



SNC • LAVALIN

SNC-LAVALIN GROUP INC.

ANNUAL INFORMATION FORM

Year Ended December 31, 2011

March 26, 2012

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1. CORPORATE STRUCTURE

1.1 INCORPORATION OF THE CORPORATION

SNC-Lavalin Group Inc. (the “**Corporation**”) was incorporated under the laws of Canada on May 18, 1967 and was continued under the *Canada Business Corporations Act* on March 24, 1980. The articles of the Corporation were amended on several occasions, including for the following purposes: the split (in 1996) of its outstanding shares on a three-for-one basis, the implementation of a Shareholder Rights Plan, the change of its name, the creation of new classes of shares and the reorganization of its outstanding share capital, the modification of the maximum number of directors (the “**Directors**”), the addition of a requirement that at least 2/3 of the Directors must not be employees of the Corporation or its affiliates and the re-designation of its class A subordinate voting shares as common shares.

The Corporation’s head and registered office is located at 455 René-Lévesque Boulevard West, Montreal, Quebec, Canada H2Z 1Z3.

Reference in this Annual Information Form to “**SNC-Lavalin**” means, as the context may require, the Corporation and all or some of its subsidiaries or joint ventures, or the Corporation or 1 or more of its subsidiaries or joint ventures.

1.2 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The chart appearing on the next page lists the main subsidiaries, joint ventures and associates of SNC-Lavalin, as well as the principal infrastructure concession entities in which the Corporation participates, their jurisdiction of incorporation (which is Canada or any of the provinces or territories, unless otherwise indicated) and the percentage of voting shares beneficially owned, or controlled, or directed, directly or indirectly by SNC-Lavalin.

**Percentage of voting
securities held**

Subsidiaries, Joint Ventures and Associates

Candu Energy Inc. (Canada)	100%	•
Groupe Qualitas Inc. (Quebec)	100%	•
Groupe Stavibel Inc. (Canada)	100%	•
Intecsa-Inarsa, S.A. (Spain)	100%	•
Interfleet Technology Limited (U.K.)	100%	•
Itansuca Proyectos de Ingenieria S.A. (Colombia)	100%	•
JV Vault (Canada)	50%	◊
MDH Engineered Solutions Corp. (Saskatchewan)	100%	•
Marte Engenharia Ltda (Brazil)	100%	•
Minerconsult Engenharia Ltda (Brazil)	100%	•
Nexacor Realty Management Inc. (Canada)	100%	•
OAO VNIPIneft (Russia)	48%	◆
P.T. SNC-Lavalin TPS (Indonesia)	95%	•
S.A. SNC-Lavalin N.V. (Belgium)	100%	•
SLN-Aecon JV (Canada)	50%	◊
SNC-Lavalin (Malaysia) Sdn. Bhd. (Malaysia)	100%	•
SNC-Lavalin (Shanghai) International Trading Co. Ltd. (China)	100%	•
SNC-Lavalin Aéroports S.A.S.U. (France)	100%	•
SNC-Lavalin Algérie EURL (Algeria)	100%	•
SNC-Lavalin Angola Lda (Angola)	100%	•
SNC-Lavalin Arabia LLC (Saudi Arabia)	100%	•
SNC-Lavalin ATP Inc. (Canada)	100%	•
SNC-Lavalin Australia Pty. Ltd. (Australia)	100%	•
SNC-Lavalin Chile S.A. (Chile)	100%	•
SNC-Lavalin Construction (Atlantic) Inc. (Canada)	100%	•
SNC-Lavalin Construction Inc. (Canada)	100%	•
SNC-Lavalin Construction (Ontario) Inc. (Canada)	100%	•
SNC-Lavalin Construction International SAS (France)	100%	•
SNC-Lavalin Constructors Inc. (Delaware)	100%	•
SNC-Lavalin Defence Programs Inc. (Canada)	100%	•
SNC-Lavalin Dominicana S.A. (Dominican Republic)	100%	•
SNC-Lavalin Engineering India Private Limited (India)	100%	•
SNC-Lavalin Engineers & Constructors, Inc. (Texas)	100%	•
SNC-Lavalin Eurasia OOO (Russia)	100%	•
SNC-Lavalin Europe B.V. (Netherlands)	100%	•
SNC-Lavalin Europe S.A.S. (France)	100%	•
SNC-Lavalin Graham Joint Venture (Canada)	50%	◊
SNC-Lavalin Gulf Contractors LLC (United Arab Emirates)	49%	◊
SNC-Lavalin Inc. (Canada)	100%	•
SNC-Lavalin International Inc. (Canada)	100%	•
SNC-Lavalin International S.A.S. (France)	100%	•
SNC-Lavalin Nuclear Inc. (Canada)	100%	•
SNC-Lavalin Operations & Maintenance Inc. (Canada)	100%	•
SNC-Lavalin Peru S.A. (Peru)	100%	•
SNC-Lavalin Pharma Inc. (Canada)	100%	•
SNC-Lavalin Pharma S.A. (Belgium)	100%	•
SNC-Lavalin Polska Sp. Z o.o. (Poland)	100%	•
SNC-Lavalin Project Services, Inc. (Pennsylvania)	100%	•

Subsidiaries, Joint Ventures and Associates (continued)

SNC-Lavalin Romania S.A. (Romania)	100%	•
SNC-Lavalin S.A.S. (France)	100%	•
SNC-Lavalin Services Ltd. (Canada)	100%	•
SNC-Lavalin South Africa (Proprietary)Limited (South Africa)	100%	•
SNC-Lavalin UK Limited (United Kingdom)	100%	•
Société d'expertise et d'ingénierie L.G.L., S.A. (Haiti)	33.3%	◊
Socodex Venezuela C.A. (Venezuela)	100%	•
The SNC-Lavalin Corporation (Delaware)	100%	•

Infrastructure Concession Investments

407 International Inc. (Ontario)	16.77%	♣
AltaLink, L.P. (Alberta)	100%	♣
Ambatovy Minerals S.A. LLC (Madagascar)	5%	♣
Astoria Project Partners LLC (New York)	21%	♣
Astoria Project Partners II LLC (New York)	18.5%	♣
Chinook Roads Partnership (Alberta)	50%	♣
Groupe Immobilier Santé McGill, S.E.N.C. (Quebec)	60%	♣
In Transit BC Limited Partnership (British Columbia)	33.3%	♣
Malta International Airport p.l.c. (Malta)	15.5%	♣
Myah Tipaza S.p.A. (Algeria)	25.5%	♣
Okanagan Lake Concession Limited Partnership (British Columbia)	100%	♣
Ovation Real Estate Group (Quebec) Inc. (Quebec)	100%	♣
Rainbow Hospital Partnership (New Brunswick)	100%	♣
Rayalseema Expressway Private Limited (India)	36.9%	♣
Shariket Kahraba Hadjret En Nouss S.p.A. (Algeria)	26%	♣
Société d'Exploitation de Vatry Europort S.A. (SEVE) (France)	51.13%	♣
Société d'Exploitation de l'Aéroport de Mayotte S.A.S. (France)	100%	♣
TC Dôme S.A.S. (France)	51%	♣

•	Subsidiary
◆	Associates
♣	Investment entity
◊	Joint Venture

2. GENERAL DEVELOPMENT OF THE BUSINESS

The highlights relating to the development of the Corporation's business over the past three years are described below.

Recent Events

Retirement of President and CEO and Appointment of Vice-Chairman and Interim CEO

On March 25, 2012, the Board of Directors accepted Mr. Pierre Duhaime's decision to step down as president and chief executive officer and director of the Corporation. At the request of the Board of Directors of the Corporation, Mr. Ian A. Bourne agreed to assume the function of vice-chairman and interim chief executive officer. Mr. Bourne has served as a director of the Corporation and a member of its Audit Committee and Health, Safety and Environment Committee since 2009 and will oversee the search for a new president and chief executive officer. Mr. Bourne will remain as a director of the Corporation. He will temporarily step down from the Audit Committee and the Health, Safety and Environment Committee but will sit on the newly created Special Transition Committee.

2011

Additions of Infrastructure Concession Investments ("ICI") and increased ownership interest in ICI

In April 2011, Société d'Exploitation de l'Aéroport de Mayotte S.A.S., a wholly-owned subsidiary of the Corporation, entered into an agreement with the French government to upgrade the infrastructure and build a new terminal building for the Mayotte airport, on a French island located in the Indian Ocean. Société d'Exploitation de l'Aéroport de Mayotte S.A.S. also has the mandate to manage and maintain the airport, in addition to assuming the commercial development, for a 15-year period.

In September 2011, SNC-Lavalin completed the acquisition of Macquarie Essential Asset Partnership's ("MEAP") 23.08% ownership interest in AltaLink for a total consideration of \$228.8 million in cash. The transaction increased the Corporation's ownership of AltaLink from 76.92% to 100%. AltaLink has technical expertise and extensive experience in Alberta, Canada, where it owns and operates regulated transmission facilities, such as transmission lines and substations that serve 85 % of Alberta's population.

In September 2011, Rainbow Hospital Partnership ("**Rainbow**"), wholly-owned by SNC-Lavalin, was awarded a public-private partnership contract by the Government of New Brunswick for the design, construction, commissioning, financing and certain operation and maintenance functions of the new Restigouche Hospital Centre for psychiatric care in Campbellton, New Brunswick. Rainbow subcontracted the construction of the new hospital to an SNC-Lavalin-led joint venture. It will have 140 beds in seven in-patient units with facilities for education and research, clinical support, and administration and general support services. It will also serve as the forensic psychiatry facility for the province. SNC-Lavalin Operations & Maintenance will provide the operation and maintenance activities for the centre for a total of 30 years.

Business Acquisitions

In 2011, SNC-Lavalin completed the following business acquisitions, which added approximately 2,900 people to its workforce:

- Groupe Stavibel, a multidisciplinary consulting engineering firm based in Abitibi-Témiscamingue, Quebec. Groupe Stavibel provides engineering consulting expertise in numerous fields of activity in the buildings, infrastructure, transport, mining, and environment sectors. The firm has approximately 300 permanent employees working in several offices throughout Abitibi-Témiscamingue and in the Greater Montreal area.

- Aqua Data, a company of about 100 employees specializing in the computerized diagnosis and analysis of water distribution systems and wastewater collection systems for municipal, commercial and industrial clients. Formerly a subsidiary of Gaz Métro, Aqua Data has clients in Quebec, Ontario, the Maritimes and the United States. Its head office is in Pincourt, Quebec, near Montreal.
- MDH Engineered Solutions, an engineering consulting and research firm based in Saskatoon, Saskatchewan. MDH Engineered Solutions provides geo-environmental, geotechnical, hydrogeological and environmental engineering consulting services to the mining, oil and gas, transportation, utility and government sectors. The firm has approximately 175 permanent employees working in offices in Saskatoon, Regina, Prince Albert and Esterhazy, Saskatchewan, and in Edmonton and Fort McMurray, Alberta.
- Candu Energy Inc., a wholly-owned subsidiary of the Corporation, acquired certain assets of Atomic Energy of Canada Limited's ("AECL") commercial reactor division. Approximately 1,400 employees transitioned from AECL to Candu Energy Inc. In addition to the acquisition, Candu Energy Inc. will work towards completing the Enhanced CANDU reactor (EC6) development program.
- Interfleet Technology ("Interfleet"), an international rail technology consultancy group headquartered in Derby, United Kingdom. Interfleet specializes in rolling stock, railway systems, and strategic railway management and is well-known for its detailed understanding of both national rail systems and international best-practice. Interfleet has approximately 600 employees in 22 locations. Interfleet serves public and private clients around the world from its offices in United Kingdom, Scandinavia, Central Europe, Australasia, India and North America.
- Arcturus Realty Corporation ("Arcturus"), an entity that manages over 35 million square feet of office, retail and industrial properties in Canada. With over 350 employees, Arcturus provides a comprehensive scope of real estate services including property management, leasing, development advisory services and facilities management. Its client base consists of financial institutions, insurance companies, major retailers, public sector and private investors.
- Harder Associates Engineering Consulting, an engineering consulting firm based in Fort St. John, British Columbia. Harder Associates Engineering Consulting provides consulting services in construction, upstream oil and gas, and environmental and geotechnical fields. The firm has 16 employees working in offices in Fort St. John and Fort Nelson, British Columbia, and Grande Prairie, Alberta.

2010

Additional ICI

Chinook Roads Partnership ("**Chinook**"), held by SNC-Lavalin and Acciona S.A., entered into a contract with Alberta Transportation to design, build, operate, maintain, and partially finance the southeast section of Calgary's Stoney Trail Ring Road in Canada. Upon signing the contract with Alberta Transportation, Chinook subcontracted the engineering, procurement, and construction ("**EPC**"), and the operation and maintenance ("**O&M**") work to joint ventures 50% owned by SNC-Lavalin. The construction is expected to be completed in 2013. Once completed, Chinook will operate and maintain this infrastructure until 2043. SNC-Lavalin and its partner committed to invest a total of \$32.3 million in equity and subordinated debt in Chinook.

In July 2010, SNC-Lavalin, its partner and the McGill University Health Centre ("**MUHC**") announced the financial closure and official signing of a partnership agreement between MUHC and Groupe immobilier santé McGill ("**MIHG**"), composed of SNC-Lavalin and Innisfree Ltd. Under this 34-year public-private partnership, MIHG will design, build, finance, and maintain MUHC's new Glen Campus, comprised mainly of two hospitals, a cancer centre and a research institute, located in Montreal, Canada. Also in July 2010, MIHG awarded to SNC-Lavalin an EPC contract for approximately \$1.6 billion to design and build the facilities. Construction is underway and is expected to be completed in the autumn of 2014. Once completed, MIHG will maintain the campus for the next 30 years. SNC-Lavalin and its partner committed to invest, directly or indirectly, an amount of \$191.8 million in equity and subordinated debt.

The Corporation acquired in 2010 a 36.9% equity interest in Rayalseema Expressway Private Limited (“REPL”), an entity that had previously entered into a contract with the National Highways Authority of India to build and operate the 189-kilometre Cuddapah-Kurnool section of National Highway 18, in the state of Andhra Pradesh, India. Under this 30-year public-private partnership contract, REPL will expand the existing two-lane stretch to four lanes and operate the section of the toll highway. SNC-Lavalin committed to invest then an amount of \$36.7 million in equity and subordinated debt.

Disposals

During the third quarter of 2010, SNC-Lavalin disposed of certain Energy Control Systems (“ECS”)’s technology solution assets which help manage and optimize the flow of electricity through power grids. The gain of \$22.8 million before taxes (gain of \$19.6 million after taxes), was included in Packages activities, as part of Power.

In October 2010, SNC-Lavalin had entered into an agreement with a group of financial institutions to sell all of its 10.07% equity interest in Valener Inc. (TSX:VNR) (“Valener”) consisting of 3,516,453 common shares of Valener, on an underwritten block trade basis, for net proceeds of \$58.7 million, resulting in a loss after taxes of \$1.3 million. The transaction was closed in November 2010.

In November 2010, SNC-Lavalin had entered into an agreement with Caisse de dépôt et placement du Québec to sell all of its 11.1% interest in Trencap Limited Partnership. The transaction generated net proceeds of \$118.2 million and resulted in a gain after taxes of \$27.4 million.

Business Acquisitions

In 2010, SNC-Lavalin completed the following business acquisitions, which added approximately 1,200 people to its workforce:

- A South African firm, B E Morgan Associates (Proprietary) Limited, specializing in engineering and construction of various industrial facilities and that also provides project management and contracting services primarily to various South African corporations, employing approximately 50 people.
- Itansuca Proyectos de Ingenieria S.A., an engineering firm in the hydrocarbons and chemicals sector based in Bogota, Colombia, that employs approximately 1,000 people. Since 1989, Itansuca Proyectos de Ingenieria S.A. has been offering energy consulting, electromechanical installation, design and supervision services from its Bogota head office and 21 other locations around the country to clients in Colombia and in a number of other countries around the world.
- Five engineering firms in France, namely EBI Conseil, Groupe Teco, Pénicaud Architecture Environnement EURL, ETF Ingénierie – Société d’ingénieurs conseils and Groupe Setor, that employ a total of approximately 160 people.
- Two engineering firms in Montreal, Canada, namely Nucleonex Inc. and Hydrosult, that employ a total of approximately 20 people.

2009

President and Chief Executive Officer

In May 2009, Pierre Duhaime was named President and Chief Executive Officer of SNC-Lavalin Group Inc., replacing Jacques Lamarre.

Issue of Debentures

On July 3, 2009, the Corporation issued \$350 million aggregate principal amount of 6.19% debentures due July 3, 2019 pursuant to an indenture dated as of July 3, 2009, by and between the Corporation, as issuer, and

Computershare Trust Company of Canada, as trustee. These debentures are unsecured and are due on July 3, 2019. Interest on these debentures is payable semi-annually in arrears on January 3, and July 3 of each year, beginning on January 3, 2010. These debentures are not guaranteed by the Corporation's subsidiaries. These debentures are redeemable, at the Corporation's option, under certain circumstances and at the redemption prices set forth in this indenture. This indenture contains customary restrictive covenants with respect to the Corporation and certain of its subsidiaries and customary events of default. If an event of default occurs and is continuing, the trustee, if so requested by the holders of not less than 25% in principal amount of the then outstanding debentures may declare all the debentures to be due and payable immediately.

Additional ICI

In May 2009, SNC-Lavalin announced that Groupe Immobilier Ovation, its wholly-owned subsidiary, had entered into a 29-year agreement with the Government of Quebec to design, build, operate, maintain and finance a new acoustic concert hall, located in downtown Montreal, Canada.

On July 2nd, 2009, Astoria Project Partners II LLC and its subsidiary (collectively called "Astoria II") obtained project financing from a number of financial institutions, which is non-recourse to SNC-Lavalin, at which time SNC-Lavalin committed to invest approximately US\$70 million (approximately CA\$74 million at December 31, 2009) for its equity interest in this ICI. SNC-Lavalin provides engineering, procurement and construction management services to the facility, which is expected to be completed in 2011.

Business Acquisitions

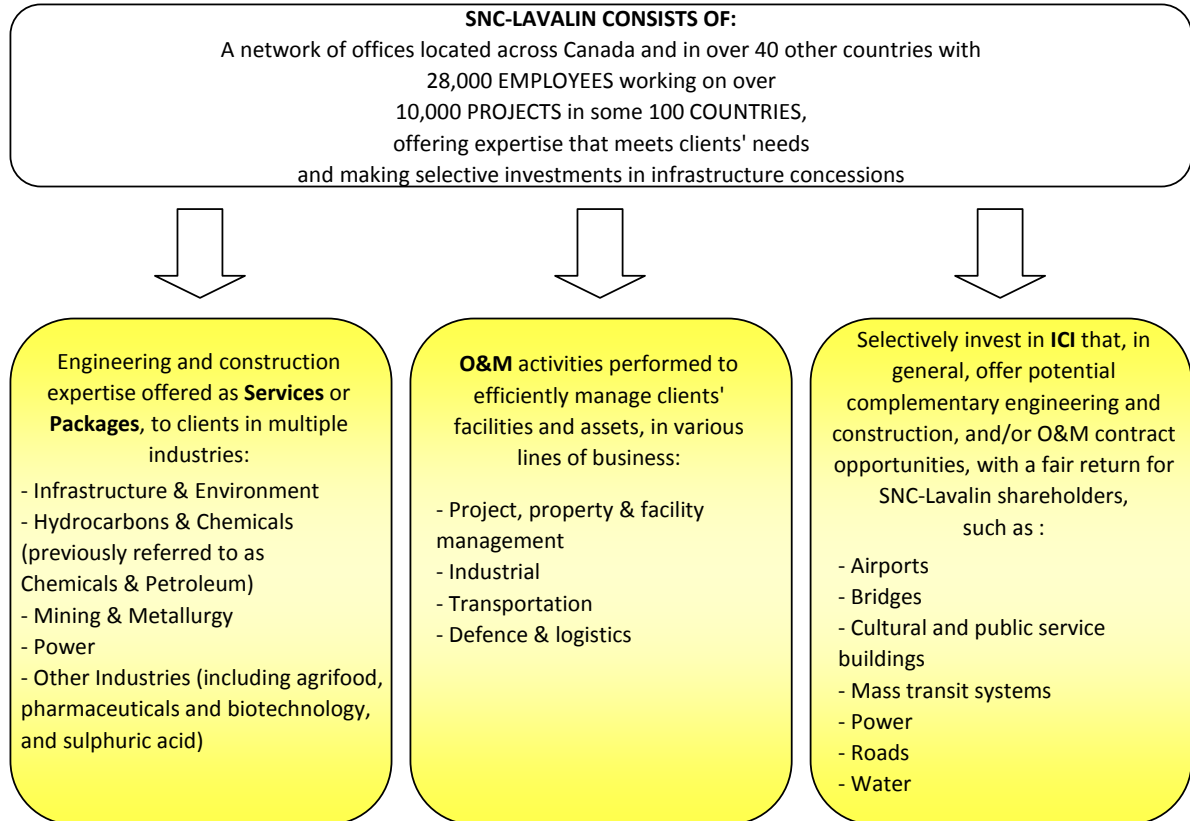
In 2009, SNC-Lavalin completed the following business acquisitions, which added approximately 1,200 people to its workforce:

- BV2 BVBA, a Belgian firm specialized in pharmaceutical and biotechnology engineering employing approximately 60 people.
- VST Ingenieros Ltda, a Chilean consulting engineering firm of approximately 50 employees, specialized in mining geotechnical work with expertise and technology in the field of thickened tailings disposal.
- Two French firms, Antis Conseil and Ingénierie S.A.S., involved in industrial engineering and logistics, and Cabinet d'Études Édouard Coumelongue Ingénieurs Conseils S.A.S., with expertise in infrastructure studies, employing a total of approximately 30 people.
- Spectrol Energy Services Inc., a Canadian engineering and technical services firm in St. John's, Newfoundland and Labrador, employing approximately 75 people with expertise that includes inspection, quality, asset integrity, maintenance and reliability engineering for the oil and gas industry and other natural resource sectors.
- Marte Engenharia Ltda., a Brazilian engineering firm with approximately 1,000 people serving the power industry in Brazil and Latin America, with particular expertise in the design of high voltage transmission lines and electrical substations.

3. DESCRIPTION OF THE BUSINESS

3.1 GENERAL

SNC-Lavalin is a leading international engineering and construction company, and a leader in O&M in Canada. The Corporation is also recognized for its select investments in infrastructure concessions.



Hydrocarbons & Chemicals was previously referred to as Chemicals & Petroleum. As petroleum refers only to liquid crude oil, and not to other hydrocarbon sectors such as liquefied natural gas, gas processing and gas-to-liquid, the new name better reflects the Corporation's full range of activities.

SNC-Lavalin has more than 10,000 ongoing projects in multiple geographic regions and for multiple industry segments, showing the diversity of the Corporation's operations. The Corporation's geographic and industry diversification is one of the key factors that allows SNC-Lavalin to differentiate itself from its competitors.

The Corporation reports its revenues under **four categories of activity**, which are as follows:

- **Services:** includes contracts wherein SNC-Lavalin provides engineering services, feasibility studies, planning, detailed design, contractor evaluation and selection, project and construction management, and commissioning.

Services revenues are derived primarily from cost-plus reimbursable contracts.

- **Packages:** includes contracts wherein SNC-Lavalin is responsible not only for providing one or more Services activities, but also undertakes the responsibility for providing materials and equipment, and usually also include construction activities.

Packages revenues are derived primarily from fixed-price contracts.

- **Operations and Maintenance (“O&M”)**: includes contracts under which the Corporation provides operations, maintenance and logistics solutions for buildings, power plants, water supply and treatment systems, desalination plants, postal services, broadcasting facilities, highways, bridges, light rail transit systems, airports, ships, and camps for construction sites and the military.

O&M revenues are derived primarily from cost reimbursable with fixed-fee contracts, and from fixed-price contracts.

- **Infrastructure Concession Investments (“ICI”)**: equity investments in infrastructure concessions for public services, such as airports, bridges, cultural and public service buildings, power, mass transit systems, roads and water.

The Corporation’s results are analyzed by segment. The segments regroup related activities within SNC-Lavalin **consistent with the way management’s performance is evaluated.**

i) **Services and Packages** activities relate to engineering and construction operations and are presented in the way management performance is evaluated by regrouping its projects within the related industries, and are as follows:

- **Infrastructure & Environment** includes a full range of infrastructure projects for the public and private sectors including airports, buildings, health and care, educational and recreational facilities, seaports, marine and ferry terminals, flood control systems, urban transit systems, railways, roads and bridges, and water and wastewater treatment and distribution facilities. It also includes social and environmental impact assessments and studies, community engagement, site assessment, remediation and reclamation, ecological and human health risk assessments, waste management, water resources planning, development and supply, treatment and sanitation, marine and coastal management, geoenvironmental services, climate change, air quality and acoustics, environmental management, geographic information systems, and agriculture and rural development.
- **Hydrocarbons & Chemicals** (previously Chemicals & Petroleum) includes projects in the areas of bitumen production, heavy or conventional oil production, onshore and offshore oil and gas, upgrading and refining, petrochemicals, chemicals, biofuels and green chemicals, gas processing, liquefied natural gas plants and re-gasification terminals, coal gasification, carbon capture, transportation and storage, pipelines, terminals and pump stations.
- **Mining & Metallurgy** includes a full range of activities for all mineral and metal recovery processes, including mine infrastructure development, mineral processing, smelting, refining, mine closure and reclamation, mine and tailings management, and fertilizers.
- **Power** includes projects in hydro, thermal and nuclear power generation, energy from waste, green energy solutions, and transmission and distribution.
- **Other Industries** combines projects in several industry sectors, namely agrifood, pharmaceuticals and biotechnology, sulphuric acid as well as projects related to other industrial facilities not already identified as part of any other preceding industry segments.

ii) **O&M** activities as described above.

iii) **ICI** as described above.

Business Strategy

SNC-Lavalin’s business strategy is founded on a **strategic vision**:

Be the world's foremost diversified provider of sustainable engineering and construction solutions delivered locally

The following seven strategic priorities are the pillars on which the Corporation’s strategic vision rests. Focusing on these priorities ensures that SNC-Lavalin continues to grow and be successful by serving the needs of its clients, employees, shareholders and the communities where it is active.

STRATEGIC PRIORITIES	KEY IMPLICATIONS
Operational excellence	Successful project delivery is at the heart of achieving operational excellence which is required for SNC-Lavalin to retain the trust of its clients, existing and new. Successful project delivery includes, first and foremost, exceeding targets for health and safety performance, budget, schedule, quality of work, and overall client satisfaction.
Improve competitiveness	A focus on cost-efficiency and product differentiation, supported by strong capabilities and experience, will be key, to ensuring that the Company is consistently selected by clients as their partner of choice on projects.
Stronger relationships with clients	Creating strong relationships with clients will ensure that SNC-Lavalin becomes a true partner to its clients.
Geographic diversification and growth of markets and offerings	Expansion of geographic, product and sector coverage will be an important component in accessing new markets where the Company can continue its growth trajectory. The ability to deliver local projects using local resources will be a key component in delivering the geographic growth strategy.
Build sustainable people and organisational capabilities	Through strong leadership and talent development, the Company will continue to identify and groom its future leaders, and strengthen employee engagement.
Financial strength and flexibility	Maintaining a strong financial position is important not only for the Company's shareholders and credit providers but also to provide its clients with the knowledge that it is able to maintain stability while delivering projects it undertakes on their behalf. It also allows the Company to seize strategic business opportunities and investments in infrastructure concessions.
Corporate social responsibility	The Company has deep respect for its social obligations and will act, and be known, as a socially responsible company. This includes engaging itself in the broader community wherever the work is performed.

Competitive Conditions

SNC-Lavalin derives its competitive strength from its ability to work in many languages and cultures, its reputation for quality, its global procurement capability, its highly skilled and experienced technical personnel, its commitment to health and safety matters and to a sustainable environment, its project management expertise, the scope of its geographical presence and its ability to execute projects of varying sizes calling for a wide range of services and technologies. Its solid financial position and its ability to structure and source project financing, in certain cases by providing its own equity capital, are also important competitive strengths.

The Corporation operates in a highly competitive environment and has numerous competitors in all of its market segments. The competitive landscape varies by industry, geographic, and project type. Companies that compete within our engineering and construction segment are principally: AECOM, AMEC plc, The Bechtel Group Inc., Fluor Corporation, Foster Wheeler, Hatch Ltd, Jacobs Engineering Group Inc., Technip, Samsung Engineering, SK engineering, URS and Worley Parsons Ltd. Companies that compete within our O&M segment are principally: CBRE Group Inc., Johnson Controls, Serco, Veolia, Atco Group and PTI Group Inc. Companies that compete with our ICI segment are principally: Acciona S.A., ACS, Bouygues, Carillion, and Plenary Group.

SNC-Lavalin has clients worldwide, many of them are repeat clients. In any given year, a single client may represent a material portion of the Corporation’s consolidated revenues due to the size of a particular project and the progress accomplished on such projects.

Clients of engineering-construction firms in Canada range from small to large industrial companies and Crown corporations to municipal, provincial and federal governments. Most international clients of Canadian engineering-construction firms are in developing countries or are large industrial companies.

Cash Management Policy

SNC-Lavalin’s cash management policy requires that cash balances be invested in highly secure and highly liquid instruments that provide yields comparable to those available on the market for high-grade investment instruments. The Corporation invests its cash balances, primarily, in money market instruments and bonds of high-credit quality.

Organizational Structure

SNC-Lavalin has a network of marketing and operating offices across Canada and in over 40 other countries. At any given time, its employees are working in approximately 100 countries carrying out projects, pursuing business opportunities and marketing its products and services. To gain better access to markets outside Canada and to facilitate the financing of international projects, SNC-Lavalin may form alliances, either with firms possessing expertise that is complementary to SNC-Lavalin’s existing capabilities, or with leading local firms in such markets. By adding to SNC-Lavalin’s strengths and abilities, these alliances enable SNC-Lavalin to share project risks and provide additional opportunities.

3.2 REVENUE BACKLOG

A discussion of the revenue backlog of SNC-Lavalin is presented under the heading “Management’s Discussion and Analysis – Revenue Backlog”, of the Corporation’s most recent Financial Report which discussion is incorporated herein by reference. The Corporation’s most recent Financial Report is available on SEDAR at www.sedar.com or on the Corporation’s website at www.snclavalin.com under the “Investors” section.

3.3 RISK FACTORS

A discussion of the risks and uncertainties to which SNC-Lavalin is subject, as well as of SNC-Lavalin’s risk management practices is presented under the heading “Management’s Discussion and Analysis – Risks and Uncertainties”, of the Corporation’s most recent Financial Report which discussion is incorporated herein by reference. The Corporation’s most recent Financial Report is available on SEDAR at www.sedar.com or on the Corporation’s website at www.snclavalin.com under the “Investors” section.

3.4 HUMAN RESOURCES

The table below shows the approximate number of employees in the SNC-Lavalin group of companies:

Number of employees as at December 31st	2011	2010	2009
Total	28,100	23,900	21,900

The number of employees varies depending on the number and nature of ongoing projects.

3.5 “WE CARE” VALUE STATEMENT

SNC-Lavalin has a “WE CARE” value statement which reiterates the Corporation’s commitment to the well-being of its employees (see 3.5.1), the health and safety of people working on project sites and in offices worldwide (see 3.5.2), the communities in which its employees live and work (see 3.5.3), a sustainable environment (see 3.5.4), and quality (see 3.5.5). The “WE CARE” value statement reinforces values that have formed the cornerstone of SNC-Lavalin’s culture for more than 100 years. “WE CARE” has become the framework for ongoing corporate and individual division or business unit initiatives and programs in support of each of its core values. The Office of the President ensures continuity in our corporate programs and the development of new ones to maintain a high level of awareness throughout the Corporation of the importance of “living” these core values.

3.5.1 Well-being of Employees

Key corporate human resources objectives start with providing a positive and fulfilling working environment for the Corporation’s employees, and include specific goals related to recruitment and retention: ongoing enhancement and expansion of its training and leadership development programs; hiring practices worldwide that are fair given the differences in labour regulations and local business norms in some 100 countries where the Corporation operates; and ensuring that its benefit packages and compensation are competitive, in order to help retain its employees, and attract new ones.

3.5.2 Health and Safety

SNC-Lavalin’s value statement commits the Corporation to “caring about” the health and safety of people who work under our care, and of the people our projects serve.

SNC-Lavalin has an Occupational Health and Safety Policy for all work sites. The Corporation has developed strategies and tools to ensure that this Policy is implemented in all its activities. The strategies are based on the principles of visible safety leadership at all levels and individual competence in identifying and managing hazards in the accomplishment of all work. From these basic strategies a series of tools have been developed, which include the implementation of global health and safety management system, the use of comprehensive and active risk registers, use by individual employees of a personal risk assessment tool called the “StepBack Program”, and a positive incentive program to reward risk competent behaviour.

The Office of the President receives monthly reports including statistics relating to health and safety performance throughout the Corporation. The implementation of health and safety policies as well as SNC-Lavalin’s health and safety performance is monitored and reviewed by the Health, Safety and Environment Committee of the Board of Directors which meets approximately 4 times per year.

3.5.3 The Communities in Which We Live and Work

The Corporation supports, encourages and acknowledges the increasing number of local community initiatives undertaken by divisions, business units, project teams and individual employees in their communities worldwide because it believes working in the community is the right thing to do and because it demonstrates the Corporation’s active commitment as a responsible global citizen.

3.5.4 Environment

The Corporation has an Environmental Policy which commits SNC-Lavalin and its employees to integrate environmental considerations into all corporate activities worldwide, to comply with all applicable environmental laws, regulations and standards, and to implement pollution prevention procedures.

SNC-Lavalin is subject to Canadian federal, provincial and municipal laws and regulations relating to the environment. Projects that the Corporation implements outside Canada are subject to local environmental

legislation. SNC-Lavalin ensures that it complies in all material respects with such laws and regulations. The Corporation's environmental professionals provide support to its business units and conduct environmental studies (such as environmental impact assessments) that may be required in the various jurisdictions in which the Corporation operates.

On construction sites which it manages, the Corporation implements construction site environmental management plans in order to ensure that its construction management activities comply with the requirements of applicable legislation, as well as the requirements of its own environmental policy. Construction sites managed by the Corporation provide reports on their environmental performance in accordance with standard environmental management indicators.

This Policy and its application are monitored and reviewed by the Health, Safety and Environment Committee of the Board of Directors which meets approximately 4 times per year.

3.5.5 Quality

The final WE CARE value concerns the quality of our work. SNC-Lavalin has long prided itself regarding the quality of its work and divisions of the Corporation, between them, hold over 40 ISO quality management system certificates. The Corporate Quality Policy provides guidance to all business units in their implementation of the WE CARE value statement on quality.

4. DIVIDENDS

SNC-Lavalin aims to declare and pay cash dividends on a quarterly basis. SNC-Lavalin's Board of Directors considers several factors when reviewing dividend payments, including present and future: (i) earnings, (ii) cash flows, and (iii) capital requirements. There can be no assurance as to the amount or timing of such dividends in the future.

In the past 3 fiscal years, SNC-Lavalin has declared the following quarterly dividends per common share:

	Q1 (\$)	Q2 (\$)	Q3 (\$)	Q4 (\$)	Annual (\$)
2011	0.21	0.21	0.21	0.22	0.85
2010	0.17	0.17	0.17	0.21	0.72
2009	0.15	0.15	0.15	0.17	0.62

5. CAPITAL STRUCTURE

General Description

The Corporation's authorized share capital consists of an unlimited number of common shares, first preferred shares and second preferred shares. Only common shares are currently outstanding. The following summarizes certain provisions relating to the Corporation's common shares. This summary is qualified in its entirety by the actual rights, privileges, restrictions and conditions attaching to such shares.

Common Shares

The holders of the Corporation's common shares are entitled to notice of, to attend and to one vote per share at all meetings of the Corporation's shareholders. The holders of the common shares are entitled to receive dividends as and when declared by the Board of Directors. The holders of the common shares will be entitled to receive the remaining property of the Corporation upon liquidation, dissolution or winding-up.

Credit Ratings

The following table shows the ratings for the Corporation's \$350 million, 6.19% debentures due in July 2019

	Standard & Poor's Ratings Services ("S&P")	DBRS
\$350 million, 6.19% debentures due in July 2019	BBB+	BBB (high)

S&P rates the Corporation's debentures BBB+ with a stable outlook. S&P reiterated the Corporation's rating on November 30, 2011. On September 16, 2011, DBRS improved its outlook for the Corporation's debenture from BBB (high) with a stable trend to BBB (high) with a positive trend. On February 28, 2012, following the Corporation's update on the announcement of its 2011 financial results and impact on its 2011 outlook, DBRS placed SNC-Lavalin's debentures' rating at BBB (high) Under Review with Developing Implications. DBRS will maintain the rating under review until it has completed its assessment. On February 29, 2012, Standard & Poor's also issued a credit rating bulletin stating that SNC-Lavalin's debentures' rating was unaffected in the near-term.

Credit ratings established by S&P and DBRS are based on quantitative and qualitative considerations relevant to the Corporation. The credit ratings are intended to indicate the risk that the Corporation will not satisfy its obligations on a timely basis and disregard certain factors such as market risk or price risk. These factors should be considered by investors as risk factors in their process of investment decision making. Such ratings do not constitute a recommendation to purchase, hold or sell the securities and may be changed or withdrawn at any time by the rating agencies.

The S&P and DBRS ratings for borrowing vary between AAA and D. The BBB+ and BBB (high) ratings granted by S&P and DBRS, respectively, testify to the existence of adequate protection mechanisms. However, an unfavourable economic situation or changing circumstances could affect the Corporation's ability to meet its financial commitments.

6. MARKET FOR SECURITIES

Market

The common shares of the Corporation are listed for trading on the Toronto Stock Exchange (“TSX”) under the symbol “SNC”. The Corporation’s common shares are included in the S&P/TSX Composite Index as well as the S&P/TSX Industrials Index, S&P/TSX 60 Index and the S&P/TSX Canadian Dividend Aristocrats Index.

Trading Price and Volume

The following table sets out the trading prices and volumes of the Corporation’s common shares on the TSX and on alternative Canadian trading systems for the periods indicated.

2011	Volume (in 000s)	High*	Low*	Close
January	8,840	63.23	58.34	58.67
February	9,557	62.56	54.85	56.24
March	15,428	57.60	52.80	55.24
April	9,767	57.25	53.00	57.24
May	9,840	58.40	53.11	57.03
June	7,780	59.10	51.93	58.88
July	4,208	59.97	52.72	54.01
August	13,588	54.61	47.00	52.38
September	13,803	52.90	42.06	44.03
October	11,800	52.40	38.51	50.09
November	11,818	52.56	46.56	50.00
December	6,421	52.88	46.59	51.08

* Intra-day highs and lows during each month

7. DIRECTORS AND OFFICERS

The following table lists the Directors of the Corporation, their place of residence, and their respective principal occupations as at March 26, 2012:

<u>Name and Place of Residence</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Ian A. Bourne, ICD.D. ⁽⁶⁾ Alberta (Canada)	Vice-Chairman and Interim Chief Executive Officer	2009
David Goldman ^{(1), (3), (6)} Ontario (Canada)	Company Director	2002
Patricia A. Hammick, Ph.D. ^{(1), (2)} Virginia (United States of America)	Company Director	2007
Pierre H. Lessard ^{(2), (3)} Quebec (Canada)	Executive Chairman Metro Inc.	1998
Edythe (Dee) A. Marcoux ^{(1), (3), (4)} British Columbia (Canada)	Company Director	1998
Professor Lorna R. Marsden, C.M., Ph.D. ^{(2), (4)} Ontario (Canada)	President Emerita York University	2006
Claude Mongeau ⁽¹⁾ Quebec (Canada)	President and Chief Executive Officer Canadian National Railway Company	2003
Gwyn Morgan, C.M. ^{(3), (6)} British Columbia (Canada)	Chairman of the Board SNC-Lavalin Group Inc.	2005
Michael D. Parker, CBE ^{(1), (4)} London (United Kingdom)	Company Director	2010
The Hon. Hugh D. Segal, C.M. ^{(2), (4)} Ontario (Canada)	Senator Senate of Canada	1999
Eric D. Siegel, ICD.D. ^{(1), (4), (5)} Ontario (Canada)	Company Director	2012
Lawrence N. Stevenson ^{(2), (3), (6)} Ontario (Canada)	Managing Director Callisto Capital LP	1999

(1) Member of the Audit Committee

(2) Member of the Human Resources Committee

(3) Member of the Governance Committee

(4) Member of the Health, Safety and Environment Committee

(5) On January 1, 2012, Mr. Siegel became a Director of the Corporation, as well as a member of the Audit Committee and the Health, Safety and Environment Committee

(6) Member of the newly created Special Transition Committee

To the knowledge of the Corporation, in the last 10 years, none of the above-named nominees is or has been a director or officer of any other issuer that, while that person was acting in that capacity (i) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days or (ii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, except for:

- i) Mr. Claude Mongeau, a Director of the Corporation, who became a director of Nortel Networks Corporation ("**NNC**") and Nortel Networks Limited ("**NNL**") on June 29, 2006 and resigned at the end of August 2009. On January 14, 2009, NNC, NNL and certain other Canadian subsidiaries initiated creditor protection proceedings under the Companies' Creditors Arrangement Act ("**CCAA**") in Canada. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa ("**EMEA**") subsidiaries made consequential filings in Europe and the Middle East. These proceedings are ongoing. Mr. Mongeau resigned as a director of NNC and NNL effective end of August 2009.
- ii) Ms. Edythe (Dee) A. Marcoux, a Director of the Corporation, who was acting as a director of Southern Pacific Petroleum NL ("**SPP**") when SPP's securities were suspended from quotation on the Australian Stock Exchange prior to the commencement of trading on November 25, 2003 for a period of more than 30 consecutive days, and in respect of which receivers were appointed on December 2, 2003. SPP's securities are not currently being traded. Ms. Marcoux resigned as a director of SPP with effect from 12 noon on December 5, 2003. Ms. Marcoux was also a Director and member of the Audit Committee of OPTI Canada Inc. ("**OPTI**"). On July 13, 2011, OPTI commenced proceedings for creditor protection under the CCAA. The TSX delisted OPTI's common shares on August 26, 2011. The TSX approved the listing of OPTI's common shares on the TSXV which commenced trading on August 29, 2011. OPTI's common shares were subsequently delisted from the TSXV at the close of business on November 29, 2011, following the closing of OPTI's acquisition by CNOOC Luxembourg S.à.r.l., an indirect wholly-owned subsidiary of CNOOC Limited (the "**Acquisition**"). Pursuant to the Acquisition, indirect wholly-owned subsidiaries of CNOOC Limited acquired over OPTI's second lien notes and all of the outstanding shares of OPTI. The Acquisition was effected by way of a plan of arrangement through OPTI's current proceedings under the CCAA and the Canada Business Corporations Act. Ms. Marcoux resigned as a director of OPTI Canada Inc. on November 28, 2011.

Furthermore, to the knowledge of the Corporation, in the last 10 years, no Director or officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets.

The Board of Directors of the Corporation currently has 4 standing Board Committees (the Audit Committee; the Governance Committee; the Health, Safety and Environment Committee; and the Human Resources Committee), in addition to a new Special Transitional Committee created on March 23, 2012. The Board of Directors does not have an executive committee. As at March 25, 2012, membership of the Board Committees was as follows:

Audit Committee

D. Goldman (Chairman)
P.A. Hammick
E.A. Marcoux
C. Mongeau
M.D. Parker
*E. D. Siegel

Governance Committee

D. Goldman
P.H. Lessard
E.A. Marcoux
G. Morgan (Chairman)
L.N. Stevenson

Health, Safety and Environment Committee

E.A. Marcoux (Chairperson)
L.R. Marsden
M.D. Parker
H.D. Segal
*E. D. Siegel

Human Resources Committee

P.A. Hammick
P.H. Lessard
L.R. Marsden
H.D. Segal
L.N. Stevenson (Chairman)

Special Transition Committee

I. A. Bourne
D. Goldman
G. Morgan (Chairman)
L. N. Stevenson

* On January 1, 2012, Mr. Siegel became a Director of the Corporation, as well as a member of the Audit Committee and the Health, Safety and Environment Committee.

The following table lists the executive officers of the Corporation who are not also Directors of the Corporation, and their place of residence, as at March 26, 2012:

<u>Name and Place of Residence</u>	<u>Principal Occupation</u>
Feroz Ashraf Ontario (Canada)	Executive Vice-President Mining and Metallurgy
Jean Beaudoin Quebec (Canada)	Executive Vice-President Integrated Management Systems
Jim Burke British Columbia (Canada)	Executive Vice-President Airports, Mass Transit, Railways, Ports and Marine and Environment
Darleen Caron Quebec (Canada)	Executive Vice-President Global Human Resources
Charles Chebl Quebec (Canada)	Executive Vice-President Infrastructure and Construction
Christian Jacqui Ivry-sur-Seine (France)	Executive Vice-President, Europe
Patrick Lamarre Ontario (Canada)	Executive Vice-President Power

<u>Name and Place of Residence</u>	<u>Principal Occupation</u>
Gilles Laramée Quebec (Canada)	Executive Vice-President and Chief Financial Officer
Andrew Mackintosh Alberta (Canada)	Executive Vice-President Hydrocarbons and Chemicals
Michael Novak Quebec (Canada)	Executive Vice-President International and Aboriginal Affairs
Charles Rate Ontario (Canada)	Executive Vice-President Operations and Maintenance

All of the above-mentioned executive officers, except for Darleen Caron, Charles Chebl, Christian Jacqui and Andrew Mackintosh, have held their present positions or other positions within the Corporation or associated companies during the past 5 years.

As at December 31, 2011, the Directors and the above executive officers of the Corporation, as a group, held, either directly or indirectly, or exercised control over 1,575,660 common shares, namely 1.04% of the common shares of the Corporation.

8. LEGAL PROCEEDINGS

In the normal conduct of operations, there are pending claims by and against SNC-Lavalin. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance.

On March 1, 2012, a proposed class action lawsuit was filed with the Quebec Superior Court, on behalf of persons who acquired the Corporation's securities from and including March 13, 2009 through and including February 28, 2012, whether in a primary market offering or in the secondary market. The Motion for authorization alleges that certain documents issued by SNC-Lavalin between these dates contained misrepresentations. The Motion seeks leave from the Superior Court to bring a statutory misrepresentation claim under Quebec's Securities Act and the equivalent provisions contained in the various other Canadian provinces' securities legislation. The proposed action claims damages equivalent to the decline in market value of the securities purchased by class members when SNC-Lavalin issued a press release dated February 28, 2012, as well as the costs of administering the plan to distribute recovery pursuant to the class action. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of this lawsuit or determine the amount of any potential losses, if any, and SNC-Lavalin may, in the future, be subject to further class actions or other litigation.

9. AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

On March 6, 2008, the Board of Directors of the Corporation approved an Amended and Restated Shareholder Rights Plan Agreement, which was subsequently ratified by the Corporation's shareholders on May 1, 2008 and filed under the Corporation's SEDAR profile on May 14, 2008. The Corporation subsequently entered into an Amended and Restated Shareholder Rights Plan Agreement dated as of March 4, 2011, with Computershare Investor Services Inc. as rights agent, which was subsequently ratified by the Corporation's shareholders on May 5, 2011 and filed under the Corporation's SEDAR profile on May 6, 2011.

10. TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. is the Corporation's transfer agent and registrar for the Corporation's common shares, with principal offices in the cities of Montreal (Quebec), Toronto (Ontario), and Vancouver (British Columbia).

11. EXPERTS

Deloitte & Touche LLP is the auditor of the Corporation and is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables agréés du Québec*.

12. AUDIT COMMITTEE

Mandate of the Audit Committee

The mandate of the Audit Committee of SNC-Lavalin is attached as Schedule “A” to this Annual Information Form.

Composition of Audit Committee

The Audit Committee of the Corporation consists of Mr. David Goldman (Chairman), Ms. Patricia A. Hammick, Ms. Edythe A. Marcoux, Mr. Claude Mongeau, Mr. Michael D. Parker and Mr. Eric D. Siegel (as of January 1, 2012). Each member of the Audit Committee is independent and none receives, directly or indirectly, any compensation from the Corporation other than for service as a member of the Board of Directors and its Committees. All members of the Audit Committee are financially literate, as this phrase is defined under National Instrument 52-110 (Audit Committees) of the Canadian Securities Administrators’ (the “CSA”). In considering the criteria for determining financial literacy, the Board considers the ability of the director to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Relevant Professional Qualifications and Experience of Audit Committee Members

Each of the members of the Corporation’s Audit Committee has professional qualifications, business experience, or both, that are relevant to the performance of his/her responsibilities as a member of the Audit Committee (for additional disclosure regarding the qualifications and experience of these Directors, see section 3.1 “Directors Proposed for Election” and Schedule K “Board Committee Reports – Report of the Audit Committee” of the 2011 management proxy circular of the Corporation - the “**Management Proxy Circular**”).

Mr. Goldman is or has been a member of the board and audit committee of several issuers listed on NASDAQ or on the TSX and has experience such as that gained when he was Executive Vice-President and Chief Operating Officer of Noranda Inc. (now known as Xstrata).

Ms. Hammick, she is lead director of Dynegey Inc. and also has financial expertise acquired through her experience as part of the management team at Columbia Energy Group and as a director and member of the Finance Committee of Consol Energy Inc.

Ms. Marcoux has extensive experience in financial matters from her many years as a director for a number of large public issuers such as the National Bank of Canada, Sherritt International Corporation and Placer Dome Inc.

Mr. Mongeau who is presently the Chief Executive Officer of Canadian National Railway Company, was that company’s Executive Vice-President and Chief Financial Officer for many years and has been named Canada’s CFO of the Year in 2005.

Mr. Parker was Chief Executive Officer of Dow Chemical Company and is a member of the Audit Committee of PV Crystalox Solar plc and Invensys plc.

Mr. Siegel was President and Chief Executive Officer of Export Development Canada (“EDC”) and has extensive financial expertise acquired through his experience of over 30 years at EDC.

Pre-Approval Policies and Procedures

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditor's independence. The Audit Committee has adopted a policy that prohibits the Corporation from engaging auditors for "prohibited" categories of non-audit services and requires pre-approval, by the Audit Committee, of audit services and other services within permissible categories of non-audit services, as set out in the terms of the Audit Committee's mandate (see Schedule "A" to this Annual Information Form).

Auditor's Fees

The aggregate fees paid, including the Corporation's pro-rata share of the fees paid by its joint ventures and other investees, for professional services rendered by Deloitte & Touche LLP and its affiliates, the Corporation's auditor, for the year ended December 31, 2011 and the year ended December 31, 2010, are presented below:

	Year Ended December 31, 2011	Year Ended December 31, 2010
Audit Fees⁽¹⁾	\$3,197,100	\$3,460,500
Audit-Related Fees⁽²⁾	\$983,500	\$962,700
Tax Fees⁽³⁾	\$1,200,900	\$1,207,500
Other Fees⁽⁴⁾	\$169,000	\$180,900
Total⁽⁵⁾	\$5,550,500	\$5,811,600

Notes

- (1) Audit Fees include fees for professional services rendered for the audit of the Corporation's annual financial statements and the review of the Corporation's quarterly reports. They also comprise fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the Corporation's subsidiaries, as well as services that generally only the Corporation's auditor can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions.
- (2) Audit-Related Fees include fees for assurance services that are reasonably related to the audit or review of the financial statements and are not reported under "Audit Fees", including special attest services not required by statute or regulation, reporting on the effectiveness of internal controls as required by contract or for business reasons, accounting consultations in connection with various transactions, and the audit of the Corporation's various pension plans.
- (3) Tax Fees comprise fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation, review of tax returns and preparation of expatriate employee tax returns.
- (4) Other Fees include fees for services other than those described under "Audit Fees", "Audit-Related Fees" and "Tax Fees". Other Fees consist principally of fees for the translation of financial statements, as well as for technical update seminars.
- (5) The aggregate fees paid to Deloitte & Touche LLP, irrespective of the Corporation's proportionate interests in its joint ventures and other investees, totalled \$6,544,400 in 2011 and \$6,561,300 in 2010.

13. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this Annual Information Form that describe the Corporation's or management's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. The Corporation cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially

from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes.

Many factors and assumptions could have an impact on the materialization of the Corporation's projections, including, but not limited to, project performance, cost overruns, performance of joint venture partners, ability to attract and retain qualified personnel, subcontractors and suppliers, economic and political conditions, non-compliance with laws or regulations by the Corporation's employees, agents, suppliers and/or partners and other factors that are beyond its control. The Corporation cautions that the foregoing list of factors is not exhaustive. Additional risks and uncertainties exist by reason of the identified material weaknesses in the Company's internal control over financial reporting and to matters investigated in connection with the independent review, which are described in detail in the Corporation's most recent Management's Discussion and Analysis. For more information on risks and uncertainties, and assumptions that would cause the Corporation's actual results to differ from current expectations, please refer to the section "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and the section "Risks and Uncertainties", of the Corporation's most recent Management's Discussion and Analysis filed with the securities regulatory authorities in Canada, available on SEDAR at www.sedar.com.

The forward-looking statements in this document reflect the Corporation's expectations as at March 26, 2012, when the Corporation's Board of Directors approved this document, and are subject to change after this date. The Corporation does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

14. ADDITIONAL INFORMATION

Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the 2011 Management Proxy Circular, which relates to the May 3, 2012 annual meeting of shareholders of the Corporation.

Additional financial information, including comparative financial statements for the Corporation's most recently completed financial year, is contained in the Corporation's most recent Financial Report.

To order paper copies of this Annual Information Form, the most recent Management Proxy Circular, Annual Report and Financial Report, please visit the "Investors" section at www.snclavalin.com. These documents are also available on the CSA's Website at www.sedar.com. Additional information relating to the Corporation may also be found on SNC-Lavalin's Website at www.snclavalin.com and on the CSA's Website at www.sedar.com.

SCHEDULE "A"

Mandate of the Audit Committee

1. COMPOSITION

The Audit Committee shall be composed entirely of Directors who are "independent" (as this word is defined at Tab 3 entitled "Board Composition, Meeting Arrangements, Remuneration and Indemnification" ("**Tab 3**") of the Corporation's Corporate Governance Handbook ("**CGH**"), which is posted on the Corporation's Website (www.snclavalin.com) under "About Us/Corporate Governance". A paper copy of Tab 3 may also be obtained on request from the Corporate Secretary. It is the Board that shall determine whether a Director who is to be appointed as member of the Committee satisfies the above criteria for independence.

Furthermore, every Committee member must be financially literate or must become financially literate within a reasonable period of time following appointment to the Committee (provided, however, in the latter case, that the Board of Directors determines that the fact that the Committee member is not initially financially literate will not materially adversely affect the ability of the Committee to act independently and fulfill its mandate). An individual is financially literate if he/she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. It is the Board that shall determine whether a Director who is to be appointed as member of the Committee satisfies the above criteria of financial literacy.

At least 1 member of the Human Resources Committee shall sit on the Audit Committee and vice versa.

The appointment of the Chairman of the Committee shall be reconsidered by the Governance Committee every 3 years, the first such review to be in 2005; if desired, a new Chairman of the Committee shall be recommended by the Governance Committee and appointed by the Board.

2. TERMS OF REFERENCE

The duties and responsibilities of the Committee shall include the following:

Primary Accountability

- (a) oversee corporate and financial reporting and the application of the Corporation's Disclosure Policy (included in the CGH at Tab 19), as more specifically detailed below, in full compliance with all applicable legal and regulatory requirements;

Financial Reporting

- (b) review and recommend approval by the Board of the Corporation's unaudited quarterly financial statements, its audited annual financial statements and its press releases relating thereto;
- (c) review before publication the Corporation's Management's Discussion and Analysis with particular attention to the presentation of unusual or sensitive matters such as disclosure of related party transactions, of significant non-recurring events, of significant risks, of changes in accounting principles, and of estimates or reserves, and all significant variances between comparative reporting periods;

- (d) review all financial information to be included in annual information forms, annual reports, management proxy circulars, prospectuses, other offering memoranda and other documents containing similar financial information requiring approval by the Board of Directors before their public disclosure or filing with regulatory authorities;
- (e) review the statement of management's responsibility for the financial statements as signed by senior management and to be included in any published document;

Accounting Policies

- (f) review and ensure the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements, including an annual review of the key accounting policies and accounting treatments that are particular to the Corporation, and consider any proposed changes to such policies;

Risk and Uncertainty

- (g) review any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and ensure appropriate disclosure thereof;
- (h) ensure that financial, accounting, auditing, control and reporting risks are identified and that the measures to mitigate and manage such risks are implemented;

Controls and Control Deviations

- (i) monitor the quality and integrity of the Corporation's internal control, disclosure controls and procedures and management information systems, with particular emphasis on accounting and financial controls, recommending changes where appropriate, and oversee management's reporting on internal control and disclosure controls and procedures;

Relationship with Independent Auditor

- (j) formally consider the continuation of, or a change in, the independent auditor and review all issues related to a change of independent auditor, including any differences between the Corporation and the auditor that relate to the auditor's opinion or a qualification thereof or a comment by the auditor;
- (k) recommend to the Board of Directors an independent auditor, which the Committee shall have established is independent, for approval by the shareholders of the Corporation; review and approve the terms of its engagement; review and approve the fee, scope and timing of its reviews of the unaudited quarterly financial statements and of its annual audit.

The Committee shall also be informed of and pre-approve, which pre-approval may be given by a designated "independent" (as this word is defined at Tab 3 of the CGH) member of the Committee, certain **audit-related services** and **taxation services** as specified in paragraph (ii) below to be provided by the independent auditor and the costs thereof and consider any impact of the provision of any such **audit-related services** and **taxation services** on its independence; and determine appropriate funding for payment of the independent auditor. If any such services are pre-approved by a designated, "independent" member of the Committee, such pre-approval shall be presented to the Committee at its first scheduled meeting following such pre-approval.

For greater clarity, the independent auditor:

(i) shall provide the following specific **audit services**:

- examination of the Corporation's annual consolidated financial statements;
- examination of the annual financial statements of certain related entities or groups, as may be required or requested by management;
- review of the Corporation's quarterly consolidated financial statements;
- review of the Corporation's annual information form (**AIF**), management's discussion and analysis (**MD&A**), management proxy circular and other annual or quarterly filing documents;
- review of the Corporation's prospectuses or other financing documents and issuance of appropriate consent, comfort or other required letters to interested parties; and
- accounting research and consultations on the application of generally accepted accounting principles (**GAAP**) and International Financial Reporting Standards (**IFRS**);

(ii) may, with the pre-approval of the Committee, which pre-approval may be given by a designated "independent" member of the Committee (provided, however, that any pre-approval by a designated, "independent" member of the Committee shall be presented to the Committee at its first scheduled meeting following such pre-approval), provide the following audit-related services and taxation services and other similar services that are not incompatible, as to their nature, with the maintenance of its professional independence:

- examination of the annual financial statements of the employee pension plan(s);
- preparation of special reports to third parties required to comply with various contractual or other obligations of the Corporation or any of its business units;
- special audits on control procedures;
- due diligence services to assist management in the context of business investment or divestiture decisions;
- discrete audit services in support of the Internal Auditor, as required;
- translation services relating to financial information and statutory filings referred to under paragraph (k)(i) above;
- preparation and/or review of income or other tax returns of the Corporation's domestic or foreign business units;
- consultations with respect to income tax compliance or planning with domestic or foreign jurisdictions, including federal, provincial, state and capital taxes; international tax financing, structuring and repatriation strategies; loss utilization strategies; advice with respect to research and development expenditures;
- consultations with respect to transfer pricing risk and assessment;
- executive compensation plans, including pensions, stock options and deferred compensation plans;
- expatriate tax compliance and planning, including tax return preparation services with respect thereto;
- foreign office tax advice regarding international tax projects and co-ordination thereof;
- discussions regarding new tax developments and responses to tax queries as they arise;
- support regarding tax authority audits; and
- commodity tax advice.

(iii) shall be prohibited from providing the following non-audit services that are incompatible with the objective of preserving its professional independence:

- bookkeeping and accounting services;

- internal audit services (other than non-recurring, discrete services, items or programs);
 - expert services and litigation support (other than special or forensic investigations);
 - information technology services related to financial systems;
 - actuarial services (other than special reviews in a non-financial context);
 - valuation services (other than for non-financial purposes, i.e., transfer pricing or other tax-only purposes or other limited circumstances);
 - legal services and any other advocacy services;
 - management functions; and
 - human resource services (other than tax planning and compliance services).
- (l) establish with the independent auditor the Committee's expectations of the independent auditor (including that the independent auditor shall report directly to the Committee and shall be accountable to the Board of Directors and to the Committee as representative of the Corporation's shareholders) and perform an annual review of the terms of reference, organization, staffing, independence, performance and effectiveness of the independent auditor;
- (m) review with the independent auditor the contents of the annual audit report and review any significant recommendations from the independent auditor to strengthen the internal controls of the Corporation;
- (n) review the results of the independent audit, any significant problems encountered in performing the audit and the contents of any management letter issued by the independent auditor to the Corporation, and management's response thereto;
- (o) review any unresolved significant issues between management and the independent auditor that could affect the financial reporting or internal controls of the Corporation;
- (p) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of the Corporation;
- (q) ensure the respect of applicable requirements regarding the rotation of applicable partners of the independent auditor, on a regular basis;
- (r) ensure that the independent auditor reports directly to the Committee;
- (s) oversee the work of the independent auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditor regarding financial reporting;

Relationship with Internal Auditor

- (t) establish with the Internal Auditor the Committee's expectations of him/her;
- (u) annually review a report on the internal audit function with respect to the terms of reference, organization, staffing, independence, performance and effectiveness of the internal audit services; receive, approve and monitor the execution of the annual internal audit plan, including the risk management measures proposed by the Internal Auditor, and obtain assurances in respect of conformity with the Canadian Institute of Chartered Accountants (CICA)'s professional standards and when relevant, with the Institute of Internal Auditors (IIA)' and other regulatory bodies' requirements, and recommendations of management and of the Internal Auditor;

- (v) review significant internal audit findings and recommendations and management's response thereto;

Other Responsibilities and Issues

- (w) assist the Board of Directors in the discharge of its fiduciary responsibilities relating to the Corporation's accounting policies, reporting practices and internal controls;
- (x) maintain a direct line of communications with the Chief Financial Officer, the Vice-President, Internal Audit and the independent auditor, and monitor the scope and costs of audit activity and assess performance;
- (y) review and recommend approval by the Board of the Corporation's Disclosure Policy (included in the CGH at Tab 19), which addresses the disclosure of financial results, declarations of dividends and material change information to its shareholders, the securities commissions, the Toronto Stock Exchange, financial analysts and stockbrokers and the general public, periodically review such Policy to ensure that it conforms with applicable legal and regulatory requirements and make recommendations to the Board regarding any required changes;
- (z) monitor the application of the procedures established by the Committee for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; periodically review the text of these procedures and make recommendations to the Board regarding any required changes;
- (aa) monitor the application of the Corporation's security and disaster recovery plan, periodically review this plan and make recommendations to the Board regarding any required changes;
- (bb) annually obtain from the Senior Vice-President, SNC-Lavalin Risk Engineering & Insurance his/her report on the Corporation's captive insurance, review such report and make recommendations to the Board regarding any required changes;
- (cc) without limiting the provisions of paragraph 3(e) of Tab 4 of the CGH, engage independent counsel and other advisors as the Committee determines necessary to carry out its duties, and set and pay the compensation for any such advisors employed by the Committee; and
- (dd) receive reports on and review any other items deriving from the foregoing, either in respect of the Corporation or a subsidiary or any other entity in which the Corporation has a significant interest, as requested by the Board.

3. ORGANIZATION AND PROCEDURES

- (a) The Committee shall meet regularly, not less than 4 times per year, and at such other times as may be requested by the Chairman of the Committee. The Chief Financial Officer, the Vice-President, Internal Audit, the independent auditor or any member of the Committee may request a meeting of the Committee. At each of the regularly scheduled meetings of the Committee, the Chairman of the Committee shall hold an in camera session of the outside (non-management) Directors.
- (b) The Chairman of the Board and the Chairman of the Committee shall, in consultation with the Chief Financial Officer and the Vice-President, Internal Audit, set the agenda, which shall then be circulated among the Committee members and all other Board members.

- (c) The Chief Financial Officer shall have direct access to the Committee and shall receive notice of and attend all meetings of the Committee, except private sessions.
- (d) The independent auditor and the Vice-President, Internal Audit shall receive notice of and be invited to attend all meetings of the Committee, except private sessions.
- (e) The independent auditor and one or more representatives of senior management shall each meet separately with the Committee, in private sessions, at least 4 times per year.
- (f) The Committee has the authority to communicate directly with the independent auditor and may also communicate directly with any employee of the Corporation and with the Vice-President, Internal Audit, as it deems necessary.
- (g) The members of the Committee shall, at least once per year, meet with the Chief Financial Officer to enhance their financial literacy in respect of the Corporation's financial statements.
- (h) The Committee shall annually evaluate its own performance, establish its forward agenda (a copy of which shall be provided to all Board members) and make recommendations to the Board as may be required in the circumstances.
- (i) The Committee shall annually review its own terms of reference to ensure they continue to be appropriate, and make recommendations to the Governance Committee as required.

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ATTACHMENT "A"

(to the mandate of the Corporation's Audit Committee)

Policy for the Hiring of Employees and Former Employees of Present and Former Independent Auditor of the Corporation

The Corporation and its subsidiaries shall not retain the services as an officer, employee or consultant in a position to influence the preparation of the Corporation's financial statements of any person if he/she or any member of his/her immediate family is participating on the engagement team of any firm that is acting as the independent auditor of the Corporation or any of its subsidiaries.

The same prohibition applies with respect to any person if he/she or any member of his/her immediate family previously participated on the engagement team of any firm that is so acting or has so acted, unless a period of at least 1 year has elapsed from the date on which the financial statements audited by the engagement team were last filed with any regulatory authority.

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ATTACHMENT "B"

(to the mandate of the Corporation's Audit Committee)

Definition of "Independence"

To determine whether a Director is "independent", the Board applies the applicable regulatory criteria (see below), to which it adds the requirement that no more than 2 of the Directors may sit on one same outside board of directors. These requirements are set out, as the criteria for "independence", in Tab 3 entitled "Board Composition, Meeting Arrangements, Remuneration and Indemnification" of the Corporation's Corporate Governance Handbook ("Tab 3"), which is posted on the Corporation's Website (www.snclavalin.com) under "About Us/Corporate Governance". A paper copy of Tab 3 may also be obtained on request from the Corporate Secretary.

Applicable Regulatory Criteria for "Independence"

- (1) An individual is independent if he/she has no direct or indirect material relationship with the Corporation.
- (2) For the purposes of subsection (1), a "**material relationship**" is a relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with the Corporation:
 - (a) an individual who is, or has been within the last 3 years, an employee or executive officer of the Corporation;
 - (b) an individual whose immediate family member is, or has been within the last 3 years, an executive officer of the Corporation;
 - (c) an individual who:
 - (i) is a partner of a firm that is the Corporation's internal or external auditor¹,
 - (ii) is an employee of that firm, or
 - (iii) was within the last 3 years a partner or employee of that firm and personally worked on the Corporation's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Corporation's internal or external auditor²,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last 3 years a partner or employee of that firm and personally worked on the Corporation's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last 3 years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last 3 years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the Corporation solely because:
 - (a) he/she had a relationship identified in subsection (3) if that relationship ended before March 30th, 2005; or

¹ With respect to IFRS, "external auditor" means "independent auditor".

² Idem.

- (b) he/she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor³ is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the Board of Directors or of any Board committee of the Corporation, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the Corporation solely because the individual or his/her immediate family member:
 - (a) has previously acted as an interim chief executive officer of the Corporation, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the Board of Directors or of any Board committee of the Corporation on a part-time basis.
- (8) For the purposes of determining whether an individual is “independent” in accordance with the above provisions, “the Corporation” includes a subsidiary entity of the Corporation and a parent of the Corporation.

Additional Applicable Regulatory Criteria for “Independence” with respect to Audit Committee Members

- (1) Despite any determination made under the above independence criteria, an individual who:
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his/her capacity as a member of the Board of Directors or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or
 - (b) is an affiliated entity of the Corporation or any of its subsidiary entities,
 is considered to have a material relationship with the Corporation.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

³ Idem.