



SNC • LAVALIN

SNC-LAVALIN GROUP INC.

ANNUAL INFORMATION FORM

Year Ended December 31, 2013

March 6, 2014

TABLE OF CONTENTS

1.	CORPORATE STRUCTURE.....	3
1.1	INCORPORATION OF THE CORPORATION	3
1.2	SUBSIDIARIES, JOINT VENTURES AND AFFILIATES	3
2.	GENERAL DEVELOPMENT OF THE BUSINESS.....	5
3.	DESCRIPTION OF THE BUSINESS.....	9
3.1	GENERAL	9
3.2	REVENUE BACKLOG	12
3.3	RISK FACTORS	12
3.4	HUMAN RESOURCES.....	13
3.5	“WE CARE” VALUE STATEMENT	13
3.5.1	Well-Being of Employees.....	13
3.5.2	Health and Safety	13
3.5.3	The Communities in Which We Live and Work	14
3.5.4	Environment.....	14
3.5.5	Quality	14
3.6	REGULATORY FRAMEWORK– AMF AUTHORIZATION	15
4.	DIVIDENDS.....	15
5.	CAPITAL STRUCTURE	15
	General Description	15
	Common Shares	15
	First Preferred Shares	15
	Second Preferred Shares	16
	Credit Ratings.....	16
	Fees Paid to Credit Rating Organizations.....	17
6.	MARKET FOR SECURITIES	17
	Market	17
	Trading Price and Volume.....	17
7.	DIRECTORS AND OFFICERS	18
8.	LEGAL PROCEEDINGS	24
	Class Action Lawsuits	24
	Other	24
9.	AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT	25
10.	TRANSFER AGENT AND REGISTRAR.....	25
11.	EXPERTS.....	25
12.	AUDIT COMMITTEE	25
	Mandate of the Audit Committee	25
	Composition of Audit Committee	25
	Relevant Professional Qualifications and Experience of Audit Committee Members.....	25
	Pre-Approval Policies and Procedures	26
	Auditor’s Fees	26
13.	CAUTION REGARDING FORWARD-LOOKING STATEMENTS	27
14.	ADDITIONAL INFORMATION	29
	SCHEDULE “A” MANDATE OF THE AUDIT COMMITTEE.....	30

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* (“**CBCA**”) 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 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 addition of a requirement that at least $\frac{2}{3}$ 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.

On March 8, 2013, the Board of Directors of the Corporation adopted a resolution to amend the articles of the Corporation so as to permit the appointment by the Board of Directors of one or more additional directors to hold office until the close of the next annual meeting of shareholders, subject to the total number of directors so appointed not exceeding $\frac{1}{3}$ of the number of directors elected at the previous annual meeting of shareholders, in accordance with Section 106(8) of the CBCA. The shareholders of the Corporation adopted a special resolution on the matter at the Annual and Special Meeting of Shareholders held on May 2, 2013.

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 “**Company**” or 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 one or more of its subsidiaries or joint ventures.

1.2 SUBSIDIARIES, JOINT VENTURES AND AFFILIATES

The chart appearing on the next page lists the main subsidiaries, joint ventures and affiliates 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%	•
407 East Construction General Partnership (Ontario)	50%	◊
DBA Engineering Ltd. (Ontario)	100%	•
Evergreen Rapid Transit Holdings Inc. (Alberta)	100%	•
Groupe Qualitas Inc. (Quebec)	100%	•
Groupe Stavibel Inc. (Canada)	100%	•
Infrastructure Famille Santé Inc. (Canada)	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%	•
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 Capital Inc. (Canada)	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 Constructors Inc. (Delaware)	100%	•
SNC-Lavalin Constructors International Inc. (Canada)	100%	•
SNC-Lavalin Constructors (Pacific) Inc. (Canada)	100%	•
SNC-Lavalin Defence Programs Inc. (Canada)	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 Evergreen Line Holdings Limited (Alberta)	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 Inc. and Zuhair Fayeze Engineering Consultancies Company (Saudi Arabia)	50%	◊
SNC-Lavalin International S.A.S. (France)	100%	•
SNC-Lavalin Nuclear Inc. (Canada)	100%	•
SNC-Lavalin Operations & Maintenance Inc. (Canada)	100%	•
SNC-Lavalin Perú S.A. (Peru)	100%	•
SNC-Lavalin Pharma Inc. (Canada)	100%	•
SNC-Lavalin Polska Sp. Zo.o. (Poland)	100%	•
SNC-Lavalin Projetos Industriais Ltda (Brazil)	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%	◆
The SNC-Lavalin Corporation (Delaware)	100%	•

Infrastructure Concession Investments

407 East Development Group General Partnership (Ontario)	50%	♣
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)	6.2271%	♣
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%	♣
Rideau Transit Group Partnership (Canada)	40%	♣
Shariket Kahraba Hadjret En Nouss S.p.A. (Algeria)	26%	♣
Société d'Exploitation de l'Aéroport de Mayotte S.A.S. (France)	100%	♣
TC Dôme S.A.S. (France)	51%	♣

- Subsidiary
- ◆ Associate
- ♣ Investment entity
- ◊ Joint Venture

2. GENERAL DEVELOPMENT OF THE BUSINESS

Recent Events

Corporate Strategy

On May 2, 2013, the Company announced its five year strategic plan designed to increase long-term stability and profitability and maximizing shareholder value. SNC-Lavalin's new strategy outlines key sectors and geographic markets that the Company will target. It also outlines the integrated solutions for its Infrastructure Concessions Investments ("ICI") and its disciplined approach to employing capital.

SNC-Lavalin's strategy contains three pillars, which are designed to work together to enhance performance on multiple levels and across the organization. They are:

Growth Platforms:

SNC-Lavalin is putting renewed focus on strengthening its position in certain key sectors and geographic markets.

The Company has determined an accelerated growth path for its Resources Environment and Water Group. In Oil & Gas, SNC-Lavalin is aiming for transformational growth that will allow it to attain scale and have the capabilities to compete in high value projects. For the Mining & Metallurgy practice, SNC-Lavalin wants to solidify its tier 1 status and position for higher long-term profitability. With the Environment and Water sectors, the Company envisages multiple opportunities to generate growth, including synergies with the Oil & Gas and Mining & Metallurgy sectors. The Company is committed to a global platform, however the initial geographic focus will be the Americas.

The Clean Power and Infrastructure markets represent a sustained growth platform for the Company. In Clean Power, SNC-Lavalin intends to focus on high growth and margin subsectors such as transmission & distribution, nuclear, and hydro. The Company has a strong and mature position in these key sectors. In the Infrastructure sector, the Company will focus on growing the transportation market by leveraging its Public-Private Partnership ("P3") and transit experience. The Group will be centered around major, complex projects, building on its strong capabilities in airports, ports, major bridges and highways. The Company will emphasize expanding its strong footprint in Canada and the rest of the Americas.

SNC-Lavalin expects to make strategic acquisitions to support its growth strategy as described above.

Regarding its offering mix, the Company intends to leverage the full spectrum of its capabilities which include: Services; Packages; O&M and Sustaining Services. Services is an area of core strength for the firm and will be key to its growth strategy as it intends to increase the percentage of Services revenues as a percentage of total revenues. SNC-Lavalin will reposition its offering for increased project and technical complexity to deliver higher margins. Packages expertise will be key to access key sectors of growth such as in situ oil sands and infrastructure. The Company will proactively manage portfolio risk through tight governance mechanisms. O&M and Sustaining Services also constitute a key growth lever. It will allow the Company to pursue services with technical complexity in Oil & Gas, mining, nuclear power and transportation. It will also create opportunities in capital asset management, operations, maintenance, commissioning and training.

Enhanced ICI Management Approach:

SNC-Lavalin is continuing to reinforce its ICI business, which has historically been a source of project work for its engineering and construction units, as well as a significant contributor to the strength of its earnings. ICI is an important element of building a successful engineering and construction company. Going forward, the Company will employ an ever more disciplined and balanced approach to managing its portfolio of assets, which includes exiting investments at maturity, unless strategic considerations justify otherwise. The Company is actively looking at the potential disposal of non-core ICI assets and reducing its equity stakes in its two principal large investments. The Company is currently in a process of selling an equity stake in AltaLink, while its Highway 407 stake is expected to be reduced over the medium term. The Company will also seek financing solutions and partnering opportunities to unlock value as it proactively manages the portfolio.

As SNC-Lavalin looks at new opportunities, it will continue to prioritize greenfield (new-build) ICIs that it believes should provide its engineering, construction and operations and maintenance units with significant project opportunities. Brownfield (existing) ICIs will be considered mainly as a means of extending SNC-Lavalin's investment résumé into new markets and providing an additional platform for engineering and construction opportunities.

SNC-Lavalin's key geographical focus for major ICIs and public-private partnerships will continue to be the Americas.

Growth Enablers:

SNC-Lavalin is improving how it shares resources, promoting greater interaction between its business units and developing more coordinated approaches to client management and business development in its offices worldwide through the execution of a Global Operations model.

The further globalization of the Company's operations also involves making better and more efficient company-wide use of its systems and processes. SNC-Lavalin is planning investments in several of these systems, including its enterprise management system, its Human Resources Management System, and its proprietary project management suite, PM+, which the Company believes provide a strategic advantage when bidding on and carrying out medium- and large-scale projects.

Underlying all of this will be a continuing, relentless focus on maintaining world-class ethics, governance and health and safety performance, as well as developing and retaining the best talent the industry has to offer.

Changes to the Board of Directors

On May 2, 2013 the election of the members of the Corporation's Board of Directors resulted in the following changes:

Elected members who were not previously directors of the Corporation

- > Jacques Bougie;
- > Lise Lachapelle; and
- > Alain Rhéaume.

Members who did not stand for re-election

- > David Goldman;
- > Pierre H. Lessard;
- > Edythe (Dee) A. Marcoux; and
- > Gwyn Morgan.

Changes in Management Team

- > In 2013 and early 2014, the Corporation appointed certain key executives including:
 - Neil Bruce, Senior Executive Vice-President (Group President), Resources, Environment and Water, effective January 21, 2013;
 - Andreas Pohlmann, Chief Compliance Officer, effective March 1, 2013;
 - Alain-Pierre Raynaud, Executive Vice-President and Chief Financial Officer ("CFO"), effective June 1, 2013;
 - Gerry Grigoropoulos, Acting Executive Vice-President, Infrastructure Concessions and Investments, effective August 9, 2013;
 - Terrance N. Ivers, Executive Vice-President, Oil & Gas, effective September 16, 2013;
 - Hisham Mahmoud, Senior Executive Vice-President (Group President), Infrastructure, effective October 21, 2013;
 - Erik J. Ryan, Executive Vice-President, Marketing, Strategy and External Relations, effective November 1, 2013;
 - Preston D. Swafford, Chief Nuclear Officer, President and CEO, Candu Energy, effective March 1, 2014;

- Alexander (Sandy) Taylor, Senior Executive Vice-President (Group President), Power, effective March 1, 2014. Following this appointment, Scott Thon, who assumed the role of Acting Executive Vice-President, Power since January 2013, returned to his previous role of President and CEO of AltaLink, effective March 1, 2014; and
- David G. Wilkins, Chief Compliance Officer, effective March 1, 2014. Mr. Wilkins will succeed SNC-Lavalin's current Chief Compliance Officer, Andreas Pohlmann, effective June 1, 2014, following a comprehensive transition period.

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

2013

Addition of ICI

In February 2013, the Corporation announced that the Rideau Transit Group Partnership, a consortium of which SNC-Lavalin is a partner at 40%, has finalized an agreement with the City of Ottawa to design, build, finance and maintain the Confederation Line, the city's first-ever light rail transit system. The Rideau Transit Group Partnership will be responsible for the construction of 12.5 km of guideway, 10 above-ground stations, three underground stations and a 2.5-km tunnel beneath the downtown core. The consortium will also widen a portion of Highway 417, supply the light rail transit vehicles, build a maintenance and storage facility, and provide ongoing maintenance of the system for a 30-year period. The Corporation committed to invest in this ICI an amount of \$30 million in equity.

Decreased Ownership Interest in ICI

In December 2013, SNC-Lavalin announced that it has reached financial close on the sale of 66% of its ownership interest in Astoria Project Partners II LLC ("Astoria II"), the owner of the legal entity that owns and operates the Astoria II power plant in New York City, for an agreed price of US\$82.4 million (CA\$87.6 million), resulting in net cash proceeds of \$86.3 million after certain adjustments. Prior to financial close, SNC-Lavalin had an 18.5% ownership interest in Astoria II. This transaction resulted in the recognition of a gain before taxes of \$73.0 million (gain net of taxes of \$36.2 million) in the consolidated income statement from the partial disposal of this ICI, including the gain on remeasurement at fair value of the Corporation's remaining ownership interest upon the loss of significant influence on this ICI.

Other Announcement

On September 30, 2013, the Company announced that its Board of Directors has authorized it to initiate a process to sell an equity stake in AltaLink.

2012

Additions of ICI

In May 2012, the Corporation announced that 407 East Development Group General Partnership, 50%-owned by SNC-Lavalin, was awarded a contract by the Province of Ontario, in Canada, to design, build, finance, and maintain Phase 1 of the new highway 407 East, which will add 32 km to the existing highway. The 407 East Development Group General Partnership subcontracted the design and build as well as the operation and maintenance portions to two partnerships 50%-owned by SNC-Lavalin. Once construction is completed, the 407 East Development Group General Partnership will maintain and rehabilitate the road until 2045. The Corporation committed to invest in this ICI an amount of \$15.9 million in equity.

In June 2012, the Corporation acquired from India Infrastructure Fund an equivalent to 10% of the issued and paid up capital of Piramal Roads Infra Private Limited, an entity that engages in the business of bidding for, owning, acquiring, investing, developing, implementing and operating infrastructure, in the roads sector of India, for a total cash consideration of approximately \$10 million.

Business Acquisition

In June 2012, the Corporation acquired DBA Engineering, an Ontario-based engineering firm specialized in material and pavement engineering, and geotechnical and geo-environment studies. DBA Engineering had approximately 100 employees at offices in Toronto, Kingston, Cambridge and Trenton, and provides services to both public and private sector clients.

Formation of a New Joint Venture

In June 2012, SNC-Lavalin International Inc. and Zuhair Fayez Engineering Consultancies Company, also known as SNC-Lavalin Fayez Engineering ("SLFE"), an engineering consultancy joint venture between SNC-Lavalin and its partners in Saudi Arabia, acquired the industrial division of Zuhair Fayez Partnership. SNC-Lavalin holds an ownership interest of 50% in SLFE and will receive 35% of the distributions from SLFE during the first ten years and it will receive 50% of the distributions thereafter. SLFE was formed partly in response to Saudi Aramco's General Engineering Services Plus ("GES+") initiative, which aims to develop engineering capabilities in the Kingdom of Saudi Arabia. SNC-Lavalin invested \$40.3 million in SLFE in June 2012.

2011

Additions of 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. The Corporation committed to invest in this ICI an amount of €10.6 million (approximately \$14 million) in equity.

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.

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, in the aggregate, added approximately 2,900 people to its workforce:

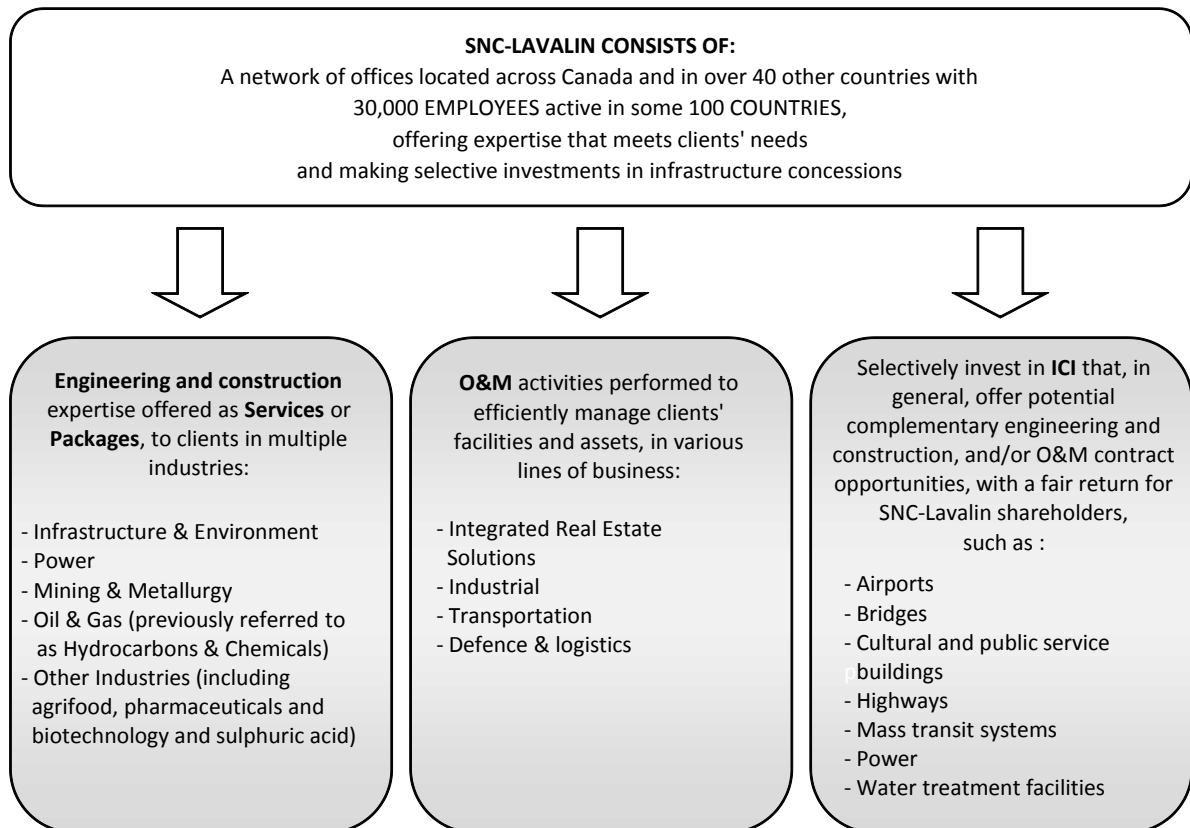
- Groupe Stavibel, a multidisciplinary consulting engineering firm based in Abitibi-Témiscamingue, Quebec. Groupe Stavibel was providing engineering consulting expertise in numerous fields of activity in the buildings, infrastructure, transport, mining, and environment sectors. The firm had approximately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

- Aqua Data, a company of about 100 employees specialized 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 had clients in Quebec, Ontario, the Maritimes and the United States.
- MDH Engineered Solutions, an engineering consulting and research firm based in Saskatoon, Saskatchewan. MDH Engineered Solutions provided geo-environmental, geotechnical, hydrogeological and environmental engineering consulting services to the mining, oil and gas, transportation, utility and government sectors. The firm had 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.
- 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 had approximately 600 employees in 22 locations. Interfleet served 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 was managing over 35 million square feet of office, retail and industrial properties in Canada. With over 350 employees, Arcturus provided a comprehensive scope of real estate services including property management, leasing, development advisory services and facilities management. Its client base consisted 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 provided consulting services in construction, upstream oil and gas, and environmental and geotechnical fields. The firm had 16 employees working in offices in Fort St. John and Fort Nelson, British Columbia, and Grande Prairie, Alberta.

3. DESCRIPTION OF THE BUSINESS

3.1 GENERAL

SNC-Lavalin is one of the leading engineering and construction ("E&C") groups in the world, and is a major player in the ownership of infrastructure and in the provision of operations and maintenance ("O&M") services.



SNC-Lavalin has ongoing projects in multiple geographic regions and for multiple 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 results 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, telecommunications infrastructure, highways, bridges, light rail transit systems, airports, ships, oil and gas facilities, and camps for construction operations and the military.

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

- **ICI:** equity investments in infrastructure concessions for public services, such as airports, bridges, cultural and public service buildings, highways, mass transit systems, power and water treatment facilities.

The table below details the revenues for each category of activity for each of the two most recently completed financial years:

YEAR ENDED DECEMBER 31 (IN THOUSANDS OF CANADIAN DOLLARS)	2013	2012
Revenues by activity:		
Services	\$2,697,611	\$3,174,934
Packages	3,113,381	3,020,400
O&M	1,338,318	1,330,501
ICI accounted for by the full consolidation or cost methods	579,918	450,672
ICI accounted for by the equity method	183,930	114,453
	\$7,913,158	\$8,090,960

The Corporation's results are analyzed by segment. The segments regroup related activities within SNC-Lavalin **consistent with the way management 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 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. The Corporation also provides environmental services worldwide, and has specialized expertise in the power, infrastructure, oil & gas, mining, industrial, rural development and climate change sectors.
- **Power** includes projects in hydro, thermal and nuclear power generation, energy from waste, green energy solutions, and transmission and distribution.
- **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, as well as production of fertilizers.
- **Oil & Gas (previously referred to as Hydrocarbons & Chemicals)** includes projects in the areas of bitumen production, heavy oil production, onshore and offshore oil and gas, upgrading and refining, petrochemicals, specialty chemicals, biofuels, gas processing, liquefied natural gas plants and re-gasification terminals, coal gasification, carbon capture, transportation and storage, pipelines, terminals and pump stations.
- **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.

As the Corporation moved forward in the implementation of its business strategy announced in 2013, the Corporation intends to make certain changes to the way activities are regrouped and segments are presented and analyzed, over the course of 2014.

COMPETITIVE CONDITIONS

SNC-Lavalin derives its competitive strength from its project management expertise, its reputation for quality and delivery, its ability to work globally, its highly skilled and experienced technical personnel, its commitment to health and safety matters and to a sustainable environment, the scope of its geographical presence and its ability to execute projects of varying sizes calling for a wide range of services and technologies.

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 its engineering and construction segment are principally: AECOM, AMEC plc, The Bechtel Group Inc., CH2M Hill, Chicago Bridge & Iron Company, Fluor Corporation, Foster Wheeler, Hatch Ltd, Jacobs Engineering Group Inc., KBR, Technip, Samsung Engineering, URS and Worley Parsons Ltd. Companies that compete within our O&M segment are principally: Aker Solutions, Atco Group, BLJC, Carillion, CBRE Group Inc., Jones Lang LaSalle, PTI Group Inc., Serco, Transfield Services, Veolia. Companies that compete with our ICI segment are principally: Acciona S.A., Balfour Beatty Capital, Cintra (Ferrovial), Iridium (ACS), Vinci Concessions.

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 project.

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 active in some 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.

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 and 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 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 and 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 31	2013	2012	2011
Total	29,700	33,900	28,100

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. Our executive officers ensure 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

In the last year, SNC-Lavalin deployed many initiatives throughout the organization aimed at creating a healthy and fulfilling work environment.

The SNC-Lavalin Academy offered numerous programs to employees. In 2013, the focus was on company-wide priorities, such as project management and leadership development. The Academy’s curriculum is rooted in SNC-Lavalin’s values and is designed to improve employees’ core competencies and establish common practices and processes to better serve our clients. Programs were deployed across the globe in 2013 allowing employees to gain new skills and knowledge regardless of their location.

A team dedicated to ethics and compliance was created to prevent, detect and rapidly respond to any potential ethics-related issues throughout all levels of the organization. Several programs and training initiatives were rolled out globally paving the way for SNC-Lavalin to become an industry leader in ethics and compliance and enabling the organization to create a sense of trust and pride among its 30,000 employees.

The Corporation continues to deploy the Human Resources Management System (HRMS) which will allow employees to access their personal information and make modifications in real time. In addition, employees will have the ability to view their compensation and benefits, mobility preferences, and career interests. The global deployment of the HRMS will be completed by the end of 2014.

In response to employee feedback and in an effort to improve governance and consistency around pay management practices, SNC-Lavalin launched a new global job classification framework. Designed to ensure a standardized approach to career development and rewards, this framework will provide a harmonized link between job contribution and rewards. It will also help employees understand and identify their career opportunities and strengthen the link between HR practices and a pay-for-performance culture.

3.5.2 Health and Safety

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

SNC-Lavalin has a Global 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, the use by individual employees of a personal risk assessment tool called the “StepBack Program”, and a positive incentive program to reward risk competent behaviour.

SNC-Lavalin also has a Global Security Policy which applies to all offices, project sites and ongoing operations. This policy is comprehensive, includes specific and measurable company objectives, sets clear expectations and lines of accountability for each employee, and reinforces that the Corporation: (i) is committed to the highest standards of security, (ii) sets annual specific and measurable security performance objectives and (iii) looks for opportunities to reduce security risks to which employees and contractors are exposed.

Our executive officers receive 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, Security and Environment Committee of the Board of Directors which meets approximately four 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, Security and Environment Committee of the Board of Directors.

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 Corporation’s Quality Policy provides guidance to all business units in their implementation of the WE CARE value statement on quality.

3.6 REGULATORY FRAMEWORK– AMF AUTHORIZATION

On February 5, 2014, the Corporation announced that the *Autorité des marchés financiers* (“AMF”) authorized it to contract with public authorities in the Province of Quebec. SNC-Lavalin has made tremendous and on-going efforts in 2012 and 2013 to implement an effective ethics and compliance framework across and at all levels of its operations and management. The rigorous application by the AMF of the *Loi sur l'intégrité en matière de contrats publics* was one element that encouraged the Corporation to continue making changes in 2013.

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 three fiscal years, SNC-Lavalin has declared and paid the following quarterly dividends per common share:

	Q1 (\$)	Q2 (\$)	Q3 (\$)	Q4 (\$)	Annual (\$)
2013	0.23	0.23	0.23	0.24	0.93
2012	0.22	0.22	0.22	0.23	0.89
2011	0.21	0.21	0.21	0.22	0.85

5. CAPITAL STRUCTURE

General Description

The Corporation’s authorized share capital consists of an unlimited number of common shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares. Only common shares are currently outstanding.

The following summarizes certain provisions relating to the Corporation’s common shares, first preferred shares and second preferred shares. This summary is qualified in its entirety by the actual rights, privileges, restrictions and conditions attaching to such shares.

Common Shares

Dividend: The holders of the Corporation’s common shares are entitled to receive dividends as and when declared by the Board of Directors.

Voting rights: Entitled to one vote per share.

Rights upon liquidation, winding up or dissolution: Right to receive the residual of the Corporation’s assets subject to the prior rights of First Preferred Shares and Second Preferred Shares.

First Preferred Shares

Issuable in series: The Corporation’s Board of Directors is allowed to fix, before issuance the designation, rights, privileges, restrictions and conditions attached thereto.

Dividend: Priority over all other classes of shares.

Voting rights: Not entitled to vote separately as a class except as provided by law.

Rights upon liquidation, winding up or dissolution: Priority over all other classes of shares.

Series A:

Dividend:

Priority over all other classes of shares.

Cumulative for an amount equal to 77% of the prime rate set by the National Bank of Canada.

Payable quarterly.

No redemption or repurchase of other shares is permitted until the cumulative dividend is paid in full.

Voting rights:

Not entitled to vote separately as a class except as provided by law.

Rights upon liquidation, winding up or dissolution:

Priority over all other classes of shares.

Right to receive amount equal to the amount paid on the shares and all accrued unpaid dividends.

Redemption Right:

At the option of the Corporation for an amount paid on the shares and all accrued unpaid dividends.

Second Preferred Shares

Issuable in series: The Corporation's Board of Directors is allowed to fix, before issuance the designation, rights, privileges, restrictions and conditions attached thereto.

Dividend: Priority over all other classes of shares except First Preferred Shares.

Voting rights: Not entitled to vote separately as a class except as provided by law.

Rights upon liquidation, winding up or dissolution: Priority over all other classes of shares except First Preferred Shares.

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 Negative Outlook	BBB Negative Trend

On May 22, 2013, S&P lowered its rating of the Corporation's debentures to BBB from BBB+. The downgrade reflects S&P's expectation of weakened profitability as high administrative costs resulting from the Corporation's recent ethics issues will continue to affect margins. In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. The outlook is negative. A negative outlook means that a credit rating may be lowered. An outlook is not necessarily a precursor of a rating change or future CreditWatch action.

On August 28, 2013, DBRS confirmed the Corporation's debenture rating at BBB (high), and changed the trend to negative from stable. The rating action reflects DBRS's view that the Corporation will face continued operational challenges in its effort to improve its risk management system and corporate governance culture. On October 17, 2013, DBRS downgraded the Corporations' debenture rating to BBB from BBB (high). The trend

remains negative. The downgrade reflects DBRS view that the announced substantial charges and provisions are further indications that the legacy projects and problems from the former management may be larger than previously expected, difficult to predict and have the potential of distracting current management from its effort to restore the Corporation's profitability and reputation.

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 ratings granted by both S&P and DBRS, testify to the existence of adequate protection and mechanisms. However, an unfavourable economic situation or changing circumstances could affect the Corporation's ability to meet its financial commitments.

Fees Paid to Credit Rating Organizations

The fees described in the table below were paid by the Corporation to DBRS and S&P in order to obtain a credit rating for its corporate debentures.

Fees Paid by the Corporation to Credit Rating Organizations for Corporate Credit Rating		
	2013	2012
DBRS	\$56,000	\$54,000
S&P	\$44,000	\$42,500
TOTAL:	\$100,000	\$96,500

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.

2013	Volume (in 000s)	High*	Low*	Close
January	14,518	45.49	40.49	44.55
February	17,339	49.85	44.55	46.62
March	18,285	46.69	41.23	42.52
April	14,174	44.75	41.19	43.48
May	14,406	43.71	39.91	40.83
June	19,084	45.53	40.13	44.43
July	9,147	46.12	42.25	42.70
August	14,685	43.28	39.47	39.57
September	10,028	43.30	39.60	42.35
October	14,351	45.15	41.00	43.81
November	14,268	47.65	43.28	47.03
December	7,693	48.00	45.25	47.79

* Intra-day highs and lows during each month

7. DIRECTORS AND OFFICERS

The following table lists the directors of the Corporation, as at March 6, 2014, their place of residence, and their respective principal occupations during the preceding five years:

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five Years</u>	<u>Director Since</u>
Jacques Bougie, O.C. ^{(2), (5), (6), (7)} Quebec (Canada)	Company Director	2013
Ian A. Bourne, F.ICD, ICD.D. ^{(3), (6)} Alberta (Canada)	Company Director and Chairman of the Board of the Corporation; Former Vice-Chairman of the Board and Interim CEO of the Corporation	2009
Robert G. Card Quebec (Canada)	President and Chief Executive Officer of the Corporation; Former Director and President, Energy, Water & Facilities Division, CH2M Hill Companies, Ltd. ("CH2M Hill") (an engineering and services firm); Former President, Energy & Water Division, CH2M Hill; Former President, Facilities & Infrastructure Division, CH2M Hill; Former President, Government, Environment & Nuclear Division, CH2M Hill; Former Chairman, CH2M Hill International; Former Deputy Program Director, CLM Delivery Partner (a CH2M Hill lead joint venture).	2012
Patricia A. Hammick, Ph.D. ^{(1), (2), (3), (6)} Virginia (United States of America)	Company Director	2007

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five Years</u>	<u>Director Since</u>
Lise Lachapelle ^{(3), (4), (8)} Quebec (Canada)	Company Director and Strategic and Economic Consultant	2013
Professor Lorna R. Marsden, C.M., Ph.D. ^{(2), (4)} Ontario (Canada)	Company Director and Professor and President Emerita, York University	2006
Claude Mongeau ^{(1), (2)} Quebec (Canada)	President and Chief Executive Officer Canadian National Railway Company ("CN") (North American railroad); Former Executive Vice-President, CN; Former Executive Vice-President and Chief Financial Officer, CN	2003
Michael D. Parker, CBE ^{(3), (4), (5)} London (United Kingdom)	Company Director; Former Group Chief Executive, British Nuclear Fuels PLC (manufacturer and transporter of nuclear products)	2010
Alain Rhéaume ^{(1), (5), (9)} Quebec (Canada)	Company Director and Co-founder and Managing Partner of Trio Capital Inc. (private investment management company)	2013
Chakib Sbiti ^{(4), (5)} Dubai (United Arab Emirates)	Company Director and Executive Advisor to the Chief Executive Officer, Schlumberger (international oilfield services); Executive Vice-President - Oilfield Services, Schlumberger	2012
Eric D. Siegel, ICD.D. ^{(1), (3), (5), (6)} Ontario (Canada)	Company Director and Ottawa Chapter Executive, Institute of Corporate Directors (not-for-profit association representing Canadian directors and boards); Former President and Chief Executive Officer, Export Development Canada (Canada's export credit agency)	2012
Lawrence N. Stevenson ^{(2), (3)} Ontario (Canada)	Company Director and Managing Director, Callisto Capital LP (private equity firm)	1999

(1) Member of the Audit Committee

(2) Member of the Human Resources Committee

(3) Member of the Governance and Ethics Committee

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

(5) Member of the Project Risk Review Committee

(6) Member of the ad hoc Proceedings Oversight Committee created on May 29, 2013

(7) On May 2, 2013, Mr. Jacques Bougie became a director of the Corporation, as well as a member of the Human Resources Committee and the Project Risk Review Committee

(8) On May 2, 2013, Mrs. Lise Lachapelle became a director of the Corporation, as well as a member of the Governance and Ethics Committee and the Health & Safety, Security and Environment Committee

(9) On May 2, 2013, Mr. Alain Rhéaume became a director of the Corporation, as well as a member of the Audit Committee and the Project Risk Review Committee

The directors of the Corporation are elected at the annual meeting of shareholders of the Corporation. They hold office until their term expires at the following annual meeting, subject to re-election, retirement, resignation or vacancy caused by death, removal or other cause.

Except as described below, to the knowledge of the Corporation, in the last ten years, none of the above-named directors is or has been a director or officer of any company 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 relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days. In addition, to the knowledge of the Corporation, in the last ten years, none of the above-named directors is or has been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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 as described below.

- 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) Dr. Patricia A. Hammick, a director of the Corporation, who became a director of Dynegey Inc. ("**Dynegey**") in April 2003 and ceased to be a director of Dynegey on June 15, 2011. On December 1, 2011, Dynegey and its direct subsidiary Dynegey Holdings LLC ("**Dynegey Holdings**") filed, as co-plan proponents, a plan of reorganization in respect of Dynegey Holdings. On April 3, 2012, Dynegey announced that it had reached an agreement with key Dynegey Holdings creditors contemplating the resolution of all disputes with such creditors. On July 6, 2012, Dynegey filed a voluntary petition for relief pursuant to the U.S. Bankruptcy Code. On September 5, 2012, Dynegey announced that its Chapter 11 Plan of Reorganization under the U.S. Bankruptcy Code was confirmed and, on October 1, 2012, announced that it had consummated its reorganization under Chapter 11 of the U.S. Bankruptcy Code and had emerged from bankruptcy protection. Dr. Hammick ceased to be a director of Dynegey on June 15, 2011. Dr. Hammick was never a director of Dynegey Holdings.
- iii) Mrs. Lise Lachapelle, a director of the Corporation, served as a director of AbitibiBowater Inc. ("**AbitibiBowater**") (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.) from 2002 to December 2010. In April 2009, AbitibiBowater, together with certain of its U.S. and Canadian subsidiaries, filed voluntary petitions in the U.S. Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the U.S. Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Quebec in Canada. AbitibiBowater completed its reorganization and emerged from creditor protection proceedings under the CCAA in Canada and Chapter 11 of the U.S. Bankruptcy Code in December 2010.
- iv) Mr. Jacques Bougie, a director of the Corporation, also served as a director of AbitibiBowater from 2004 to December 2010. See the description of AbitibiBowater's U.S. bankruptcy and Canadian creditor protection proceedings above as described with respect to Mrs. Lachapelle. In addition, Mr. Bougie served as a director of Novelis Inc. ("**Novelis**") from 2005 until 2006. In his capacity as a director of Novelis, Mr. Bougie was subject to management cease trade orders issued by certain of the Canadian provincial securities administrators in 2005 against the directors, officers and insiders of Novelis due to Novelis' failure to file its interim unaudited financial statements for the interim period ended on September 30, 2005. Temporary management cease trade orders were issued in November 2005 and were replaced by permanent management cease trade orders in December 2005. Novelis filed its interim unaudited financial statements for the interim period ended on September 30, 2005 on May

17, 2006. As such, the permanent cease trade orders issued in December 2005 were revoked and/or allowed to lapse/expire, as the case may be, in October 2006.

- v) Mr. Alain Rhéaume, a director of the Corporation, served as a director of Quebecor World Inc. (“**Quebecor World**”) from 1997 until July 2009. Quebecor World placed itself under the protection of the CCAA on January 21, 2008 and implemented a capital restructuring plan approved by its creditors in 2009, after obtaining a court order authorizing it. Mr. Rhéaume was also an executive officer of Microcell Telecommunications Inc. (“**Microcell**”) from 1996 until 2005. In 2003, Microcell reached an agreement on the terms of a recapitalization plan with its unsecured noteholders, and it obtained a court order under the CCAA as to the proper implementation of such plan. Mr. Rhéaume ceased to be an executive officer of Microcell in June 2005.

Furthermore, to the knowledge of the Corporation, in the last ten years, no director or officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to materially affect 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 five standing Board Committees (the Audit Committee; the Governance and Ethics Committee; the Health & Safety, Security and Environment Committee; the Human Resources Committee; and the Project Risk Review Committee) and one ad hoc Board Committee (the Proceedings Oversight Committee). The Board of Directors does not have an executive committee. As at March 6, 2014, membership of the Board Committees was as follows:

Audit Committee

P.A. Hammick (Chair)
C. Mongeau
A. Rhéaume
E.D. Siegel

Governance and Ethics Committee

I.A. Bourne (Chair)
P.A. Hammick
L. Lachapelle
M.D. Parker
E.D. Siegel
L.N. Stevenson

Health & Safety, Security and Environment Committee

L. Lachapelle
L.R. Marsden
M.D. Parker (Chair)
C. Sbiti

Human Resources Committee

J. Bougie
P.A. Hammick
L.R. Marsden
C. Mongeau
L.N. Stevenson (Chair)

Project Risk Review Committee

J. Bougie
M.D. Parker
A. Rhéaume
C. Sbiti
E.D. Siegel (Chair)

ad hoc Proceedings Oversight Committee

J. Bougie
I.A. Bourne (Chair)
P.A. Hammick
E.D. Siegel

The following table lists the executive officers of the Corporation who are not also directors of the Corporation, as at March 6, 2014, their place of residence and their respective principal occupations during the preceding five years:

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five Years</u>
Jean Beaudoin Quebec (Canada)	Executive Vice-President, Integrated Management Systems; Executive Vice-President, Chemicals and Petroleum
Neil Bruce South Oxfordshire (United Kingdom)	Senior Executive Vice-President (Group President), Resources, Environment & Water; Executive Director and Chief Operating Officer, AMEC (consultancy, engineering, and project management services); Executive Director and Chief Operating Officer, Natural Resources and Power & Process, AMEC; Executive Director and Chief Operating Officer, Natural Resources division, AMEC
Jim Burke British Columbia (Canada)	Executive Vice-President, Transportation Construction; Executive Vice-President, Airports, Mass Transit, Railways, Ports and Marine; Executive Vice-President, Airports, Mass Transit, Railways, Ports and Marine and Environment
Darleen Caron Quebec (Canada)	Executive Vice-President, Global Human Resources; Vice-President, Human Capital Planning and Development, Dow Chemical (manufacturer of chemical products); Head of the Geographic Organization, Dow Chemical
Charles Chebl Quebec (Canada)	Executive Vice-President, General Construction; Executive Vice-President, Infrastructure and Construction; Senior Vice-President, Buildings Group – Quebec, Infrastructure & Construction; Senior Vice-President and General Manager, Construction Management and Construction-Canada
Dale Clarke Ontario (Canada)	Executive Vice-President, Mining & Metallurgy; Senior Vice-President, Global Mining and Metallurgy
Réjean Goulet Quebec (Canada)	Executive Vice-President and General Counsel; Senior Vice-President and General Counsel; Vice-President, Law
Gerry Grigoropoulos Quebec (Canada)	Acting Executive Vice-President Infrastructure Concession and Investments; Senior Vice-President and General Manager, SNC-Lavalin Capital; Senior Vice-President and Controller
Terrence N. Ivers Texas (United States of America)	Executive Vice-President, Oil and Gas; Chief Executive Officer, Oil and Gas, Compression and Solutions, Siemens AG (electronics and electrical engineering company); President, AMEC Paragon (Oil & Gas Field Services)
Christian Jacqui Ivry-sur-Seine (France)	Executive Vice-President, Global Operations; Executive Vice-President, Europe; Deputy Chief Executive Officer, Séchilienne-Sidec SA (independent energy producer); Executive Vice-President, Areva NP Plants sector (nuclear)

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five Years</u>
Hisham Mahmoud Georgia (United States of America)	Senior Executive Vice-President (Group President), Infrastructure; Group President, AMEC Growth Regions, AMEC PLC (consultancy, engineering, and project management services); President, Environment and Infrastructure, AMEC PLC; Group General Manager; URS Corporation (engineering, construction and technical services); URS Regional Business Unit Manager, URS Corporation
Andreas Pohlmann Quebec (Canada)	Chief Compliance Officer; Founding Partner, Pohlmann & Company Compliance and Governance Advisory LLP (law and consulting firm); Member of the Executive Board, Compliance and Administration, Ferrostaal (industrial service provider); Chief Compliance Officer, Siemens AG (electronics and electrical engineering company)
Charles Rate Ontario (Canada)	Executive Vice-President, Operations and Maintenance; Executive Vice-President, Operations and Maintenance, Logistics and In-Service Support
Alain-Pierre Raynaud Quebec (Canada)	Executive Vice-President and Chief Financial Officer; Chairman and Chief Executive Officer, Areva (nuclear and renewable energy); Chief Financial Officer, Areva
Erik J. Ryan Quebec (Canada)	Executive Vice-President, Marketing, Strategy and External Relations; Senior Vice-President, Communications and External Relations, Rio Tinto Alcan (aluminium producer and supplier)
Preston D. Swafford Ontario (Canada)	Chief Nuclear Officer, President and CEO, Candu Energy; Executive Vice President and Chief Nuclear Officer, Nuclear Power Group, Tennessee Valley Authority (public power company); Executive Vice President, Fossil Power Group, Tennessee Valley Authority
Alexander (Sandy) Taylor Quebec (Canada)	Senior Executive Vice-President (Group President), Power; Senior Group Vice-President, Head of Global Sales and Marketing, Process Automation (PA) Division, ABB (power and automation technologies); Senior Group Vice-President, Global Oil, Gas and Petrochemicals Business Unit, ABB; President and Chief Executive Officer, ABB and Member of ABB's North American Executive Committee
David G. Wilkins Quebec (Canada)	Chief Compliance Officer; Director, Office of Ethics & Compliance, The Dow Chemical Company (Diversified Chemicals)

As at December 31, 2013, the directors and the above executive officers of the Corporation, as a group, held, either directly or indirectly, or exercised control over 796,434 common shares, representing approximately 0.52% of the common shares of the Corporation.

8. LEGAL PROCEEDINGS

Class Action Lawsuits

On March 1, 2012, a “Motion to Authorize the Beginning of a Class Action and to Obtain the Status of Representative” (the “Quebec Motion”) was filed with the Quebec Superior Court, on behalf of persons who acquired SNC-Lavalin 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 defendants in the Quebec Motion are SNC-Lavalin and certain of its current and former directors and officers. The Quebec Motion raises both statutory and negligent misrepresentation claims.

On May 9, 2012, two proposed class actions were commenced in the Ontario Superior Court on behalf of all persons who acquired SNC-Lavalin securities during different time periods. These two actions were consolidated into a single action (the “Ontario Action”) on June 29, 2012. The defendants in the Ontario Action are SNC-Lavalin and certain of its current and former directors and officers. The Ontario Action seeks damages on behalf of all persons who acquired securities of SNC-Lavalin between November 6, 2009 and February 27, 2012 (the “Class Period”). The Ontario Action raises, among other things, both statutory and common law misrepresentation claims.

The Quebec Motion and the Ontario Action (collectively, the “Actions”) allege that certain documents filed by SNC-Lavalin contained misrepresentations concerning, among other things, SNC-Lavalin’s corporate governance practices, adequacy of controls and procedures, reported net income for the year ended December 31, 2010, and adherence to SNC-Lavalin’s Code of Ethics.

On September 19, 2012, the Ontario judge agreed to the discontinuance of the plaintiffs’ claims other than the statutory misrepresentation claims under securities legislation in accordance with an agreement with the plaintiffs. The judge granted the plaintiffs leave to proceed with those statutory claims and has certified a class action covering shareholders who bought SNC-Lavalin shares during the Class Period except for Quebec residents. On January 24, 2013, a judge of the Quebec Superior Court rendered a similar judgement covering Quebec residents.

The Actions each seek damages based on the decline in market value of the securities purchased by proposed class members when SNC-Lavalin issued a press release dated February 28, 2012, as well as other damages and costs. The Ontario Action seeks additional damages based on further drops in share price on April 13, June 25, November 26, 28, and 29, 2012 and on July 3, 2013 allegedly related to the release of information concerning, among other things, developments in investigations being carried out by Canadian and Swiss law enforcement authorities, pursuant to amendments made to the Ontario Action granted by the Court on January 29, 2014.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these lawsuits or determine the amount of any potential losses, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. While SNC-Lavalin has directors’ and officers’ liability insurance insuring individuals against liability for acts or omissions in their capacities as directors and officers, the Corporation does not maintain any other insurance in connection with the Actions. The amount of coverage under the directors’ and officers’ policy is limited and such coverage may be an insignificant portion of any amounts the Corporation is required or determines to pay in connection with the Actions. In the event the Corporation is required or determines to pay amounts in connection with these lawsuits and other litigation, such amounts could be significant and may have a material adverse impact on SNC-Lavalin’s liquidity and financial results.

Other

The Corporation is a party to other claims and litigation arising in the normal course of operations. The Corporation does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations.

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. The shareholders of the Corporation will be asked to adopt a resolution at the next annual meeting of shareholders of the Corporation to reconfirm the Amended and Restated Shareholder Rights Plan Agreement until the close of business on the date on which the annual meeting of the shareholders of the Corporation is held in 2017.

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 LLP is the auditor of the Corporation and is independent within the meaning of the Code of Ethics of the *Ordre des comptables professionnels 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 Dr. Patricia A. Hammick (Chair), Mr. Claude Mongeau, Mr. Alain Rhéaume and Mr. Eric D. Siegel. Each member of the Audit Committee is independent as determined by the Board including in light of Canadian securities legislation and regulations, 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 E "Board Committee Reports – Report of the Audit Committee" of the 2013 management proxy circular of the Corporation - the "Management Proxy Circular").

Patricia A. Hammick is a former director and member of the Finance Committee of Consol Energy Inc. and former lead director and ex officio member of the Audit & Compliance Committee of Dynegy Inc. In 2002 and 2003, she was a lecturer and adjunct professor at George Washington University Graduate School of Political Management. Prior to that, Dr. Hammick was Senior Vice-President of Strategy & Communications and a member of the eight-member management team at Columbia Energy Group. Dr. Hammick graduated from George Washington University with a Ph.D. in Mathematical Statistics and from the University of California with an M.A. in Physics.

Claude Mongeau has been President and CEO of Canadian National Railway Company (“CN”) since January 1, 2010. He joined CN in 1994 and has held the positions of Vice-President, Strategic and Financial Planning, and Assistant Vice-President, Corporate Development. He was appointed Executive Vice-President and CFO of CN in 2000. Mr. Mongeau is the Chairman of the Railway Association of Canada, a director of the Canadian Council of Chief Executives and a former member of the Audit Committee of Nortel Networks. He holds an MBA from McGill University and was named Canada’s CFO of the Year in 2005.

Alain Rhéaume is the Co-Founder and Managing Partner of Trio Capital Inc. and has over 25 years of senior management experience in the private and public sectors. He worked for the Ministry of Finance of the Québec Government from 1974 to 1996, acting from 1988 to 1992 as Associate Deputy Minister, Financial Policies and Operations, and from 1992 to 1996 as Deputy Minister. In 1996, Mr. Rhéaume joined Microcell Telecommunication Inc. as CFO. He was subsequently promoted to President and CEO of Microcell PCS (2001-2003) and President and COO of Microcell Solutions Inc. (2003-2004). Until June 2005, Mr. Rhéaume was Executive Vice-President, Rogers Wireless Inc., and President of Fido Solutions Inc. (a division of Rogers Wireless Inc.), a role he assumed when Microcell Telecommunications Inc. was acquired by Rogers. Mr. Rhéaume is the Chair of the Audit Committee of Resolute Forest Products Inc. and a member of its Finance Committee. He is also a public director of the Canadian Investor Protection Fund and of the Canadian Public Accountability Board. Mr. Rhéaume is a former audit committee member of five publicly-traded corporations. Mr. Rhéaume graduated from Université Laval in 1973 with a License in Business Administration (Finance and Economics).

Eric D. Siegel is the former President and CEO of Export Development Canada (EDC), a position he held from 2007 until his retirement in December 2010. Mr. Siegel joined EDC in 1979. In 1997, he was appointed Executive Vice-President and in 2005, Chief Operating Officer, assuming overall leadership for EDC’s business development and transacting groups until his appointment as President and CEO in 2007. He is currently a director of Citibank Canada as well as a member of its Audit Committee, is a member of the Dean’s Advisory Council of York University’s Schulich School of Business and a Chapter Executive of the Institute of Corporate Directors (Ottawa Chapter). Mr. Siegel graduated from the University of Toronto in 1976 with a Bachelor of Arts in history and economics and from York University in 1979 with a Master’s of Business Administration. He completed the Senior Executive Program at Columbia University in 2012 and the Director Education Program in 2010.

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 LLP and its affiliates, the Corporation’s auditor, for the year ended December 31, 2013 and the year ended December 31, 2012, are presented below:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Audit fees⁽¹⁾	\$6,069,800	\$4,351,900
Audit-related fees⁽²⁾	\$1,555,500	\$1,899,000
Tax fees⁽³⁾	\$593,700	\$1,082,300
Other fees⁽⁴⁾	\$344,600	\$2,012,700
Total⁽⁵⁾	\$8,563,600	\$9,345,900

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 include 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.
The increase of \$1,717,900 from \$4,351,900 in 2012 to \$6,069,800 in 2013 is mainly due to the impact of the internal control audit being performed as an integrated audit in 2013 (part of the "Audit-related fees" in 2012), additional audit procedures relating to the Independent Review of facts discussed in the Corporation's 2013 Management's Discussion and Analysis (section 13 – Risks and Uncertainties) and to higher audit costs relating to various subsidiaries.
- (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 (performed as an integrated audit starting in 2013), 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". The decrease of \$1,668,100 from \$2,012,700 in 2012 to \$344,600 in 2013 is mainly due to the decrease of forensic effort relating to investigations on certain projects.
- (5) The aggregate fees paid to Deloitte LLP, irrespective of the Corporation's proportionate interests in its joint ventures and other investees, totaled \$9,023,847 in 2013 and \$10,533,039 in 2012.

13. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this AIF that describe the Corporation's or management's budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "aims", "anticipates", "assumes", "believes", "estimates", "expects", "goal", "intends", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. All such forward-looking statements are made pursuant to the "safe-harbour" provisions of applicable Canadian securities laws. 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. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Corporation's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the

Corporation's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking statements made in this AIF are based on a number of assumptions believed by the Corporation to be reasonable on March 6, 2014. The assumptions are set out throughout the Corporation's 2013 Management's Discussion and Analysis (particularly, in the sections entitled "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and "How We Analyze and Report Our Results" in the Corporation's 2013 Management's Discussion and Analysis). If these assumptions are inaccurate, the Corporation's actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Corporation's assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risks include, but are not limited to: (a) the outcome of pending and future claims and litigation could have a material adverse impact on the Company's business, financial condition and results of operation; (b) the Company is subject to ongoing investigations which could subject the Company to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant, which, in turn, could harm the Company's reputation, result in suspension, prohibition or debarment of the Company from participating in certain projects, reduce its revenues and net income and adversely affect its business; (c) further regulatory developments could have a significant adverse impact on the Company's results, and employee, agent or partner misconduct or failure to comply with anti-bribery and other government laws and regulations could harm the Company's reputation, reduce its revenues and net income, and subject the Company to criminal and administrative enforcement actions and civil actions; (d) if the Company is not able to successfully execute on its new strategic plan, its business and results of operations would be adversely affected; (e) a negative impact on the Company's public image could influence its ability to obtain future projects; (f) fixed-price contracts or the Company's failure to meet contractual schedule or performance requirements may increase the volatility and unpredictability of its revenue and profitability; (g) the Company's revenue and profitability are largely dependent on the awarding of new contracts, which it does not directly control, and the uncertainty of contract award timing could have an adverse effect on the Company's ability to match its workforce size with its contract needs; (h) the Company's backlog is subject to unexpected adjustments and cancellations, including under "termination for convenience" provisions, and does not represent a guarantee of the Company's future revenues or profitability; (i) SNC-Lavalin is a provider of services to government agencies and is exposed to risks associated with government contracting; (j) the Company's international operations are exposed to various risks and uncertainties, including unfavourable political environments, weak foreign economies and the exposure to foreign currency risk; (k) there are risks associated with the Company's ownership interests in ICI that could adversely affect it; (l) the Company is dependent on third parties to complete many of its contracts; (m) the Company's use of joint ventures and partnerships exposes it to risks and uncertainties, many of which are outside of the Company's control; (n) the competitive nature of the markets in which the Company does business could adversely affect it; (o) the Company's project execution activities may result in professional liability or liability for faulty services; (p) the Company could be subject to monetary damages and penalties in connection with professional and engineering reports and opinions that it provides; (q) the Company may not have in place sufficient insurance coverage to satisfy its needs; (r) the Company's employees work on projects that are inherently dangerous and a failure to maintain a safe work site could result in significant losses and/or an inability to obtain future projects; (s) the Company's failure to attract and retain qualified personnel could have an adverse effect on its activities; (t) work stoppages, union negotiations and other labour matters could adversely affect the Company; (u) the Company relies on information systems and data in its operations; failure in the availability or security of the Company's information systems or in data security could adversely affect its business and results of operations; (v) any acquisition or other investment may present risks or uncertainties; (w) a deterioration or weakening of the Company's financial position, including its cash net of recourse debt, would have a material adverse effect on its business and results of operations; (x) the Company may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows; (y) an inability of SNC-Lavalin's clients to fulfill their obligations on a timely basis could adversely affect the Company; (z) the Company may be required to impair certain of its goodwill, and it may also be required to write down or write off the value of certain of its assets and investments, either of which could have a material adverse impact on the Company's results of operations and financial condition; (aa) global economic conditions could affect the Company's client base, partners, subcontractors and suppliers and could materially affect its backlog, revenues, net income and ability to secure and maintain financing; (bb) fluctuations in commodity prices may affect clients' investment decisions and therefore subject

the Company to risks of cancellation, delays in existing work, or changes in the timing and funding of new awards, and may affect the costs of the Company's projects; (cc) inherent limitations to the Company's control framework could result in a material misstatement of financial information, and; (dd) environmental laws and regulations expose the Company to certain risks, could increase costs and liabilities and impact demand for the Company's services. The Corporation cautions that the foregoing list of factors is not exhaustive. 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 sections "Risks and Uncertainties", "How We Analyze and Report Our Results" and "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" 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 or on the Corporation's website at www.snclavalin.com under the "Investors" section.

The forward-looking statements herein reflect the Corporation's expectations as at March 6, 2014, 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 whether as a result of new information, future events or otherwise, 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 is contained in the 2013 Management Proxy Circular, which relates to the May 8, 2014 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 MD&A.

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

The Audit Committee is a committee of the Board of Directors of SNC-Lavalin Group Inc. (the "Corporation") which assists the Board in supervising the Corporation's financial controls and reporting. The Audit Committee also monitors through reasonable measures whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

1. COMPOSITION

The Audit Committee shall be composed of not less than three (3) and not more than seven (7) Directors, all of whom must be "independent" as determined by the Board including in light of Canadian securities legislation and regulations.

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 one (1) member of the Human Resources Committee shall sit on the Audit Committee and vice versa. At least one (1) member of the Project Review Committee shall sit on the Audit Committee and vice versa.

Subject to the By-Laws of the Corporation, the Chair and members of the Committee shall be recommended by the Governance and Ethics Committee and appointed by the Board. The appointment of the Chair of the Committee shall be considered by the Governance and Ethics Committee annually. If desired, a new Chair of the Committee shall be recommended by the Governance and Ethics Committee for appointment by the Board.

To the extent possible, taking into account the regulatory and internal requirements with respect to the personal expertise of the members of the Committee (e.g., financial literacy), there will be a system of regular rotation of Directors on the Committee. Rotation should be staggered to ensure continuity from year to year.

2. RESPONSIBILITIES

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

Primary Accountability

- (a) assist the Board of Directors in the discharge of its responsibilities relating to the Corporation's accounting policies, reporting practices and internal controls, in compliance with applicable legal and regulatory requirements;

Financial Reporting

- (b) review and recommend approval by the Board before publication of the Corporation's unaudited quarterly financial statements and accompanying notes and related press release;

review the independent auditor's report on its quarterly review;

- (c) review and recommend approval by the Board before publication of the Corporation's audited annual financial statements and accompanying notes, related press release as well as significant accounting changes and disclosure of issues; review the independent auditor's report on its annual audit and summary financial statements;
- (d) review and recommend approval by the Board before publication of 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, significant non-recurring events, significant risks, changes in accounting principles, and estimates or reserves, and all significant variances between comparative reporting periods;
- (e) 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 and recommend approval by the Board of Directors before their public disclosure or filing with regulatory authorities;
- (f) review the statement of management's responsibility for the financial statements as signed by senior management and to be included in any published document;
- (g) review specific financial matters and issues on a quarterly basis; at least annually review the results of the impairment testing;

Accounting Policies

- (h) 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

- (i) review on a quarterly basis 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; review on an annual basis tax filing compliance (corporate and employee) and reserve for legal claims;
- (j) ensure through reasonable means that financial, accounting, auditing, control and reporting risks are identified and that the appropriate measures to mitigate and manage such risks are implemented;
- (k) monitor progress on corrective and mitigation actions;

Controls and Control Deviations / CEO/CFO Certification

- (l) monitor the quality and integrity of the Corporation's internal controls, disclosure controls and procedures and management information systems, with particular emphasis on accounting and financial controls, recommending changes where appropriate;
- (m) supervise management's reporting on internal controls and disclosure controls and procedures, including: (i) disclosure of significant deficiencies in the design and operation of internal controls, (ii) disclosure of significant changes in internal controls, and (iii) disclosure of fraud involving management or an employee with significant impact on internal controls;

- (n) review the Chief Executive Officer's ("CEO") and Chief Financial Officer's ("CFO") annual certification plan; receive CEO/CFO certification of interim and annual filings to be made in accordance with National Instrument 52-109; review the results of interim and annual CEO/CFO certification testing;

Independent Auditor

- (o) 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;
- (p) 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 the annual confirmation of independence provided by independent auditor and engage in dialogue with the independent auditor with respect to any relationships or services that may impact the objectivity and independence of the independent auditor;
- (q) The Committee shall also be informed of and pre-approve, which pre-approval may be given by a designated "independent" member of the Committee (as this word is defined in Section 1 above), certain **audit-related services** and **taxation services** as specified in paragraph (ii) below as well as **non-audit services**, to be provided by the independent auditor and the costs thereof and consider any impact of the provision of any such **audit-related services**, **taxation services** and **non-audit 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;
- audit services in support of the internal audit function, as required;
- translation services relating to financial information and statutory filings referred to under paragraph (q)(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;
- commodity tax advice; and
- forensic or investigation services that do not require an expert opinion to be provided.

(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).

(r) 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 mandate, organization, staffing, qualifications, independence, performance and effectiveness of the independent auditor;

- (s) review and approve the scope and timing of the independent auditor's reviews of the unaudited quarterly financial statements and of its annual audit plan; supervise the work of the independent auditor engaged for the purpose of preparing or issuing an independent auditor's report or performing other audit, review or attest services for the Corporation; review and approve the independent auditor's budgeted and actual audit fees, audit-related fees and non-audit fees;
- (t) review with the independent auditor: (i) the contents of its annual audit report, and (ii) its results on its quarterly reviews, and review any significant recommendations from the independent auditor to strengthen the internal controls of the Corporation;
- (u) 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;
- (v) review any unresolved significant issues between management and the independent auditor that could affect the financial reporting or internal controls of the Corporation;
- (w) resolve any disagreements between management and the independent auditor regarding financial reporting;
- (x) 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;
- (y) ensure the respect of applicable requirements regarding the rotation of applicable partners of the independent auditor, on a regular basis;
- (z) ensure that the independent auditor reports directly to the Committee;

Internal Audit Function

- (aa) annually review and approve the charter, nature, scope of work and budget of the Internal Audit function as well as the annual audit plan and ensure that the Internal Audit function has the necessary resources to fulfill its mandate and responsibilities;
- (bb) quarterly review the audit plan status, including a progress report on the Internal Audit mandates and a follow-up on past due recommendations;
- (cc) review Internal Audit reports issued on a quarterly basis, including management responses, and ensure that the necessary steps are taken to follow up on report recommendations;
- (dd) review Internal Audit reports on systemic internal control issues resulting from investigations on fraud and irregularities;
- (ee) ensure the independence and effectiveness of the Internal Audit function, including by requiring that the function be free of any influence that could adversely affect its ability to objectively assume its responsibilities, by ensuring that it reports directly to the Committee and is accountable to the Committee and to the Board, and by meeting regularly with the Vice-President, Internal Audit without management being present in order to discuss, among others, the questions he/she raises regarding the relationship between the Internal Audit function and management and access to the information required;

- (ff) approve the appointment and dismissal of the Vice-President, Internal Audit as well as approve his/her performance evaluation and compensation;

Other Responsibilities and Issues

- (gg) Pursuant to the Levels of Authority Policy or where requested by the Board or management, the Committee will review and where appropriate recommend approval of investments in, divestitures of, and financing of Investments in Concession Infrastructures ("ICI") and investments in and divestitures of Project-Related Non Wholly-Owned Entities (other than ICI).
- (hh) review and recommend approval by the Board of the Corporation's Disclosure Policy (included in the Corporate Governance Handbook), 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, annually review such Policy to ensure that it conforms with applicable legal and regulatory requirements and make recommendations to the Board regarding any required changes; adopt and annually review the Disclosure Committee charter;
- (ii) monitor the implementation of the Corporation's information technology ("I.T.") security and disaster recovery plan, periodically review this plan and make recommendations to the Board regarding any required changes;
- (jj) review of treasury policy and portfolio;
- (kk) annually obtain from the 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;
- (ll) monitor the application of the procedures established by the Committee for: (a) the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. To this end, the Committee shall quarterly review the report of the Chair of the Ethics and Compliance Committee with respect to: (i) issues, violations or complaints reported to the Corporation regarding accounting, internal accounting controls, auditing or fraud matters, and (ii) all instances where management overrode or departed from prescribed policies and procedures relating to accounting, internal accounting controls, auditing or fraud matters, the latter in accordance with the Corporation's Management Override Policy; and
- (mm) 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) Members of the Committee are appointed and removed by the Board.
- (b) Meetings of the Committee shall be held at least quarterly and as required. The Chair of the Committee, the President and Chief Executive Officer, the Chairman of the Board, 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, an in camera session of the independent Directors shall be held.

- (c) The Chair of the Committee shall develop the agenda for each meeting of the Committee in consultation with the President and Chief Executive Officer, the Chief Financial Officer, the Vice-President, Internal Audit and the Corporate Secretary. The agenda and appropriate material shall be provided to the members of the Committee in a timely manner prior to any meeting of the Committee.
- (d) The Chief Financial Officer, the Vice-President, Internal Audit and the independent auditor shall have direct access to the Committee. They shall receive notice of and attend all meetings of the Committee as non-voting participants.
- (e) The President and Chief Executive Officer and the Chairman of the Board shall have direct access to the Committee. If they are not already members of the Committee, they shall receive notice of and be invited to attend all meetings of the Committee as non-voting participants.
- (f) The independent auditor, the Vice-President, Internal Audit and the Chief Financial Officer shall each meet separately, in camera with the Committee, at least quarterly.
- (g) The Committee has the authority to communicate directly with the independent auditor, the Vice-President, Internal Audit and the Chief Financial Officer, and may also communicate directly with any employee of the Corporation, as it deems necessary.
- (h) 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.
- (i) The Chair of the Committee shall preside at Committee meetings; in his/her absence, an alternate may be elected by the Committee.
- (j) A majority of the members of the Committee constitute a quorum.
- (k) The Corporate Secretary or, in the case where he/she is unable to attend, the Assistant Corporate Secretary, shall act as Secretary of the meeting.
- (l) The proceedings of the Committee shall be conducted in accordance with the By-Laws of the Corporation.
- (m) All minutes of Committee meetings will be forwarded by the Corporate Secretary to each Committee member in a timely manner.
- (n) The Chair of the Committee shall report to the Board at the next regularly scheduled Board meeting following a Committee meeting with respect to its activities and with such recommendations as are deemed desirable in the circumstances.
- (o) The Committee will require the assistance of Corporation resources to research, investigate and report on matters within the Committee's responsibilities. The Chief Financial Officer will appoint a member of management to be the prime interface, and to coordinate the Committee's information requirements.
- (p) The Committee may from time to time and in appropriate circumstances, normally but not necessarily in consultation with the Chairman of the Board and the President and Chief Executive Officer, engage outside advisors at the expense of the Corporation to research, investigate and report on matters within the Committee's responsibilities, approve their retention terms, supervise their work and set their compensation.

- (q) The Committee will annually review its mandate to ensure it continues to be appropriate, establish its forward agenda and make recommendations thereon to the Governance and Ethics Committee as required.
- (r) The Committee will annually assess its performance and that of its members and make recommendations thereon to the Governance and Ethics Committee as required.

Nothing contained in this mandate shall expand applicable standards of conduct or other obligations under any law or regulation for the Directors of the Corporation or the members of the Committee.

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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 one (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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