term debt associated primarily with Sitel Worldwide's acquisition of SITEL Corporation.

Cash used in investing activities

Cash used in investing activities totalled $222 million in the first three months of 2008 compared to $1.3 billion of cash used in the three months ended March 31, 2007. Included in cash used in investing activities in the first quarter of 2008 were:

- $146 million spent on property, plant and equipment primarily by Spirit AeroSystems, Carestream Health, Celestica and Tube City IMS;
- $20 million spent on acquisitions completed by CDI, EMSC and Onex Real Estate's partnership, Cronus; and
- US$10 million of cash invested by Onex Real Estate in Flushing Town Center, as well as an initial US$10 million investment in High Yield Debt Venture L.P., which was established to capitalize on the current dislocation in the commercial real estate debt market.

Approximately $1.2 billion of the cash used in investing activities for the three months ended March 31, 2007 was for the acquisitions completed in that period of Tube City IMS, Hawker Beechcraft and Sitel Worldwide's acquisition of and merger with SITEL Corporation.

Consolidated cash resources

At March 31, 2008, consolidated cash with continuing operations was $2.5 billion, the same level as at December 31, 2007. Onex, the parent company, represented approximately $620 million of cash on hand and Celestica had approximately $1.2 billion of cash at March 31, 2008.

Onex believes that maintaining a strong financial position at the parent company with substantial liquidity enables the Company to pursue new opportunities to create long-term value and support Onex' existing operating companies. In addition to the $620 million of cash at the parent company, Onex also had $90 million of near-cash items at March 31, 2008. At March 31, 2008, the other limited partners in Onex Partners had remaining commitments to provide $680 million of funding for future Onex-sponsored acquisitions. The limited partners in ONCAP had remaining commitments of $212 million to fund future ONCAP-related acquisitions. These amounts are not included in Onex' consolidated cash.

ADDITIONAL USES OF CASH

Pending or recent transactions

Center for Diagnostic Imaging

In early April 2008, Center for Diagnostic Imaging, Inc. ("CDI") announced that it had expanded its network of outpatient imaging centres with the merger with a Washington-based radiology provider, Radiology Consultants of Washington ("RCI"). RCI will add five centres, bringing the total number of outpatient imaging centres to eight in the Seattle and surrounding area. The US$19 million investment with RCI was funded entirely by CDI, without any additional investment by Onex and Onex Partners LP.

Onex Normal Course Issuer Bid

On April 14, 2008, Onex renewed its Normal Course Issuer Bid ("NCIB") following the expiry of its previous NCIB on April 11, 2008. At March 31, 2008, Onex had issued and outstanding Subordinate Voting Shares of 123,877,352 and a public float of 94,235,414 Subordinate Voting Shares. Under the new NCIB, Onex will be permitted to purchase up to 10 percent of its public float in its Subordinate Voting Shares, or 9,423,541 Subordinate Voting Shares. Onex may purchase up to 76,083 Subordinate Voting Shares during any trading day, being 25 percent of its average daily trading volume for the six-month period ended March 31, 2008. Onex may also purchase Subordinate Voting Shares from time to time under the Toronto Stock Exchange's block purchase exemption, if available, under the new NCIB. The new NCIB commenced on April 14, 2008 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 13, 2009. A copy of the Notice of Intention to make the Normal Course Issuer Bid filed with the Toronto Stock Exchange is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 11, 2008, Onex repurchased 5,055,800 Subordinate Voting Shares at a total cost of $166 million, or an average purchase price of $32.90 per share. Onex believes that it is advantageous to the Company and its shareholders to continue to engage in repurchases of Subordinate Voting Shares from time to time, particularly when they are trading at prices that reflect a significant discount from their value as perceived by Onex.

Contractual obligations

Spirit AeroSystems

On March 18, 2008, Spirit AeroSystems entered into an amendment of its existing credit agreement. The amendment provided for: (i) an increase in the company's US$400 million revolving credit facility to US$650 million; (ii) an increase in the amount of indebtedness that Spirit AeroSystems can incur to finance the purchase of capital assets from US$75 million to US$200 million; (iii) a provision of up to US$300 million in additional indebtedness outstanding; and (iv) a provision allowing Spirit AeroSystems to make investments in joint ventures not to exceed a total of US$50 million.

In late March 2008, Spirit AeroSystems amended its existing 787 Supply Agreement with Boeing. The revised terms provide for additional 2008 cash advance payments to Spirit AeroSystems approximating the ship set value anticipated in the original 787 program delivery schedule for the first 47 ship sets, and therefore amends the payment terms associated with the 787 aircraft certification. In early April 2008, Boeing announced a revised plan for the first flight and initial deliveries of the 787, with the first flight moving to the fourth quarter of 2008 from the second quarter and the first delivery planned for the third quarter of 2009 instead of the first quarter of 2009.

RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. Onex is currently evaluating the impact of adopting IFRS.

Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces the existing standards. This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. This standard is effective for 2009. Onex is currently evaluating the impact of adopting this standard on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures

Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ("CSA") requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Under the supervision of and with the participation of management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), we have evaluated the design of the Company's disclosure controls and procedures as at March 31, 2008 and have concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the quarter then ended.

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

Internal controls over financial reporting

Multilateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

There were no changes in internal controls during the first quarter of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CONSOLIDATED BALANCE SHEETS

(in millions of dollars)	*(Unaudited)* As at March 31 **2008**	As at December 31 2007
Assets		
Current assets		
Cash and short-term investments	**$ 2,463**	$ 2,462
Marketable securities	**848**	813
Accounts receivable	**3,640**	3,463
Inventories	**2,774**	2,539
Other current assets	**1,503**	1,461
	11,228	10,738
Property, plant and equipment	**3,586**	3,489
Investments	**3,360**	3,203
Other long-term assets	**2,652**	2,634
Intangible assets	**2,696**	2,692
Goodwill	**3,542**	3,443
	$ 27,064	$ 26,199
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 4,089**	$ 4,033
Other current liabilities	**1,023**	864
Current portion of long-term debt and capital leases, without recourse to Onex	**234**	321
Current portion of warranty reserves and unearned premiums	**1,632**	1,544
	6,978	6,762
Long-term debt and capital leases of operating companies, without recourse to Onex (note 4)	**6,522**	6,185
Long-term portion of warranty reserves and unearned premiums	**2,443**	2,364
Other long-term liabilities	**1,700**	1,663
Future income taxes	**1,344**	1,373
	18,987	18,347
Non-controlling interests	**6,383**	6,149
Shareholders' equity	**1,694**	1,703
	$ 27,064	$ 26,199

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited) *(in millions of dollars, except per share data)*	Three months ended March 31 **2008**	 2007
Revenues	**$ 6,226**	$ 5,521
Cost of sales	**(5,078)**	(4,617)
Selling, general and administrative expenses	**(629)**	(429)
Earnings Before the Undernoted Items	**$ 519**	$ 475
Amortization of property, plant and equipment	**(149)**	(125)
Amortization of intangible assets and deferred charges	**(129)**	(68)
Interest expense of operating companies	**(131)**	(116)
Interest income	**20**	35
Earnings (loss) from equity-accounted investments (note 6)	**(28)**	8
Foreign exchange gains (loss)	**46**	(8)
Stock-based compensation income (expense)	**50**	(56)
Other income (expense)	**(4)**	3
Gains on sales of operating investments, net	**–**	6
Acquisition, restructuring and other expenses (note 7)	**(48)**	(21)
Earnings before income taxes, non-controlling interests and discontinued operations	**146**	133
Provision for income taxes	**(49)**	(42)
Non-controlling interests	**(57)**	(58)
Earnings from continuing operations	**40**	33
Earnings from discontinued operations (note 3)	**5**	116
Net Earnings for the Period	**45**	149
Net Earnings per Subordinate Voting Share (note 9)		
Basic and Diluted:		
Continuing operations	**$ 0.32**	$ 0.26
Discontinued operations	**$ 0.04**	$ 0.90
Net earnings	**$ 0.36**	$ 1.16

See accompanying notes to unaudited interim consolidated financial statements.
These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE EARNINGS

(Unaudited) *(in millions of dollars, except per share data)* Three months ended March 31	Share Capital (note 5)	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
Balance – December 31, 2006	$ 541	$ 1,469	$ (195)[c]	$ 1,815
Adoption of financial instrument accounting policies[a]	–	1	–	1
Dividends declared[b]	–	(4)	–	(4)
Comprehensive Earnings (Loss)				
Net earnings for the period	–	149	–	149
Other comprehensive loss for the period:				
Currency translation adjustments	–	–	(3)	(3)
Balance – March 31, 2007	**$ 541**	**$ 1,615**	**$ (198)[d]**	**$ 1,958**
Balance – December 31, 2007	**529**	**1,583**	**(409)**	**1,703**
Dividends declared[b]	**–**	**(4)**	**–**	**(4)**
Purchase and cancellation of shares	**(7)**	**(46)**	**–**	**(53)**
Comprehensive Earnings (Loss)				
Net earnings for the period	**–**	**45**	**–**	**45**
Other comprehensive earnings (loss) for the period:				
Currency translation adjustments	**–**	**–**	**54**	**54**
Change in fair value of derivatives designated as hedges	**–**	**–**	**(46)**	**(46)**
Other	**–**	**–**	**(5)**	**(5)**
Balance – March 31, 2008	**$ 522**	**$ 1,578**	**$ (406)[d]**	**$ 1,694**

(a) The effect of the adoption of financial instrument accounting policies is described in note 1 to the audited annual consolidated financial statements.

(b) Dividends declared per Subordinate Voting Share were $0.0275 for the three months ended March 31, 2008 and 2007.

(c) Accumulated Other Comprehensive Earnings at December 31, 2006 consists of currency translation adjustments.

(d) Accumulated Other Comprehensive Earnings (Loss) at March 31, 2007 consists of currency translation adjustments of negative $198, unrealized losses on available-for-sale financial assets of $2 and unrealized gains on the effective portion of cash flow hedges of $2. Accumulated Other Comprehensive Earnings (Loss) as at March 31, 2008 consists of currency translation adjustments of negative $343, unrealized losses on the effective portion of cash flow hedges of $66, and unrealized gains on available-for-sale financial assets and other of $3.

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *(in millions of dollars)*	Three months ended March 31 2008	2007
Operating Activities		
Net earnings for the period	**$ 45**	$ 149
Earnings from discontinued operations	**(5)**	(116)
Items not affecting cash:		
Amortization of property, plant and equipment	**149**	125
Amortization of intangible assets and deferred charges	**129**	68
Non-controlling interests	**57**	58
Future income taxes	**(41)**	7
Stock-based compensation	**(50)**	56
Loss (earnings) from equity-accounted investments	**28**	(8)
Foreign exchange loss (gains)	**(22)**	11
Gains on sales of operating investments, net	**–**	(6)
Other	**29**	2
	319	346
Changes in non-cash working capital items:		
Accounts receivable	**(75)**	(19)
Inventories	**(142)**	107
Other current assets	**(6)**	76
Accounts payable, accrued liabilities and other current liabilities	**15**	(662)
Decrease in cash due to changes in working capital items	**(208)**	(498)
Increase in warranty reserves and unearned premiums and other liabilities	**15**	120
	126	(32)
Financing Activities		
Issuance of long-term debt	**231**	1,180
Repayment of long-term debt	**(150)**	(658)
Cash dividends paid	**(4)**	(4)
Repurchase of share capital	**(53)**	–
Issuance of share capital by operating companies	**48**	534
Distributions by operating companies	**(55)**	(14)
Increase (decrease) due to other financing activities	**2**	(14)
	19	1,024
Investing Activities		
Acquisition of operating companies, net of cash in acquired companies of nil (2007 – $124) (note 2)	**(20)**	(1,189)
Purchase of property, plant and equipment	**(146)**	(179)
Decrease due to other investing activities	**(61)**	(143)
Cash from discontinued operations	**5**	196
	(222)	(1,315)
Decrease in Cash for the Period	**(77)**	(323)
Increase (decrease) in cash due to changes in foreign exchange rates	**78**	(18)
Cash, beginning of the period – continuing operations	**2,462**	2,944
Cash, beginning of the period – discontinued operations	**–**	11
Cash, End of the Period	**2,463**	2,614
Short-term investments	**–**	–
Cash and Short-term Investments Held by Continuing Operations	**$ 2,463**	$ 2,614

See accompanying notes to unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the 2007 audited annual consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) (in millions of dollars, except per share data)

Onex Corporation and its subsidiaries (collectively, the "Company") is a diversified company whose businesses operate autonomously. Throughout these financial statements and notes, the term "Onex" refers to the parent company. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "GAAP"). All amounts are in millions of Canadian dollars unless otherwise noted.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements represent the accounts of Onex and its subsidiaries, including its controlled operating companies. Onex also controls and consolidates the operations of Onex Partners LP ("Onex Partners I") and Onex Partners II LP ("Onex Partners II"), referred to collectively as "Onex Partners" (as described in note 23(d) and 23(e) to the audited annual consolidated financial statements). All significant intercompany balances and transactions have been eliminated.

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

	March 31, 2008	December 31, 2007
Investments made through Onex		
Celestica Inc. ("Celestica")	**13%**	13%
Cineplex Entertainment	**23%**	23%
Sitel Worldwide Corporation ("Sitel Worldwide")	**66%**	66%
Radian Communication Services Corporation ("Radian")	**89%**	89%
Investments made through Onex and Onex Partners I		
Cosmetic Essence, Inc. ("CEI")	**21%**	21%
Center for Diagnostic Imaging, Inc. ("CDI")	**19%**	19%
Emergency Medical Services Corporation ("EMSC")	**29%**	29%
Res-Care, Inc. ("ResCare")	**6%**	6%
Spirit AeroSystems, Inc. ("Spirit AeroSystems")	**7%**	7%
Skilled Healthcare Group, Inc. ("Skilled Healthcare")	**9%**	9%
Investments made through Onex and Onex Partners II		
Tube City IMS Corporation ("Tube City IMS")	**35%**	35%
Hawker Beechcraft Corporation ("Hawker Beechcraft")	**20%**	20%
Carestream Health, Inc. ("Carestream Health")	**39%**	39%
Allison Transmission, Inc. ("Allison Transmission")	**15%**	15%
Investments made through Onex, Onex Partners I and Onex Partners II		
The Warranty Group, Inc. ("The Warranty Group")	**30%**	30%
Husky Injection Molding Systems Ltd. ("Husky")	**36%**	36%
Other investments		
ONCAP II L.P.	**44%**	44%
Onex Real Estate Partners ("Onex Real Estate")	**86%**	86%

The ownership percentages are before the effect of any potential dilution relating to the Management Investment Plans (the "MIP") as described in note 23(f) to the audited annual consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its consolidated statements in accordance with Canadian GAAP. The disclosures contained in these unaudited interim consolidated financial statements do not include all the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2007. Certain amounts presented in the comparative periods have been reclassified to conform to the presentation adopted in the current period.

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

Newly adopted accounting pronouncements

Inventories

On January 1, 2008, the Company adopted the *Canadian Institute of Chartered Accountants Handbook* ("*CICA Handbook*") Section 3031, "Inventories", which requires inventory to be measured at the lower of cost and net realizable value. The standard provides guidance on the types of costs that can be capitalized and requires the reversal of previous inventory writedowns if economic circumstances have changed to support higher inventory values. The Company is required to disclose quarterly the amount of inventory recognized in cost of sales, as well as any inventory writedowns or reversals. During the first quarter of 2008, the Company expensed $3,732 of inventory in cost of sales and did not record any significant inventory writedowns or reversals.

The adoption of this standard did not have a significant effect on the consolidated financial statements.

Financial Instruments Presentation and Disclosures, and Capital Disclosures

On January 1, 2008, the Company adopted *CICA Handbook* Section 3862, "Financial Instruments – Disclosures"; Section 3863, "Financial Instruments – Presentation"; and Section 1535, "Capital Disclosures". These sections require additional disclosures surrounding the Company's financial instruments and capital. The following disclosures are required under the new pronouncements:

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Substantially all of the cash, short-term investments and marketable securities consist of investments in debt securities. In addition, the long-term investments of The Warranty Group and the insurance collateral of EMSC, both included in the investments line in the consolidated balance sheet, consist primarily of investments in debt securities. The investments in debt securities are subject to credit risk.

Accounts receivable are also subject to credit risk. At March 31, 2008, the aging of accounts receivable was as follows:

As at March 31, 2008	Accounts receivable
Current	$ 3,049
0–30 days past due	280
31–60 days past due	89
>60 days past due	222
	$ 3,640

The significant provision balances relate to accounts receivable at EMSC. Companies in the emergency healthcare industry maintain provisions for contractual discounts and for uncompensated care, or doubtful accounts. EMSC is contractually required, in most circumstances, to provide care regardless of the patient's ability to pay.

EMSC records gross revenue based on fee-for-service rate schedules that are generally negotiated with various contracting entities, including municipalities and facilities. Fees are billed for all revenue sources and to all payors under the gross fee schedules for that specific contract; however, reimbursement in the case of certain state and federal payors, including Medicare and Medicaid, will not change as a result of the gross fee schedules. EMSC records the difference between gross fee schedule revenue and Medicare and Medicaid reimbursement as a contractual provision.

Uncompensated care or doubtful account provisions are related principally to services provided to self-pay, uninsured patients and are estimated at the date of service based on historical write-off experience and other economic data.

The following table outlines EMSC's accounts receivable allowances, which have been deducted in arriving at EMSC's net receivables balance of $536 at March 31, 2008:

	Allowance for uncompensated care	Allowance for contractual discounts
Balance at December 31, 2007	$ 432	$ 833
Additions	287	736
Reductions	(282)	(683)
Balance at March 31, 2008	$ 437	$ 886

Additions to the allowances consist primarily of provisions against earnings and reductions to these accounts are primarily due to write-offs.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient funds on hand to meet its obligations. Accounts payable are primarily due within 90 days. The repayment schedules for long-term debt and capital leases of the operating companies have been disclosed in note 10 and note 11 to the audited annual consolidated financial statements. Onex, the parent company, does not have any debt and has not guaranteed the debt of the operating companies. Significant changes to the long-term debt from the information provided at December 31, 2007 are included in note 4 to these unaudited interim consolidated financial statements.

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rate between the Canadian and U.S. dollar and fluctuations in the LIBOR and U.S. prime interest rates.

Foreign currency exchange rates

Onex' operating companies are operated autonomously as self-sustaining companies. In addition, the functional currency of substantially all of Onex' operating companies is the U.S. dollar. As investments in self-sustaining subsidiaries are excluded from the financial instrument disclosure, the Company's exposure on financial instruments to the Canadian/U.S. dollar foreign currency exchange rate is primarily at the parent company, through the holding of U.S. dollar cash and short-term investments. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at March 31, 2008 would result in a $29 decrease ($29 increase) in net earnings. As all of the U.S. dollar cash and short-term investments at the parent company are designated as held-for-trading, there would be no effect on other comprehensive earnings.

In addition, two operating companies have exposure to the U.S. dollar/Canadian dollar foreign currency exchange rate and two operating companies have financial instrument exposure to the U.S. dollar/Euro foreign currency exchange rate. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at March 31, 2008 would result in a US$11 increase (US$10 decrease) in the other comprehensive earnings of Celestica. A 5% strengthening (5% weakening) of the Canadian dollar against the U.S. dollar at March 31, 2008 would result in a US$26 increase (US$26 decrease) in the other comprehensive earnings of Husky. A 5% strengthening (5% weakening) of the Euro against the U.S. dollar at March 31, 2008 would result in a US$4 increase (US$4 decrease) in the net earnings of Celestica. A 5% strengthening (5% weakening) of the Euro against the U.S. dollar at March 31, 2008 would result in a US$8 increase (US$8 decrease) in the net earnings of Carestream Health.

Interest rates

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment. The parent company is exposed to interest rate changes primarily through its cash and short-term investments, which are held in short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the parent company, a 1% increase (1% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a $6 increase ($6 decrease) in annual interest income. As all of the U.S. dollar cash and short-term investments at the parent company are designated as held-for-trading, there would be no effect on other comprehensive earnings.

The operating companies' results are also affected by changes in interest rates. A change in the interest rate (including LIBOR and the U.S. prime rate) would result in additional interest expense being recorded due to the variable-rate portion of the long-term debt of the operating companies. At December 31, 2007, approximately 63% of the operating companies' long-term debt had a fixed interest rate or the interest rate was effectively fixed by interest rate swap contracts. The long-term debt of the operating companies is without recourse to Onex.

In addition, The Warranty Group holds substantially all of its investments in interest-bearing securities, as described in note 7(f) to the audited annual consolidated financial statements. A 0.25% increase (25 basis points) in the interest rate would decrease the fair value of the investments held by $11 and result in a corresponding decrease to other comprehensive earnings of The Warranty Group. However, as the investments are reinvested, a 0.25% increase in the interest rate would increase the annual interest income recorded by The Warranty Group by $4.

Commodity risk

Certain of Onex' operating companies have exposure to commodities. In particular, aluminum, titanium and composites are the principal raw materials for Spirit AeroSystems' manufacturing operations. To limit the company's exposure to rising raw materials prices, Spirit AeroSystems has entered into long-term supply contracts directly with its key suppliers of raw materials and collective raw materials sourcing contracts arranged through Boeing, Airbus and BAE Systems.

In addition, diesel fuel is a key commodity used in Tube City IMS' operations. To help mitigate the risk of changes in fuel prices, substantially all of its contracts contain pricing escalators based on published price indices.

Capital disclosures

Onex considers the capital it manages to be the amounts it has in cash and near-cash investments, the investments made by it in the operating companies and the investments made in ONCAP, Onex Real Estate and Onex Credit Partners. Onex also manages the third-party capital invested in the Onex Partners and ONCAP Funds' acquisitions.

Onex' objectives in managing capital are to:

- preserve a financially strong parent company with substantial liquidity and no, or a limited amount of, debt so that it can have funds available to pursue new acquisitions and growth opportunities as well as to support the growth of its existing businesses. Onex does not generally have the ability to draw cash from its operating companies. Accordingly, maintaining adequate liquidity at the parent company is important;
- achieve an appropriate return on capital commensurate with the level of risk taken on;
- build the long-term value of its operating companies;
- control the risk associated with capital invested in any particular business or activity. All debt financing is within the operating companies and each company is required to support its own debt. Onex does not normally guarantee the debt of the operating companies and there are no cross-guarantees of debt between the operating companies; and
- have appropriate levels of committed third-party capital available to invest along with Onex' capital. This enables Onex to respond quickly to opportunities and to pursue acquisitions of businesses it could not achieve with just its own capital. The management of third-party capital also provides management fees to Onex and the ability to enhance Onex' returns by earning a carried interest on the profits of the third-party participants.

At March 31, 2008, Onex, the parent company, had $620 of cash on hand and $90 of near-cash items. Onex, the parent company, has a conservative cash management policy that limits its cash investments to short-term high-rated money market products. At the end of the first quarter, Onex had access to $865 of uncalled committed third-party capital for acquisitions through the Onex Partners Funds and ONCAP.

There were no significant changes to the capital Onex manages in the first quarter of 2008. The strategy on risk management of capital has not changed in the quarter.

Recently issued accounting pronouncements

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Company is currently evaluating the impact of adopting IFRS.

Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", which replaces the existing standards. This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. This standard is effective for 2009. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

2. CORPORATE INVESTMENTS

During the first three months of 2008 the following acquisitions, which were accounted for as purchases, were completed through subsidiaries of Onex. Any third-party borrowings in respect of the acquisitions are without recourse to Onex. The acquisitions were made by CDI, EMSC and Onex Real Estate.

The purchase price of the acquisitions was allocated to the net assets acquired based on their relative fair values at the dates of acquisition. In certain circumstances where estimates have been made, the companies are obtaining third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices. The results of operations for all acquired businesses are included in the unaudited interim consolidated statement of earnings of the Company from their respective dates of acquisition.

Details of the 2008 acquisitions, which were accounted for as purchases, are as follows:

Other current assets	$ 1
Intangible assets with limited life	4
Goodwill	9
Property, plant and equipment and other long-term assets	18
	32
Long-term liabilities	(12)
Increase in net assets acquired	$ 20

3. DISCONTINUED OPERATIONS

The following table shows the revenue and the net after-tax results from discontinued operations for the three-month periods ended March 31, 2008 and 2007.

	2008	2007
	Revenue	
WIS International[a]	$ –	$ –
CMC Electronics[a]	–	33
Town and Country	–	1
	$ –	$ 34

	2008			2007		
	Gain, Net of Tax	Onex' Share of Earnings (Loss)	Total	Gain, Net of Tax	Onex' Share of Earnings (Loss)	Total
WIS International[a]	$ 1	$ –	$ 1	$ 39	$ –	$ 39
CMC Electronics[a]	4	–	4	73	–	73
Town and Country	–	–	–	6	(2)	4
	$ 5	$ –	$ 5	$ 118	$ (2)	$ 116

a) The 2008 gains consist of amounts received relating to the 2007 sales of the ONCAP I operating companies WIS International and CMC Electronics.

The results of operations for the businesses described above have been classified as discontinued operations in the unaudited interim consolidated statements of earnings and unaudited interim consolidated statements of cash flows for the three-month periods ended March 31, 2008 and 2007.

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

The following describes the significant changes to Onex' consolidated long-term debt from the information provided in the December 31, 2007 audited annual consolidated financial statements.

a) Deferred financing charges

At March 31, 2008, $149 of deferred financing charges have been recorded net against long-term debt (December 31, 2007 – $143).

b) Spirit AeroSystems

In March 2008, Spirit AeroSystems entered into an amended and restated credit agreement. As a result of the amendment, the revolving credit facility and the US$700 term loan B were amended to, among other things, increase the amount of the revolving credit facility from US$400 to US$650 and add a provision allowing Spirit AeroSystems to have additional indebtedness outstanding of up to US$300.

5. SHARE CAPITAL

a) At March 31, 2008, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2007 – 100,000), 123,877,352 Subordinate Voting Shares (December 31, 2007 – 125,574,087) and 176,078 Series I Senior Preferred Shares (December 31, 2007 – 176,078). The Series I Senior Preferred Shares have no paid-in amount reflected in these consolidated financial statements and the Multiple Voting Shares have nominal paid-in value.

b) During the first quarter of 2008, under the Dividend Reinvestment Plan, the Company issued 2,065 Subordinate Voting Shares (2007 – 904) at a total value of less than $1 (2007 – less than $1). In the first quarters of 2008 and 2007, no Subordinate Voting Shares were issued upon the exercise of stock options.

Onex renewed its Normal Course Issuer Bid in April 2008 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its Subordinate Voting Shares. The 10% limit represents approximately 9.4 million shares.

In the first quarter of 2008, under the Normal Course Issuer Bids, the Company repurchased and cancelled 1,698,800 Subordinate Voting Shares (2007 – nil) at a cash cost of $53. The excess of the purchase cost of these shares over the average paid-in amount was $46, which was charged to retained earnings.

c) During the first three months of 2008, the total cash consideration paid on 180,200 options (2007 – 492,000) surrendered was $4 (2007 – $9). This amount represents the difference between the market value of the Subordinate Voting Shares at the time of surrender and the exercise price, both as determined under Onex' Stock Option Plan as described in note 15 to the audited annual consolidated financial statements. In addition, 2,000 options (2007 – nil) expired during the first three months of 2008. At March 31, 2008, the Company had 12,595,300 options outstanding (December 31, 2007 – 12,777,500) to acquire Subordinate Voting Shares, of which 9,032,500 were vested and of that, 8,975,500 were exercisable. The exercisable options have a weighted exercise price of $16.68.

d) Certain directors have chosen to receive their directors' fees in Deferred Share Units ("DSUs") in lieu of cash. At March 31, 2008, there were 230,837 director DSUs outstanding (December 31, 2007 – 225,914).

Certain Onex management have chosen to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time. At March 31, 2008, there were 202,259 Management DSUs outstanding (December 31, 2007 – nil). The Company has entered into a forward agreement with a counterparty financial institution to hedge the Company's exposure to changes in the market value of Onex' subordinate voting shares associated with the Management DSUs, as described in note 1 to the audited annual consolidated financial statements.

6. EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS

Three months ended March 31	2008	2007
Hawker Beechcraft	$ (13)	$ –
Allison Transmission	(21)	–
ResCare	4	3
Other	2	5
	$ (28)	$ 8

7. ACQUISITION, RESTRUCTURING AND OTHER EXPENSES

Restructuring charges are typically to provide for the costs of facility consolidations and workforce reductions. Restructuring expenses incurred in the three-month period ended March 31 are set out in the table below:

Three months ended March 31	2008	2007
Celestica	$ 3	$ 9
Sitel Worldwide	5	1
Carestream Health	30	–
Spirit AeroSystems	–	6
Other	10	5
	$ 48	$ 21

The table below provides a summary of restructuring activities undertaken by the operating companies detailing the components of the charges and movement in accrued liabilities. This summary is presented by the year in which the restructuring activities were first initiated.

Years prior to 2007	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 730	$ 182	$ 65	$ 405	$ 1,382[a]
Cumulative costs expensed to date	681	179	63	398	1,321[b]
Expense for the period ended March 31, 2008	2	1	1	–	4
Reconciliation of accrued liability					
Closing balance – December 31, 2007	$ 9	$ 38	$ 11		$ 58
Cash payments	(7)	(3)	(11)		(21)
Charges	2	1	1		4
Other adjustments	–	1	–		1
Closing balance – March 31, 2008	$ 4	$ 37	$ 1		$ 42

(a) Includes Celestica $1,346.
(b) Includes Celestica $1,284.

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

Initiated in 2007	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 22	$ 6	$ 47	$ 7	$ 82[a]
Cumulative costs expensed to date	22	3	45	7	77[b]
Expense for the period ended March 31, 2008	2	–	1	–	3
Reconciliation of accrued liability					
Closing balance – December 31, 2007	$ 10	$ 2	$ 2		$ 14
Cash payments	(4)	–	–		(4)
Charges	2	–	1		3
Other adjustments	–	–	1		1
Closing balance – March 31, 2008	$ 8	$ 2	$ 4		$ 14

(a) Includes Carestream Health $57.
(b) Includes Carestream Health $57.

Initiated in 2008	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 53	$ 1	$ 56	$ –	$ 110[a]
Cumulative costs expensed to date	22	–	15	1	38[b]
Expense for the period ended March 31, 2008	23	–	17	1	41
Reconciliation of accrued liability					
Cash payments	$ (3)	$ –	$ (12)		$ (15)
Charges	23	–	17		40
Closing balance – March 31, 2008	$ 20	$ –	$ 5		$ 25

(a) Includes Carestream Health $72.
(b) Includes Carestream Health $31.

Total	Employee Termination Costs	Lease and Other Contractual Obligations	Facility Exit Cost and Other	Non-cash Charge	Total
Total estimated expected costs	$ 805	$ 189	$ 168	$ 412	$ 1,574
Cumulative costs expensed to date	725	182	123	406	1,436
Expense for the period ended March 31, 2008	27	1	19	1	48
Reconciliation of accrued liability					
Closing balance – December 31, 2007	$ 19	$ 40	$ 13		$ 72
Cash payments	(14)	(3)	(23)		(40)
Charges	27	1	19		47
Other adjustments	–	1	1		2
Closing balance – March 31, 2008	$ 32	$ 39	$ 10		$ 81

8. PENSION

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

Three months ended March 31	**2008**	2007
Defined benefit income	**$ 5**	$ 5

9. EARNINGS PER SHARE

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

Three months ended March 31	**2008**	2007
Weighted average number of shares outstanding *(in millions)*		
Basic	**124**	129
Diluted	**124**	129

10. SUPPLEMENTAL CASH FLOW INFORMATION

Paid during the period:

Three months ended March 31	**2008**	2007
Interest	**$ 164**	$ 120
Taxes	**$ 16**	$ 30

11. COMMITMENTS AND GUARANTEES

a) Contingent liabilities in the form of letters of credit, letters of guarantee and surety and performance bonds are provided by certain operating companies to various third parties and include certain bank guarantees. At March 31, 2008 the amounts potentially payable in respect of these guarantees totalled $476. Certain operating companies and Onex have guarantees with respect to employee share purchase loans that amounted to $1 at March 31, 2008.

The Company, which includes the operating companies, has commitments in the total amount of approximately $90 in respect of corporate investments, including commitments described in note 13.

The Company, which includes its operating companies, has also provided certain indemnifications, including those related to businesses that have been sold. The maximum amounts from many of these indemnifications cannot be reasonably estimated at this time. However, in certain circumstances, the Company and its operating companies have recourse against other parties to mitigate the risk of loss from these indemnifications.

The Company, which includes its operating companies, has aggregate capital asset purchase commitments of $173 at March 31, 2008.

b) Onex and its operating companies are or may become parties to legal claims arising in the ordinary course of business. The operating companies have recorded liability provisions based upon their consideration and analysis of their exposure in respect of such claims. Such provisions are reflected, as appropriate, in Onex' consolidated financial statements. Onex, the parent company, has not currently recorded any further liability provision and we do not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on our consolidated financial position.

12. VARIABLE INTEREST ENTITIES

The Company has formed three real estate partnerships with an unrelated third party to develop residential units on properties in the United States. The partnerships are considered variable interest entities ("VIEs") under Accounting Guideline 15. However, the Company is not the primary beneficiary of these VIEs and, accordingly, the Company accounts for its interest in the partnerships using the equity-accounting method. The partnerships have combined assets of $287 at March 31, 2008. The Company has a maximum exposure to loss of $66, which includes the March 31, 2008 carrying value of $16.

13. SUBSEQUENT EVENTS

Certain operating companies have entered into agreements to acquire or make investments in other businesses. These transactions are subject to a number of conditions, many of which are beyond the control of Onex or the operating companies. The effect of these planned transactions, if completed, may be significant to the consolidated financial position of Onex.

14. INFORMATION BY INDUSTRY SEGMENT

(Unaudited) *(in millions of dollars)* **Three months ended March 31, 2008**	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 1,843	$ 1,041	$ 1,353	$ 330	$ 478	$ 614	$ 567	$ 6,226
Cost of sales	(1,707)	(836)	(1,002)	(188)	(312)	(573)	(460)	(5,078)
Selling, general and administrative expenses	(66)	(44)	(185)	(62)	(136)	(13)	(123)	(629)
Earnings (loss) before the undernoted items	$ 70	$ 161	$ 166	$ 80	$ 30	$ 28	$ (16)	$ 519
Amortization of property, plant and equipment	(22)	(25)	(46)	(3)	(13)	(15)	(25)	(149)
Amortization of intangible assets and deferred charges	(4)	(1)	(54)	(34)	(4)	(3)	(29)	(129)
Interest expense of operating companies	(16)	(9)	(58)	(3)	(14)	(10)	(21)	(131)
Interest income	7	6	1	–	1	–	5	20
Earnings (loss) from equity-accounted investments	–	–	4	–	–	–	(32)	(28)
Foreign exchange gains	6	–	14	–	5	–	21	46
Stock-based compensation income (expense)	(5)	(4)	(1)	–	–	–	60	50
Other income (expense)	–	1	–	(1)	–	–	(4)	(4)
Acquisition, restructuring and other expenses	(3)	–	(30)	(2)	(5)	–	(8)	(48)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	$ 33	$ 129	$ (4)	$ 37	$ –	$ –	$ (49)	$ 146
Recovery of (provision for) income taxes	(3)	(45)	(16)	(13)	(5)	–	33	(49)
Non-controlling interests	(26)	(78)	7	(17)	(1)	–	58	(57)
Earnings (loss) from continuing operations	4	6	(13)	7	(6)	–	42	40
Earnings from discontinued operations	–	–	–	–	–	–	5	5
Net earnings (loss)	4	6	(13)	7	(6)	–	47	45
Total assets	$ 4,504	$ 3,748	$ 5,914	$ 5,758	$ 1,027	$ 992	$ 5,121	$ 27,064
Long-term debt[b]	$ 791	$ 658	$ 2,920	$ 201	$ 743	$ 387	$ 1,000	$ 6,700

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

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

(Unaudited) *(in millions of dollars)* Three months ended March 31, 2007	Electronics Manufacturing Services	Aero-structures	Healthcare	Financial Services	Customer Support Services	Metal Services	Other[a]	Consolidated Total
Revenues	$ 2,158	$ 1,118	$ 814	$ 346	$ 441	$ 321	$ 323	$ 5,521
Cost of sales	(2,041)	(910)	(670)	(168)	(284)	(292)	(252)	(4,617)
Selling, general and administrative expenses	(81)	(47)	(41)	(73)	(117)	(9)	(61)	(429)
Earnings before the undernoted items	$ 36	$ 161	$ 103	$ 105	$ 40	$ 20	$ 10	$ 475
Amortization of property, plant and equipment	(29)	(20)	(25)	(2)	(14)	(12)	(23)	(125)
Amortization of intangible assets and deferred charges	(7)	(2)	(6)	(45)	(1)	(2)	(5)	(68)
Interest expense of operating companies	(22)	(10)	(29)	(4)	(18)	(10)	(23)	(116)
Interest income	2	9	2	–	–	–	22	35
Earnings from equity-accounted investments	–	–	3	–	–	–	5	8
Foreign exchange gains (loss)	2	–	–	–	–	–	(10)	(8)
Stock-based compensation expense	(4)	(7)	(1)	–	(2)	–	(42)	(56)
Other income	–	2	–	–	1	–	–	3
Gains on sales of operating investments, net	–	–	–	–	–	–	6	6
Acquisition, restructuring and other expenses	(9)	(6)	(3)	–	(1)	–	(2)	(21)
Earnings (loss) before income taxes, non-controlling interests and discontinued operations	$ (31)	$ 127	$ 44	$ 54	$ 5	$ (4)	$ (62)	$ 133
Recovery of (provision for) income taxes	(10)	(42)	(16)	(19)	(6)	1	50	(42)
Non-controlling interests	35	(74)	(20)	(24)	(2)	2	25	(58)
Earnings (loss) from continuing operations	(6)	11	8	11	(3)	(1)	13	33
Earnings from discontinued operations	–	–	–	–	–	–	116	116
Net earnings (loss)	(6)	11	8	11	(3)	(1)	129	149
Total assets at December 31, 2007	$ 4,419	$ 3,272	$ 5,745	$ 5,536	$ 1,039	$ 881	$ 5,307	$ 26,199
Long-term debt at December 31, 2007[b]	$ 752	$ 567	$ 2,835	$ 194	$ 688	$ 380	$ 960	$ 6,376

(a) Includes Cineplex Entertainment, CEI, Radian, ONCAP, Onex Real Estate and the parent company.

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

SHAREHOLDER INFORMATION

First Quarter Dividend

A dividend of $0.0275 per Subordinate Voting Share was paid on April 30, 2008 to shareholders of record as of April 10, 2008.

Dividend Reinvestment Plan

Onex has a Dividend Reinvestment Plan that provides a means for resident Canadian holders of Onex' Subordinate Voting Shares to reinvest cash dividends into new Subordinate Voting Shares issued by Onex without payment of brokerage commissions. To participate, registered shareholders should contact Onex' share registrar, CIBC Mellon Trust Company, at the address below. Non-registered shareholders should contact their investment dealer or broker and indicate their desire to participate.

Stock Listing

The Toronto Stock Exchange
Symbol: OCX

Registrar and Transfer Agent

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

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

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ONEX

ONEX PARTNERS

ONCAP

ONEX REAL ESTATE PARTNERS

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SPIRIT AEROSYSTEMS

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