

Chairman's Commentary



While the company's overall 2011 financial results were negatively impacted by certain unexpected events, SNC-Lavalin continued to deliver solid baseline operating results in the face of the deepening European sovereign debt crisis and little improvement in the American economic picture. Part of this resilience results from the relative economic buoyancy of our Canadian home base, and part is due to continued strengthening of our capabilities in the developing world where the company is involved in thousands of projects.

Although global economic growth is expected to be dominated by the non-OECD nations, political instability and policy volatility in these nations present diverse risks and challenges. The Arab Spring uprisings, while admirable in their objective of fostering human rights and democracy, markedly increased the instability of an already volatile region. Like for many other international companies doing business in Libya since the removal of UN sanctions in 2003, this country in particular has presented some difficult challenges for the company. It is important to note, however, that when the revolution began in February 2011 SNC-Lavalin was successful in safely evacuating some 4,200 workers from suspended projects.

In February 2012, the Audit Committee began an independent review of certain payments and contracts, and the results and related recommendations of this review were released on March 26, 2012. The Board has adopted all of the independent review recommendations and, as stated in the independent review, the Audit Committee will continue to review agency and compliance

matters, including whether amounts may have improperly been paid to fiduciaries of the company, as well as to consider, develop and implement additional remedial measures as appropriate. We will report, as required, on the progress of this process and any related developments.

After 23 years of important contributions to the growth and profitability of the company, the departure of President and Chief Executive Officer Pierre Duhaime was also announced on March 26, 2012. At the request of the other members of the Board, Ian Bourne agreed to serve as Vice-Chairman and Interim CEO while the

search for a new CEO is carried out. A Director of SNC-Lavalin since 2009, Mr. Bourne is a seasoned executive who has served as senior officer of a number of public corporations.

SNC-Lavalin has clear standards for its business practices as articulated in its Code of Ethics and Business Conduct. Consistent with the recommendations of the independent review, the Board is committed to further lifting our standards in a number of key areas, including by continuing to review the company's Code of Ethics and whistleblowing policy. It's very important that the actions of a few should not reflect upon the values and commitment of the company's 28,000 capable and dedicated employees serving clients with diligence and integrity in over 100 countries. The Board has confidence in these employees, and in the executives who lead them.

One of the keys to good governance is the recruitment of quality directors who bring complementary background and skills. We were very pleased to announce the appointment of Eric Siegel, who served as President and CEO of Export Development Canada from 2007 to 2010. Mr. Siegel will bring additional knowledge to the Board about many of the developing nations where SNC-Lavalin is active. In December, 2011 Senator Hugh Segal

was appointed by the Minister of Foreign Affairs to serve as Canada's Special Envoy on Commonwealth Renewal. His work involves travel to many of the 54 member countries. After thirteen years of dedicated and valuable service to the company's Board, Senator Segal has decided not to stand for re-election. We wish the Senator success in his important new role.

During the year, the company continued to strengthen its domestic and international operations through the acquisition of five engineering firms based in Canada and the UK. The Board remains focused on stewardship of the challenges and risks

that the company's ongoing global growth presents. Now in its 102nd year, SNC-Lavalin is one of the world's strongest and most diversified engineering and construction companies, a foundation that should serve shareholders well as we build the next century of the company's history.

GWYN MORGAN

CHAIRMAN OF THE BOARD

Members of the Office of the President

The Office of the President is SNC-Lavalin's senior decision-making management group composed of the President & CEO and executive vice-presidents.



FROM LEFT TO RIGHT

Gilles Laramée	Christian Jacqui	Charlie Rate	Jean Beaudoin	Andrew Mackintosh	Jim Burke
Patrick Lamarre	Charles Chebl	Darleen Caron	Ian A. Bourne	Michael Novak	Feroz Ashraf