SNC·LAVALIN

SNC-LAVALIN GROUP INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To the shareholders of SNC-Lavalin Group Inc. (the "**Corporation**"):

NOTICE IS HEREBY GIVEN THAT the annual meeting of the shareholders (the "**Meeting**") of the Corporation will be held in the Mont-Royal Room, at the Hilton Montreal Bonaventure Hotel, located at 900 De La Gauchetière West, Montreal, (Quebec) Canada H5A 1E4, on Thursday, May 5th, 2011, commencing at 11:00 a.m., Eastern Daylight Time, for the following purposes:

1. to receive and consider the report of the directors of the Corporation (the "**Directors**") to the shareholders, the consolidated financial statements of the Corporation for the year ended December 31st, 2010 and the auditor's report thereon;
2. to elect the Directors for the ensuing year;
3. to appoint the auditor for the ensuing year;
4. to consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Schedule "C" to the accompanying Management Proxy Circular) providing for the adoption of a non-binding advisory vote on executive compensation;
5. to consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Schedule "D" to the accompanying Management Proxy Circular) reconfirming and approving the Amended and Restated Shareholder Rights Plan Agreement;
6. to consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Schedule "E" to the accompanying Management Proxy Circular) approving the adoption of the 2011 Stock Option Plan in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Registration of shareholders will begin at 10:30 a.m. We would appreciate your early arrival and registration so that the Meeting may start promptly at 11:00 a.m.

Montreal, Quebec, March 7th, 2011

BY ORDER OF THE BOARD OF DIRECTORS

YVES LAVERDIÈRE (signed)
Vice-President and Corporate Secretary

SHAREHOLDERS MAY EXERCISE THEIR RIGHTS BY ATTENDING THE MEETING OR BY COMPLETING A FORM OF PROXY. SHOULD YOU BE UNABLE TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE. PROXIES MUST BE RECEIVED BY THE TRANSFER AGENT AND REGISTRAR OF THE CORPORATION (COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 9th FLOOR, NORTH TOWER, TORONTO, ONTARIO, CANADA M5J 2Y1) NO LATER THAN 5:00 P.M. (EASTERN DAYLIGHT TIME) ON TUESDAY MAY 3rd, 2011. YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS AS INDICATED ON THE FORM OF PROXY, OR FAILING INSTRUCTIONS, IN THE MANNER SET FORTH IN THE ACCOMPANYING MANAGEMENT PROXY CIRCULAR.

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INVITATION TO SHAREHOLDERS

Dear Shareholder:

On behalf of the Corporation's Board of Directors, management and employees, we are pleased to invite you to this year's Meeting which will be held in the Mont-Royal Room, at the Hilton Montreal Bonaventure Hotel, located at 900 De La Gauchetière West, Montreal, (Quebec) Canada H5A 1E4, on Thursday, May 5th, 2011, at 11:00 a.m. (Eastern Daylight Time).

This year we celebrate our 100th anniversary and we are proud to continue our track record of solid governance that has allowed us to grow and develop sustainable business practices.

In 2010 we continued to strive to achieve governance leadership focusing our efforts on the Board's risk oversight of crucial aspects of the Corporation. Adapting the Board's and Board Committees' agendas to free up more time for risk review and more systemic review of the implementation of the various components of the strategic plan by the Board formed part of these efforts.

We believe that the key to strong corporate governance is recruitment of the highest quality board candidates who bring together all of the needed backgrounds, expertise and skills, and who create the right synergy on the Board. Given the growth of the Corporation, the Board underwent a Board succession planning exercise in 2010 which led to the conclusion that additional skills and expertise were needed as well as an additional Board member. A search was therefore undertaken to recruit a candidate with the requisite high level international experience. We were proud to announce in 2010 the appointment of London-based Michael D. Parker as our new Board member.

In this year's Management Proxy Circular you will find more information on, among others:

- The Board's risk oversight role;
- Board succession planning;
- CEO succession planning;
- Enhanced disclosure on the Board's approach to integrity and ethical business practices; and
- A new letter to shareholders outlining our executive compensation philosophy.

We value the views of our shareholders and appreciate the time you spend considering, understanding and voting on the business of this year's Meeting. It is important that you exercise your vote, either in person at the Meeting, by telephone, on the internet or by completing and sending in your proxy.

We look forward to seeing you at this Meeting and to having the opportunity to discuss and exchange with you.

Yours sincerely,

Gwyn Morgan (signed)
Chairman of the Board

Pierre Duhaime (signed)
President and Chief Executive Officer

SNC-LAVALIN GROUP INC.

MANAGEMENT PROXY CIRCULAR

SECTION 1: Voting Information

This Management Proxy Circular is issued in connection with the solicitation of proxies, by and on behalf of the management of SNC-Lavalin Group Inc. (the "Corporation"), for use at the meeting of the shareholders of the Corporation (the "Meeting") to be held on Thursday, May 5th, 2011, at the place, commencing at the time and for the purposes set forth in the foregoing notice of said Meeting and at any and all adjournments thereof. The solicitation is made by mail. The cost of solicitation is borne by the Corporation.

1.1 General

The following questions and answers provide guidance on how to vote your shares.

1.1.1 Who can vote?

Each holder of Common Shares is entitled to one vote at the Meeting or any adjournment thereof for each Common Share registered in the holder's name as at the close of business on March 7th, 2011 (the "**Record Date**").

As of March 7th, 2011, the Corporation had 150,943,873 Common Shares outstanding.

To the knowledge of the directors (the "**Director**") and officers of the Corporation based on the most recent publicly available information, the only investor who, as at the Record Date, owns or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Corporation is Jarislowsky, Fraser Limited ("**JFL**"), a fund manager. According to the most recent publicly available information concerning the shareholdings of JFL in the Common Shares of the Corporation, JFL held 25,564,706 Common Shares, representing 16.94% of the outstanding Common Shares of the Corporation.

1.1.2 What will I be voting on?

Shareholders will be voting to (i) elect Directors ; (ii) appoint Deloitte & Touche LLP, Chartered Accountants, as auditor of the Corporation; (iii) adopt a resolution (the full text of which is reproduced in Schedule "C" to the accompanying Management Proxy Circular) providing for a non-binding advisory vote on executive compensation (also known as a "Say on Pay" resolution); (iv) adopt a resolution (the full text of which is reproduced in Schedule "D" to the accompanying Management Proxy Circular) reconfirming and approving the Amended and Restated Shareholder Rights Plan Agreement; and (v) adopt a resolution (the full text of which is reproduced in Schedule "E" to the accompanying Management Proxy Circular) approving the adoption of the 2011 Stock Option Plan in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The Board of Directors and management of the Corporation are recommending that shareholders vote **FOR** items (i), (ii), (iii), (iv) and (v).

1.1.3 How will these matters be decided at the Meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

1.1.4 How do I vote?

If you are eligible to vote and your Common Shares are registered in your name, you can vote your Common Shares in person at the Meeting or by proxy, as explained below. If your Common Shares are held in the name of a nominee, please see the instructions below under "Non-Registered Shareholder Voting".

1.1.5 Who can I call with questions?

If you have questions about the information contained in this Management Proxy Circular or require assistance in completing your form of proxy, please contact Computershare Investor Services Inc. ("**Computershare**"), the Corporation's proxy solicitation agent and transfer agent, by mail at Computershare Investor Services Inc., 100 University Ave, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1, by telephone at 1-800-564-6253, by fax at 1-866-249-7775 or on the internet at **www.computershare.com**.

1.2 Registered Shareholder Voting

1.2.1 Voting by proxy

You are a registered shareholder if your name appears on your share certificate. If this is the case, you may appoint someone else to vote for you as your proxy holder by using the enclosed form of proxy. The persons named in the enclosed form of proxy are Directors or officers of the Corporation. A shareholder has the right to appoint as proxy holder a person other than those whose names are printed as proxy holders in the accompanying form of proxy, by striking out said printed names and inserting the name of his/her chosen proxy holder in the blank space provided for that purpose in the form of proxy. In either case, the completed form of proxy must be delivered to Computershare, in the envelope provided for that purpose, prior to the Meeting at which it is to be used. A person acting as proxy holder need not be a shareholder of the Corporation. Make sure that the person you appoint is aware that he or she is appointed and attends the Meeting.

You can choose from among three different ways to vote your Common Shares by proxy:

- by telephone;
- on the Internet; or
- by mail.

1.2.2 How can I vote my Common Shares by Proxy?

By telephone

Call the toll free number indicated on the proxy form and follow the instructions.

If you choose the telephone, you cannot appoint any person other than the Directors or officers named on your form of proxy as your proxy holder.

On the Internet

Go to the website indicated on the proxy form and follow the instructions on the screen.

If you return your proxy via the Internet, you can appoint a person other than the Directors or officers named in the form of proxy as your proxy holder. This person does not have to be a shareholder. Indicate the name of the person you are appointing in the space provided on the form of proxy. Complete your voting instructions, and date and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

By mail

Complete your form of proxy and return it in the envelope provided.

If you return your proxy by mail, you can appoint a person other than the Directors or officers named in the form of proxy as your proxy holder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the blank space provided on the form of proxy. Complete your voting instructions on the form of proxy, and date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

1.2.3 What is the deadline for receiving the form of proxy?

The deadline for receiving duly completed forms of proxy or a vote using the telephone or over the Internet is 5:00 p.m. (Eastern Daylight Time) on Tuesday, May 3rd, 2011, or if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Eastern Daylight Time) on the business day prior to the day fixed for the adjourned or postponed Meeting.

1.2.4 How will my Common Shares be voted if I give my proxy?

Shares represented by proxies in the accompanying form of proxy will be voted in accordance with the instructions indicated thereon. If no contrary instruction is indicated, the shares represented by such form of proxy will be voted in favour of the election as Directors of the persons and the appointment as auditor of the firm respectively named under

the headings "Election of Directors" and "Appointment of Auditor" and will be voted in favour of the adoption of the non-binding advisory vote on executive compensation, the reconfirmation and approval of the Amended and Restated Shareholder Rights Plan Agreement and the 2011 Stock Option Plan.

The form of proxy also confers discretionary voting authority on those persons designated therein with respect to amendments or variations to the proposals identified in the notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing this Management Proxy Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. **If such amendments or variations or other matters properly come before the Meeting, the management nominees designated in such form of proxy shall vote the shares represented thereby in accordance with their best judgment.**

1.2.5 If I change my mind, how can I revoke my proxy?

A registered shareholder who has given a proxy may revoke the proxy:

(1) by completing and signing a form of proxy bearing a later date and depositing it with Computershare (100 University Avenue, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1) no later than 5:00 p.m. (Eastern Daylight Time) on May 3rd, 2011; or

(2) in accordance with section 148(4) of the *Canada Business Corporations Act*:

- (a) by depositing an instrument in writing executed by such shareholder or by his/her attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer:
  - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (ii) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

1.2.6 Voting in Person

If you wish to vote in person, you may present yourself at the Meeting to a representative of Computershare. Your vote will be taken at the Meeting. **If you wish to vote in person at the Meeting, do not complete or return the form of proxy.**

1.3 Non-Registered Shareholder Voting

If your Common Shares are not registered in your name and are held in the name of a nominee, you are a "non-registered shareholder". If your Common Shares are listed in an account statement provided to you by your broker, those Common Shares will, in all likelihood, not be registered in your name. Such Common Shares will more likely be registered under the name of your broker or an agent of that broker. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for the broker's client. If you are a non-registered shareholder, there are two ways, listed below, that you can vote your Common Shares:

1.3.1 Giving your Voting Instructions

Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from your nominee a request for voting instructions for the number of Common Shares you hold. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by non-registered shareholders to ensure that their Common Shares are voted at the Meeting.

1.3.2 Voting in Person

However, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions provided by your nominee to appoint yourself as proxy holder and follow the instructions of your nominee. Non-registered shareholders who appoint themselves as proxy holders should present themselves at the Meeting to a representative of Computershare. Do not otherwise complete the request for voting instructions sent to you as you will be voting at the Meeting.

SECTION 2: Business of the 2011 Annual Meeting of Shareholders

Highlights

SECTION 2: Business of the 2011 Annual Meeting of Shareholders

2.1 Election of Directors

The Board of Directors has fixed at twelve the number of Directors to be elected for the current year. The term of office of each Director so elected will expire upon the election of his/her successor unless he/she shall resign his/her office or his/her office becomes vacant by death, removal or other cause.

The management of the Corporation does not contemplate that any of the nominees will be unable, or for any reason will become unwilling, to serve as a Director. Should this occur for any reason prior to the election, the persons named in the accompanying form of proxy reserve the right to vote for another nominee, at their discretion, unless the shareholder has specified in the form of proxy that his/her shares are to be withheld from voting in the election of any of the Directors.

The following are the names of the twelve proposed nominees for election as Directors of the Corporation:

Ian A. Bourne
Pierre Duhaime
David Goldman
Patricia A. Hammick
Pierre H. Lessard
Edythe (Dee) A. Marcoux
Lorna R. Marsden
Claude Mongeau
Gwyn Morgan
Michael D. Parker
Hon. Hugh D. Segal
Lawrence N. Stevenson

Section 3 "Information Concerning the Board of Directors and the Nominees for Election as Directors" below, sets out detailed information on each of these nominees. All twelve nominees are currently Directors of the Corporation.

Management and the Board of Directors recommend that each of the nominees listed above be elected to serve as Directors of the Corporation, to hold office until the next annual meeting of shareholders or until such person's successor is elected or appointed. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying proxy form or voting instruction form intend to vote FOR the election of these nominees.**

2.2 Appointment of Auditor

The auditor of the Corporation is Deloitte & Touche LLP, Chartered Accountants, a registered limited liability partnership. Deloitte & Touche LLP was first appointed as auditor of the Corporation on May 8th, 2003.

The management and Board of Directors recommend that Deloitte & Touche LLP be appointed to serve as auditor of the Corporation until the next annual meeting of shareholders. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the appointment of Deloitte & Touche LLP, as auditor of the Corporation, to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the Directors.**

2.2.1 Auditor's Fees

The aggregate fees paid, including the Corporation's pro-rata share of the fees paid by its joint ventures and other investees, for professional services rendered by Deloitte & Touche LLP and its affiliates, for the year ended December 31st, 2010 and the year ended December 31st, 2009, are presented below:

	Year Ended December 31st, 2010	Year Ended December 31st, 2009
Audit Fees(1)	$3,460,500	$3,398,900
Audit-Related Fees(2)	$962,700	$935,600
Tax Fees(3)	$1,207,500	$1,403,200
Other Fees(4)	$180,900	$126,700
Total(5)	**$5,811,600**	**$5,864,400**

Notes:

(1) Audit Fees include fees for professional services rendered for the audit of the Corporation's annual financial statements and the review of the Corporation's quarterly reports. They also comprise fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the Corporation's subsidiaries, as well as services that generally only the Corporation's auditor can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions.

(2) Audit-Related Fees include fees for assurance services that are reasonably related to the audit or review of the financial statements and are not reported under "Audit Fees", including special attest services not required by statute or regulation, reporting on the effectiveness of internal controls as required by contract or for business reasons, accounting consultations in connection with various transactions, and the audit of the Corporation's various pension plans.

(3) Tax Fees comprise fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation, review of tax returns and preparation of expatriate employee tax returns.

(4) Other Fees include fees for services other than those described under "Audit Fees", "Audit-Related Fees" and "Tax Fees". Other Fees consist principally of fees for the translation of financial statements, as well as for technical update seminars.

(5) The aggregate fees paid to Deloitte & Touche LLP, irrespective of the Corporation's proportionate interests in its joint ventures and other investees, totalled $6,561,300 in 2010 and $6,591,800 in 2009.

2.2.2 Information about the Audit Committee

The mandate of the Audit Committee is attached hereto as Schedule "B", Mandate of the Audit Committee, and the report of the Committee is set out in section 7.2, Report of the Audit Committee, of this Management Proxy Circular.

2.3 Approval of a Non-Binding Advisory Vote on Executive Compensation

We are committed to providing shareholders with clear, comprehensive and transparent disclosure relating to executive compensation and to receive feedback from shareholders on this matter. In this light, the decision to provide a non-binding advisory vote on executive compensation ("**Say on Pay**" vote) was one that was taken after reviewing the issue at length, hearing differing views and arguments and consulting with investor groups including the Canadian Coalition for Good Governance ("**CCGG**"). We believe that it is a reflection of the Board's ongoing commitment to engage with our shareholders on issues of concern to them. The Say on Pay resolution we are proposing to our shareholders this year is the form of resolution recommended by the CCGG.

As this is an advisory vote, the results will not be binding upon the Board. However, in considering its approach to compensation over the upcoming years, the Board will take into account the results of this vote, together with the comments and concerns of our shareholders received during our ongoing engagement efforts with them. For further details on our engagement efforts see section 3.14 of this Management Proxy Circular.

A resolution to adopt the Say on Pay vote is submitted for approval by the shareholders. If a significant number of shareholders vote against the Say on Pay resolution, the Board will consult with the Corporation's shareholders so that they may voice their concerns about the compensation plans in place and so that Directors clearly understand their concerns. The Board will then review the Corporation's approach to compensation in light of these concerns.

Management and the Board of Directors recommend that the shareholders vote in favour of the approval of the resolution, the text of which is attached as Schedule "C" to this Management Proxy Circular.

Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying proxy form or voting instruction form intend to vote FOR this advisory resolution.

2.4 Reconfirmation and Approval of the Amended and Restated Shareholder Rights Plan Agreement

The Corporation originally implemented a shareholder rights plan by entering into a shareholder rights plan agreement on March 8, 1996, which agreement was subsequently amended and restated as of May 8, 1996, February 26, 1999, March 1, 2002, March 4, 2005 and March 6, 2008 (as so amended and restated, the "**Original Rights Plan**"). The Original Rights Plan was confirmed by the shareholders of the Corporation.

Under the terms of the Original Rights Plan, its continued existence must be reconfirmed by the Corporation's shareholders at the Meeting. If not reconfirmed, the Original Rights Plan will expire on the date of the Meeting, unless earlier terminated.

Rights plans adopted by Canadian public companies show a continuing evolution. In connection with submitting the Original Rights Plan to shareholders for reconfirmation, the Board of Directors has determined that it would be appropriate to make technical amendments to the definition of "Acquiring Person" to reflect this evolution. Accordingly, the Corporation has entered into an Amended and Restated Shareholder Rights Plan Agreement dated as of March 4, 2011, with Computershare Investor Services Inc., as rights agent (the Original Rights Plan, as amended on March 4, 2011, being hereinafter referred to as the "**Rights Plan**"). The amendments to be made to the Original Rights Plan by the Amended and Restated Shareholder Rights Plan Agreement require the approval of the Corporation's shareholders.

Accordingly, at the Meeting, shareholders will be asked to consider and, if deemed advisable, to adopt an ordinary resolution, the text of which is set forth in Schedule "D" to this Management Proxy Circular (the "**Rights Plan Resolution**"), to approve the continuation of the Rights Plan for another three years and to approve the amendments and restatement as reflected in the Amended and Restated Shareholder Rights Plan Agreement. **If the Rights Plan Resolution is not adopted, the Rights Plan will terminate on the date of the Meeting.** If the Rights Plan Resolution is adopted at the Meeting, the Rights Plan will remain in place until the close of business on the date of the annual meeting of shareholders of the Corporation to be held in 2017, subject to its reconfirmation by the shareholders at the annual meeting of shareholders of the Corporation to be held in 2014 unless terminated earlier in accordance with the terms of the Rights Plan.

Purpose of Rights Plan

The primary objective of the Rights Plan is to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for the Corporation, and to provide every shareholder with an equal opportunity to participate in such a bid. The Rights Plan encourages a potential acquirer to proceed either by way of a Permitted Bid (as described below), which requires the take-over to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

Summary of Rights Plan

The following is a summary of the principal terms of the Rights Plan. This summary is qualified in its entirety by reference to the full text of the Rights Plan. The Rights Plan, which will be filed on March 11, 2011, is available on SEDAR (**www.sedar.com**) under the name of SNC-Lavalin Group Inc. Copies of the Rights Plan will also be available at the Meeting. Capitalized terms used in this summary and that are not otherwise defined have the same meaning given to them in the Rights Plan.

Effective Date

The effective date of the Original Rights Plan is March 8, 1996 (the "**Effective Date**").

Expiration Time

If the Rights Plan is reconfirmed at the Meeting, the Rights Plan will remain in force until the new Expiration Time, being the earlier of the Termination Time (the time at which the right to exercise Rights (as defined below) terminates pursuant to the Rights Plan) and the close of business on the date of the annual meeting of shareholders of the Corporation to be held in 2017, subject to its reconfirmation by the shareholders at the annual meeting of shareholders of the Corporation to be held in 2014.

Issuance of Rights

One right ("**Right**") has been issued by the Corporation in respect of each Common Share issued to date and one Right will be issued in respect of each Common Share issued before the earlier of the Separation Time (as defined below) and the Expiration Time. The Rights are not exercisable until the Separation Time.

Rights Exercise Privilege

The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Common Shares, other than by way of a take-over bid permitted by the Rights Plan (a "**Permitted Bid**") or pursuant to another exemption available under the Rights Plan, is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Eight Trading Days after the occurrence of the Flip-in Event: (i) the Rights will become exercisable; (ii) the Rights will separate from the Common Shares; and (iii) each Right shall constitute the right for the holder thereof, other than an Acquiring Person, to purchase from the Corporation that number of Common Shares as have an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount equal to the Exercise Price, subject to certain anti-dilution adjustments, in effect providing for a 50% discount relative to the Market Price. For example, if on the date of consummation or occurrence of the Flip-in Event, the Market Price of a Common Share is \$80, the Exercise Price would be \$400, a holder of a Right would be entitled to purchase 10 Common Shares (2 times the Exercise Price divided by the Market Price, or (2 x \$400) ÷ \$80 = 10 Common Shares) for an aggregate exercise price of \$400.

The Rights will also separate from the Common Shares and will be exercisable eight Trading Days (the "**Separation Time**") after a person has commenced, or announced its intention to commence a take-over bid, to acquire 20% or more of the Common Shares, other than by an acquisition pursuant to a Permitted Bid or pursuant to another exemption available under the Rights Plan. The Exercise Price is an aggregate dollar amount equal to the Market Price of Common Shares, determined as at the Separation Time, multiplied by five. For example, if as at the Separation Time, the Market Price per Common Share is \$80, the Exercise Price would be \$400.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the Common Shares, reported earnings per Common share on a diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may incur substantial dilution of their shareholdings.

Permitted Bid Requirements

The requirements for a Permitted Bid include the following:

(i) The take-over bid must be made by way of a take-over bid circular;

(ii) The take-over bid must be made to all holders of record of Common Shares, other than the Offeror;

(iii) The take-over bid must be outstanding for a minimum of 60 days and Common Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if, at such time, more than 50% of the Common Shares (other than those owned by the bidder on the date of the take-over bid) have been tendered to the take-over bid and not withdrawn; and

(iv) If more than 50% of the Common Shares (other than those owned by the bidder on the date of the take-over bid) are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional 10 Business Days from the date of such announcement.

The Rights Plan provides that a competing Permitted Bid (a "**Competing Permitted Bid**") made while a Permitted Bid is in existence will not trigger a Flip-in-Event. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid on the condition that it shall have been outstanding for a minimum period of 35 days, as required under applicable securities legislation.

Lock-up Agreements

A bidder may enter into lock-up agreements ("**Permitted Lock-up Agreements**") with shareholders of the Corporation ("**Locked-up Persons**") whereby such Locked-up Persons agree to tender their Common Shares to the take-over bid (the "**Lock-up Bid**") without a Flip-in Event occurring. More specifically, a person will not be deemed to Beneficially Own any Common Share because the Common Share has been agreed to be tendered pursuant to a Permitted Lock-up Agreement until the earlier of the tendered share being taken up or paid for. Any Permitted Lock-up Agreement must allow the Locked-up Person to withdraw his Common Shares to tender to another take-over bid or to support another transaction (i) at a price per Common Share that exceeds the price per Common Share offered under the Lock-up Bid, or (ii) at an offering price that exceeds the Lock-up Bid offering price by a specified minimum amount not exceeding 7% of the Lock-up Bid offering price, or (iii) for a number of Common Shares that exceeds, by as much as or more than a number specified in the Permitted Lock-up Agreement, the number of Common Shares offered to be purchased under the Lock-up Bid at a price per Common Share that is not less than the price under the Lock-up Bid, provided that the number specified in the agreement is not more than 7% of the number of Common Shares offered under the Lock-up Bid. A Permitted Lock-up Agreement may nevertheless contain a right of first refusal or require a period of delay to give a bidder an opportunity to match a higher price in another transaction, so long as the Locked-up Person can accept another bid or tender to another transaction.

Copies of Permitted Lock-up Agreements must be made available to the Corporation and to the public. Furthermore, all Permitted Lock-up Agreements must also provide that, if a Locked-up Person fails to deposit or tender his/her Common Shares to the Lock-up Bid, or withdraws Common Shares previously tendered to the Lock-up Bid in order to deposit such Common Shares to another take-over bid or to support another transaction, no break-up fees or other penalties can be required of such Locked-up Person where such penalties, in the aggregate, exceed the greater of (i) 2½% of the value payable under the Lock-up Bid to the Locked-up Person and (ii) 50% of the amount by which the value payable to the Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights are evidenced by a legend imprinted on the Common Share certificates and are not transferable separately from the Common Shares. From and after Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares.

Waiver of the Rights Plan

Prior to a Flip-in Event that would result from a take-over bid made by means of a take-over bid circular to all holders of record of Common Shares, the Board, acting in good faith, may waive the application of the Rights Exercise Privilege provisions of the Rights Plan to such Flip-in Event, and the Rights Exercise Privilege provisions of the Rights Plan will then be waived automatically for all contemporaneous take-over bids made by means of a take-over bid circular. The Board may also waive the application of the Rights Exercise Privilege provisions of the Rights Plan to a Flip-in Event if it is satisfied that a person became an Acquiring Person by inadvertence and if such person then reduces its interest below the 20% Acquiring Person threshold. All other waivers require approval of the holders of Common Shares, or holders of Rights if after the Separation Time.

Redemption of Rights

The Board may, subject to the prior approval of the holders of the Common Shares or the holders of the Rights, as the case may be, at any time prior to a Flip-in Event, redeem all of the outstanding Rights at a redemption price of $0.001 per Right, appropriately adjusted for anti-dilution as set out in the Rights Plan.

Amendments to the Rights Plan

The Board may amend the substance of the Rights Plan with the approval of a majority of the votes cast by Independent Shareholders (or the holders of Rights if the Separation Time has occurred) at a meeting duly called for that purpose. The Board may also, without such approval, make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation and correct clerical and typographical errors, subject, however, to approval at the next meeting of the holders of Common Shares (or the holders of Rights, as the case may be).

Effect on Duties of Board

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith keeping in mind the best interests of the Corporation and its shareholders. The Board will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate if and when a take-over bid is made for the Corporation, whether it constitutes a Permitted Bid or not.

Exemptions for Investment Advisors and Grandfathered Persons

Persons whose ordinary business is managing investment funds for others, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, and administrators of registered pension plans are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Canadian Federal Income Tax Consequences

If the shareholders of the Corporation reconfirm the Rights Plan at the Meeting, there will be no deemed disposition of outstanding Rights for the purposes of the *Income Tax Act* (Canada) (the "**Act**") and outstanding Rights will remain outstanding.

Under the Act, a right to acquire additional shares of a corporation does not constitute a taxable benefit to a recipient thereof that must be included in computing income or that is subject to non-resident withholding tax, if the rights are conferred on all holders of voting shares at the time the right is granted. Although the Rights Plan provides that one Right will be granted in respect of each outstanding Common Share, any Rights Beneficially Owned by an Acquiring Person may become void upon certain triggering events and, consequently, certain holders of Common Shares ultimately may not be able to exercise the Rights. The view that the issue of the Rights to the registered holders of Common Shares does not constitute a taxable benefit is, therefore, not free from doubt. In any event, only the monetary value of the Rights on their date of issue would be included in income and, as the case may be, subject to non-resident withholding tax. The Corporation considers that the Rights are currently of negligible (if not nil) monetary value, as it is unaware of any acquisition or take-over offer which would give rise to a Flip-in Event that would make the Rights exercisable.

A Rights holder may be subject to tax if he or she receives proceeds from the disposition of the Rights to the Corporation or otherwise.

This statement is of a general nature only and is not intended to constitute nor should it be construed as constituting legal or tax advice to any particular shareholder. Shareholders are advised to consult their own tax advisors regarding the income tax consequences of acquiring, holding, disposing of or otherwise exercising Rights, having regard to their own particular circumstances and to any applicable provincial, territorial or foreign legislation.

Proposed Amendments

The amendments to the definition of Acquiring Person and other clerical amendments (such as the Expiration Time of the Rights Plan being the close of business on the date of the annual meeting of shareholders to be held in 2017, subject to reconfirmation of the Rights Plan at the 2014 shareholders' meeting) will become effective only at the time of reconfirmation and approval of the Rights Plan by the shareholders of the Corporation at the Meeting. These amendments are indicated in the blacklined version of the Rights Plan which may be obtained upon request from the Vice-President and Corporate Secretary of the Corporation at the registered office of the Corporation located at Suite 1500, 455 René-Lévesque Boulevard West, Montreal, Quebec, H2Z 1Z3.

The Board unanimously recommends the reconfirmation and approval of the Rights Plan and the adoption of the Shareholder Rights Plan Agreement Resolution.

2.5 Approval of the 2011 Stock Option Plan

On March 4th, 2011, subject to the approval required from certain regulatory authorities and from the Corporation's shareholders, the Board of Directors of the Corporation adopted the 2011 Stock Option Plan (the "**2011 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The Corporation is seeking shareholder approval for the 2011 Plan in the context of the continued growth of the Corporation and the corresponding increase in the number of employees. During the last few years, the number of options made available to Named Executive Officers has not increased.

The 2011 Plan is identical to the 2009 Stock Option Plan with the exception that the Corporation may take such steps as are considered appropriate for the withholding of any taxes which the Corporation is required by any law to withhold in connection with the 2011 Plan. Moreover, the 2011 Plan contains a "double trigger" provision in case of change of control, as more fully described below. A summary of the 2009 Stock Option Plan is described in Schedule "H" of this Management Proxy Circular.

The 2011 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2011 Plan is equal to 2,300,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 7th, 2011 under previous stock option plans, totals less than 5% of the Common Shares of the Corporation outstanding as at the same date. The Board of Directors of the Corporation will select the optionees (the "**Optionees**") and will establish the number of Common Shares under each option. The grant of options under the 2011 Plan shall take effect on the sixth (6th) trading day (the "**Date of Effect**") following the date of such grant. The exercise price per Common Share, in respect of any option granted under the 2011 Plan, shall be the greater of: (i) the average closing price per Common Share for a board lot (100 shares) of the Common Shares traded on the TSX for the five (5) trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the first (1st) trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the first (1st) day of the third year following the Date of Effect of the option and expiring on the last day of the fifth (5th) year following the Date of Effect (the "**Option Period**"). Each option may be exercised during the Option Period in accordance with the following schedule: (i) during the first year of the Option Period, an Optionee may exercise up to 33.33% of the number of Shares initially under option; (ii) during the second year of the Option Period, the Optionee may exercise up to 33.33% of the number of Shares initially under option, plus the number of Shares with respect to which he/she has not exercised the option during the first year of the Option Period; and (iii) during the third year of the Option Period, the Optionee may exercise the option up to the balance (including all) of the Shares initially under option. The 2011 Plan prohibits any modification of the option exercise price and of the number of unexercised options, except in the limited circumstances of a declaration of a stock dividend or a subdivision, consolidation or reclassification, other change or action affecting the Common Shares. In these limited circumstances, the Board may make the modifications that it deems appropriate to the exercise price and to the number of unexercised options, subject always to the approval of the TSX.

An Optionee who is a member of the Management Committee when he/she receives options is required, in order to exercise his/her options, to have owned, throughout the one (1) year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least three (3) times his/her annual base salary and, in the case of the President and/or Chief Executive Officer, the required value is at least six (6) times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the Optionee by the closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX, on the trading day immediately preceding the date on which such option is exercised.

The 2011 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2011 Plan and other share compensation arrangements of the Corporation must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2011 and other share compensation arrangements of the Corporation (a) to insiders, within any one year period, must be less than 5% of the issued Common Shares; and (b) to any one insider and such insider's associates, within any one year period, must be less than 2.5% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one person under the 2011 Plan must be less than 2.5% of the issued Common Shares.

An Optionee who becomes a Retiree before the expiration of the Option Period may exercise his/her options as per any other Optionee, in accordance with the Plan. A "Retiree" means an Optionee who, upon his/her last day of work as a full-time regular employee, has voluntarily terminated his/her employment and has completed a minimum of ten (10) years of continuous service with the Corporation and is 55 years of age or older. For the calculation of the value of the Common Shares, which a Retiree is required to hold when he/she wishes to exercise his/her options, his/her annual base salary in effect at the time of his/her retirement shall be deemed to be his/her annual base salary at the time of such exercise(1). If an Optionee becomes a Retiree before the expiration of the Option Period but he/she engages in certain activities competing with those of the Corporation, as more fully described in the 2011 Plan, his/her options will end, effective upon his/her last day of work as a full-time regular employee of the Corporation.

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(1) Given the fact that the vesting of stock options continues after retirement it is, therefore, not necessary to include a hold period within the stock option plan as this hold period is implicit.

If an Optionee is granted authorized leave of absence for sickness or other reasons, the Optionee will be entitled to exercise his/her options during his/her leave of absence according to the provisions of the 2011 Plan. Similarly, if an Optionee dies before the expiration of the Option Period, his/her legal representatives will be entitled to exercise his/her options according to such provisions.

The date of the grant of options and the exercise price per Common Share, in respect of any option granted under the 2011 Plan, have been modified from the 2004 Stock Option Plan and the 2007 Stock Option Plan as described in Schedules "F"and "G" of this Management Proxy Circular, to ensure that the grant date and date(s) used to determine the exercise price fall outside of the blackout periods for insiders and presumed insiders of the Corporation. In addition, the option period and vesting schedule have been modified from the 2004 Stock Option Plan, and the 2007 Stock Option Plan to better align the 2011 Plan with emerging market practices.

Under the 2011 Plan, unless otherwise determined by the Board, if an Optionee is terminated without cause or submits a resignation for good reason within twenty-four (24) calendar months after a change of control (as defined below): (i) each exercisable option then held by the Optionee shall remain exercisable for a period of twenty-four (24) calendar months from the date of termination or resignation, but not later than the end of the Option Period, and thereafter any such option shall expire; and (ii) each non-exercisable option then held by the Optionee shall become exercisable upon such termination or resignation and shall remain exercisable for a period of twenty-four (24) calendar months from the date of such termination or resignation, but not later than the end of the Option Period, and thereafter any such option shall expire. For the purposes of the 2011 Plan, a "change of control" means the occurrence of any of the following events: (i) a person or a group of persons holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Corporation; (ii) a person or a group of persons launches a take-over-bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Corporation; or (iii) the persons who are directors of the Corporation cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

The Corporation does not provide any financial assistance to Optionees under the 2011 Plan.

The 2011 Plan includes an amendment procedure pursuant to which the Board may amend any of the provisions of the 2011 Plan or amend the terms of any then outstanding award of options under the 2011 Plan, provided, however, that the Corporation shall obtain shareholder approval for:

(a) any amendment to the number of Common Shares issuable under the 2011 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation, reclassification, issue of rights or changes affecting the Common Shares ("**Shares Adjustment**");

(b) any change which would allow non-employee directors to participate under the 2011 Plan;

(c) any amendment which would permit any option granted under the 2011 Plan to be transferable or assignable other than by will or pursuant to the laws of succession;

(d) the addition of a cashless exercise feature, payable in cash or Common Shares, which does not provide for a full deduction of the number of underlying securities from the 2011 Plan reserve;

(e) the addition of deferred or restricted share unit provisions or any other provisions which results in employees receiving Common Shares while no cash consideration is received by the Corporation;

(f) any reduction in the exercise price of an option after the option has been granted or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, except in the case of Shares Adjustment;

(g) any extension to the term of an option beyond the Option Period, unless the end of the Option Period falls within a period during which insiders are prohibited from trading, in which case the Option Period shall be extended by ten (10) trading days following the end of the period during which insiders are prohibited from trading. However, such ten (10) trading day extension shall not apply in cases where the Option Period ends:

    (i) during a pre-determined, regularly scheduled period during which insiders of the Corporation are prohibited from trading; or

    (ii) during a cease trade order;

(h) any increase to the number of Common Shares that may be granted to (i) insiders under the 2011 Plan and other share compensation arrangements of the Corporation or (ii) any one insider and such insider's associates in any one-year period, except in the case of Shares Adjustment;

(i) the addition in the 2011 Plan of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to Optionees;

(j) a change to the vesting provisions of an option or of the 2011 Plan.

Hence, the Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion, make all other amendments to the 2011 Plan that are not contemplated above, including, without limitation, the following:

(a) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the 2011 Plan;

(b) a change to the termination provisions of an option or the 2011 Plan which does not entail an extension beyond the Option Period, as extended pursuant to sub-paragraph (g) above, if applicable;

(c) any Shares Adjustment; and

(d) suspending or terminating the 2011 Plan.

No amendment, suspension or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under the 2011 Plan, to the extent that such options have not then been exercised, unless the rights of the Optionees shall then have terminated in accordance with the 2011 Plan.

Before the 2011 Plan comes into force, certain regulatory authorities require shareholder approval. A resolution to adopt the 2011 Plan must be approved by not less than a majority of votes cast in its favour by the shareholders in person or represented by proxy at the Meeting. The text of such resolution is attached as Schedule "E" to this management proxy circular.

The Board of Directors recommends that the shareholders vote in favour of the approval of the resolution. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the adoption of the 2011 Plan.**

No option has yet been granted under the 2011 Plan.

2.6 Shareholder Proposals

This year, the Corporation received no shareholder proposals for inclusion in this Management Proxy Circular.

The last day for submission of proposals by shareholders to the Corporation, for inclusion in next year's management proxy circular in connection with next year's annual meeting of shareholders, will be December 15, 2011.

SECTION 3: Information Concerning the Board of Directors and the Nominees for Election as Directors

Highlights

SECTION 3: Information Concerning the Board of Directors and the Nominees for Election as Directors

Under the rules of the Canadian Securities Administrators ("**CSA**"), the Corporation is required to disclose information relating to its system of corporate governance, with reference to certain standards adopted by the CSA (the "**Statement of Corporate Governance Practices**"). The Corporation's disclosure in this regard is set out below in sections 3, 6 and 7 of this Management Proxy Circular.

The Board of Directors believes that sound corporate governance practices are essential to the positive workings and success of the Corporation and to the satisfaction and related success of the Corporation's shareholders. Over the years, the Corporation has acted proactively, progressively adopting forward-looking governance principles, creating corresponding structures and implementing procedures designed to enable the Board to carry out its duties in a highly effective manner and in accordance with best governance principles (as set out from time to time by the CCGG and like organizations) and to permit the Board to evaluate and improve its own performance. These principles, structures and procedures are set out in the Corporation's Corporate Governance Handbook, which includes a Code of Ethics and Business Conduct that applies to the members of the Board, the President and Chief Executive Officer, the Chief Financial Officer, and all officers and employees of the Corporation and its subsidiaries.

On June 30th, 2005, the CSA adopted *National Instrument 58-101* (Disclosure of Corporate Governance Practices) (the "**CSA Disclosure Requirements**"), which requires issuers to make the prescribed disclosure with respect to their governance practices. The CSA also adopted *National Policy 58-201* (Corporate Governance Guidelines), which provides guidance on appropriate governance practices.

As reflected in sections 3, 6 and 7 of this Management Proxy Circular, the Corporation's governance practices meet or exceed the current CSA Disclosure Requirements, and the Corporation is dedicated to adjusting its governance practices on an ongoing basis, so as to remain abreast of best governance practices as they evolve. The corporate governance practices outlined in these sections are responsive to each of the disclosure obligations set out in the CSA Disclosure Requirements.

3.1 Board Nominees: Background Summary Information

The following is a summary of relevant biographical and compensation information relating to each nominee. For further details on the compensation components see section 4 "Directors' Compensation Discussion and Analysis" and section 5 "Director Compensation Disclosure" of this Management Proxy Circular.

Ian A. Bourne

Age: 63
Calgary (Alberta), Canada
Director since: November 5^{th}, 2009
Latest date of retirement: May 2017

Independent

Areas of Expertise:

Finance
Risk Management

Ian A. Bourne is Chairman of the Board of Ballard Power Systems Inc. and serves on all its board committees. Mr. Bourne is a director of Canada Pension Plan Investment Board (CPPIB), Canadian Oil Sands Corporation, Wajax Corporation, the Canadian Public Accountability Board and the Calgary Foundation. Mr. Bourne was Executive Vice-President and Chief Financial Officer of TransAlta Corporation (1998-2005) and President and director of TransAlta Power LP, from 1998 to 2006. He was also a director of the Glenbow Museum (2003-2009) and the Calgary Philharmonic Orchestra (2003-2009).

He obtained his Bachelor of Commerce Degree at Mount Allison University in 1969. He is a member of the Institute of Corporate Directors, having completed the Director Education Program in February 2006 and was awarded the ICD designation in April of the same year.

Throughout his career, Mr. Bourne has acquired extensive experience, particularly in the areas of risk management and finance, information technology, power generation, manufacturing operations and corporate governance.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	6 of 7[1]			Canadian Public Accountability Board[2]	2009-Present
Audit Committee (Member)	4 of 5			Canadian Oil Sands Corporation[3]	2007-Present
				Canada Pension Plan Investment Board[4]	2007-Present
Health, Safety & Environment Committee (Member)	4 of 4	14 of 16	87.5%	Calgary Foundation	2007-Present
				Wajax Corporation[5]	2006-Present
				Ballard Power Systems Inc.[6]	2003-Present
				The Glenbow Museum	2003-2009
				Calgary Philharmonic Orchestra	2003-2009
				TransAlta Power LP (TPW)	1998-2006

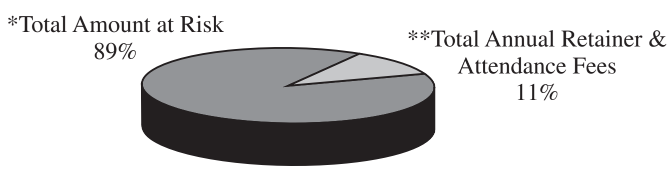
Securities Held as at December 31^{st}, 2010 (at a Market Value of $59.77 per Common Share as at December 31^{st}, 2010)

Year	Common Shares	DSUs[7]	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	5,000	1,995	6,995	$418,091	$300,000	Yes
2009	2,000	346	2,346	$126,661	$300,000	In process

Value of Total Compensation Received

Year	$
2010	$134,747
2009	$28,084

(1) Mr. Bourne missed one Board meeting and was only eligible to attend 7 meetings in 2010.
(2) Mr. Bourne is a member of the Human Resources and Governance Committees.
(3) Mr. Bourne is a member of the Audit Committee and Corporate Governance Committee.
(4) Mr. Bourne is Chair of the Audit Committee.
(5) Mr. Bourne is member of the Audit Committee.
(6) Mr. Bourne is a member of the Audit, Corporate Governance and Management Development and Nominating Committees.
(7) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Pierre Duhaime[1]

Age: 56
Montréal (Québec), Canada
Director since: May 7th, 2009
Latest date of retirement: May 2025

Not independent (Member of Management)[2]

Areas of Expertise:
Engineering
Mining and Metallurgy
Pharmaceuticals
Sulphuric Acid
Project management
International business

Pierre Duhaime has over 30 years of engineering, construction and project management experience, primarily in the fields of industrial process plants and non-ferrous metals. Born in Quebec in 1954, Mr. Duhaime holds a Bachelor of Engineering in Metallurgy from the École Polytechnique de Montréal, Quebec, Canada and an M.B.A. in Production and Finance from the École des Hautes Études Commerciales, Montreal, Quebec, Canada. Mr. Duhaime began his career at Noranda in 1975 as a metallurgist working on research and development programs. Through the 1980s, he quickly advanced to the level of Project Manager at Canadian Electrolytic Zinc and the American Iron and Metal Company, managing projects involving modernization, relocation and greenfield construction.

Joining SNC-Lavalin's Industrial Division in 1989 as a Project Manager, Mr. Duhaime was promoted to Director of Technology for the Division in 1991 and appointed its Vice-President of Projects and Technology in 1997. In both senior positions, he was involved in major mining and industrial projects, such as the engineering and construction of the Troilus Gold Mine in northern Quebec, and the Magnola Magnesium Plant, also in Quebec.

Mr. Duhaime assumed increasingly senior positions in the Industrial Division, as well as responsibility for the Corporation's Aluminum Division. In 2003, he was appointed Executive Vice-President responsible for SNC-Lavalin's Mining and Metallurgy activities worldwide. Mr. Duhaime has been instrumental in securing some of SNC-Lavalin's most prestigious mining projects and overseeing their progress in locations as widespread as Canada's High Arctic, the Namibian Desert, Madagascar, Abu Dhabi and New Caledonia. Mr. Duhaime has strengthened SNC-Lavalin's global position in the Mining and Metallurgy industry.

In May 2009, Mr. Duhaime was named President and CEO of SNC-Lavalin Group Inc.

Mr. Duhaime is a member of the Canadian Institute of Mining and Metallurgy, the Commonwealth Business Council and l'Ordre des ingénieurs du Québec.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	8 of 8	8 of 8	100%	Commonwealth Business Council	2009-Present

Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	Total Market Value of Common Shares	Minimum Shareholding Requirements[3]	Meets Requirements
2010	92,482	$5,527,649	$4,800,000	Yes
2009	84,712	$4,573,601	$4,200,000	Yes
2008	78,427	$3,112,768	$1,125,000	Yes

Options Held (as at December 31st)

Year	Number	Average Weighted Exercise Price	Total Exercisable	Value of Exercisable Options
2010	221,000	$42.15	48,000	$1,195,600
2009	170,000	$34.63	56,000	$1,519,519
2008	120,000	$30.11	72,000	$1,259,040

Notes:

(1) As an employee Director, Mr. Duhaime did not participate in the DSUP.
(2) Mr. Duhaime does not receive compensation as a Director of the Corporation.
(3) At the meeting of the Board of Directors of the Corporation on August 4th, 2006, the Board members resolved that the minimum shareholding for the President and Chief Executive Officer, to be acquired within 5 years of appointment to such office, would be 6 times his annual base salary. Since this minimum requirement is based on the President and Chief Executive Officer's annual base salary it will, therefore, fluctuate yearly based on salary changes.

David Goldman

Age: 68
Toronto (Ontario), Canada
Director since: March 1st, 2002
Latest date for retirement: May 2013

Independent

Areas of Expertise:

Mining and metallurgy
Heavy industries

Mr. Goldman is a member of the Advisory Committee of Livia Industrial LP, a limited partnership that owns aluminum casting businesses primarily servicing the automotive industry. He is a member of the board of directors of Dayforce Inc. an enterprise software company that provides workforce management solutions. Until June 2009, he was a director of Duran Ventures Inc, a company listed on the TSX. Until December 2006, he was a director of Jaguar Nickel Inc. (an exploration and development company listed on the TSX) and until 2007, he was a director of Workbrain Corp. He is also President of Dave Goldman Advisors Ltd. (a general consultancy business). Mr. Goldman holds a degree in Metallurgical Engineering from McGill University and an MBA from Concordia University. He has been Chair of the Faculty of Engineering Advisory Board of McGill University and is a past Chair of the John Molson School of Business (Concordia University) MBA Case Competition Advisory Board. He received the Concordia University Award of Distinction from the Faculty of Management in 1997.

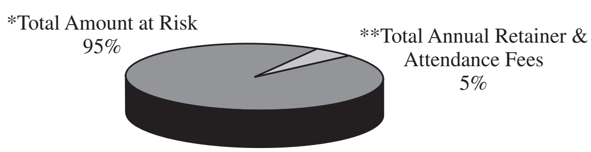
Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	8 of 8	20 of 20	100%	Dayforce Inc.	2009-Present
Audit Committee (Chairman)	5 of 5			Copernic Inc. (previously Mamma.com Inc. and Intasys Corporation (NASDAQ))(1)	2001-Present
Governance Committee (Member)	4 of 4			Duran Ventures Inc.(2)	2008-2009
Human Resources Committee (Member until August 6th, 2010	3 of 3			Jaguar Nickel Inc.(3)	2005-2006
				Workbrain Corp.(4)	2000-2007

Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(5)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	21,000	10,581	31,581	$1,887,596	$300,000	Yes
2009	21,000	9,087	30,087	$1,624,397	$300,000	Yes
2008	21,000	7,347	28,347	$1,125,092	$300,000	Yes

Value of Total Compensation Received	
Year	**$**
2010	$168,512
2009	$150,782
2008	$137,670

(1) Until November, 2010, Mr. Goldman was a Director and Chairman of Copernic Inc., a company listed on the NASDAQ.
(2) Mr. Goldman was Chairman of the Board.
(3) Mr. Goldman was also Chairman of the Board and a member of the Audit Committee and the Human Resources Committee.
(4) Mr. Goldman was also a member of the Audit Committee and Chair of the Human Resources Committee.
(5) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Patricia A. Hammick, Ph.D

Age: 64
Kilmarnock (Virginia), United States
Director since: January 1st, 2007
Latest date of retirement: May 2017

Independent

Areas of Expertise:

Oil and gas
Coal mining
Regulated production and distribution of power
Independent power production/markets

Dr. Hammick is the lead director of Dynegy Inc. (an independent power producer) and a director of Consol Energy Inc. (a coal and natural gas company). In 2002 and 2003, she was also 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 (integrated natural gas, utility, power generation and propane). She holds a PhD in Mathematical Statistics from George Washington University as well as an MA in Physics from the University of California.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	7 of 8	17 of 18	94.1%	Dynegy Inc.(1)	2003-Present
Audit Committee (Member)	5 of 5			Consol Energy Inc.(2)	2001-Present
Health, Safety and Environment Committee (Member until August 6, 2010)	3 of 3				
Human Resources Committee (Member since August 6, 2010)	2 of 2				

Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(3)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	0	4,571	4,571	$273,209	$300,000	In process
2009	0	2,888	2,888	$155,923	$300,000	In process
2008	0	917(4)	917	36,396	$300,000	In process(5)

Value of Total Compensation Received	
Year	**$**
2010	$140,734
2009	$137,277
2008	$131,592

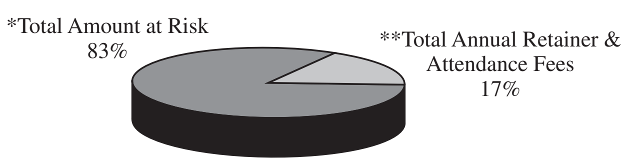
(1) Dr. Hammick is also Lead Director, ex-officio on all committees of the company.

(2) Dr. Hammick is also a member of the Finance Committee and the Nominating and Governance Committee.

(3) Deferred Share Units. For details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular. Prior to August 1st, 2008, Dr. Hammick was not permitted to receive DSUs given her status as a non-Canadian resident tax affected non-employee Director.

(4) On July 30th, 2008, the Deferred Share Unit Plan was amended to allow non-Canadian resident tax affected non-employee Directors, such as Dr. Hammick, to be credited DSUs. Therefore, effective August 1st, 2008, Dr. Hammick was credited DSUs as part of her compensation package.

(5) Dr. Hammick has 5 years from her initial election as a Director to meet her minimum shareholding requirement. Beginning in 2008, Dr. Hammick was credited DSUs in an amount sufficient to allow her to meet the minimum shareholding requirements within the 5-year period ending in January 2012.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Pierre H. Lessard

Age: 69
Montréal (Québec), Canada
Director since: October 30th, 1998
Latest retirement date: May 2012

Independent

Areas of Expertise:
Financing
Accounting
Retail business

Mr. Lessard is Executive Chairman of Metro Inc. (food retailer and wholesale distributor of food and pharmaceutical products). Mr. Lessard is also a director of the TD Bank Financial Group, and a trustee of the Montreal Museum of Fine Arts Foundation. Mr. Lessard received a Bachelor of Arts degree in 1961 and a Master's degree in Accounting from Laval University in 1964. In 1967, he obtained a Master's degree in Business Administration from Harvard Business School. Mr. Lessard is a Chartered Accountant and a Fellow of the Quebec Order of Chartered Accountants.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member) Governance Committee (Member) Human Resources Committee (Member)	7 of 8 3 of 4 5 of 5	15 of 17	88.2%	TD Bank Financial Group(1) Metro Inc.(2) Montreal Museum of Fine Arts Foundation	1997-Present 1997-Present

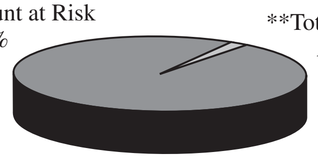
Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(3)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	37,000	12,883	49,883	$2,981,507	$300,000	Yes
2009	37,000	11,087	48,087	$2,596,217	$300,000	Yes
2008	37,000	8,997	45,997	$1,825,621	$300,000	Yes

Value of Total Compensation Received

Year	$
2010	$139,714
2009	$136,779
2008	$135,186

(1) Mr. Lessard is also a member of the Human Resources Committee.
(2) Mr. Lessard is also the Executive Chairman of the Board.
(3) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

	**Edythe (Dee) A. Marcoux** Age: 62 Gibsons (British Columbia), Canada Director since: October 30th, 1998 Latest retirement date: May 2019 **Independent** **Areas of Expertise:** Mining and Metallurgy Energy Environment Safety and Sustainability	Mrs. Marcoux is a retired executive from the oil industry and has degrees in engineering and in business. Mrs. Marcoux is a director of OPTI Canada Inc., Sherritt International Corporation (a diversified resource company) and, until February 2007, a member and Vice Chair of the National Roundtable for the Economy and the Environment and a member of the Canada Foundation for Innovation. Until December 31st, 2006, she was a director-in-residence of The Directors College (director education) and until 2007, she was a director of Sustainable Development Technology Canada. Within the past 5 years, Mrs. Marcoux has also served as a director of Ensyn Energy Corp., National Bank of Canada and Placer Dome Inc.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	8 of 8	21 of 21	100%	OPTI Canada Inc.(1)	2008-Present
Audit Committee (Member)	5 of 5			Sherritt International Corporation(2)	2006-Present
				Ensyn Energy Corp	2005-2006
Governance Committee (Member)	4 of 4			Sustainable Development Technology Canada	2001-2007
Health, Safety and Environment Committee (Chairperson)	4 of 4			Placer Dome Inc.(3)	1997-2006

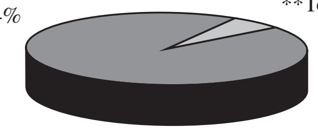
Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(4)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	14,500	8,357	22,857	$1,366,163	$300,000	Yes
2009	14,500	6,893	21,393	$1,155,008	$300,000	Yes
2008	14,500	5,185	19,685	$781,298	$300,000	Yes

Value of Total Compensation Received

Year	$
2010	$156,512
2009	$152,254
2008	$152,676

(1) Mrs. Marcoux is a member of the Audit Committee.
(2) Mrs. Marcoux is a member of the Health, Safety and Environment Committee, Chair of the Nominating and Corporate Governance Committee, a member of the Reserves Committee and a member of the Human Resources Committee.
(3) Mrs. Marcoux was a member of the Health, Safety and Environment Committee, Audit Committee and Governance Committee.
(4) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Lorna R. Marsden, CM, Ph.D

Age: 69
Toronto (Ontario), Canada
Director since: May 4th, 2006
Latest retirement date: May 2012

Independent

Areas of Expertise:
Education
Industrial relations
Economic sociology

Dr. Marsden is Professor and President Emerita of York University in Toronto. A former member of the Senate of Canada from 1984 to 1992, and a former President and Vice-Chancellor and Member of the Board of Governors of York University, she is also a former President and Vice-Chancellor of Wilfrid Laurier University in Waterloo. She holds a Bachelor of Arts from the University of Toronto and a PhD from Princeton University. Dr. Marsden is currently a director of Gore Mutual Insurance Company and Manulife Financial Corporation, and previously served as a director of Go Transit and Westcoast Energy Inc. She is also active in various non-profit organizations and sits on the Senior Advisory Panel to the Auditor General of Canada as well as being a Trustee of The Gardiner Museum. Dr. Marsden holds the Order of Canada, the Order of Ontario, and the Order of Merit (FRG). She was named one of Canada's 100 Most Powerful Women by the Women's Executive Network, received the YWCA Woman of Distinction Award (Toronto) in 2003 and has received Honorary Doctorates from the Universities of New Brunswick, Winnipeg, Toronto and Wilfrid Laurier as well as from Queen's University and the University of Victoria. She completed the ICD certificate in financial literacy in 2007.

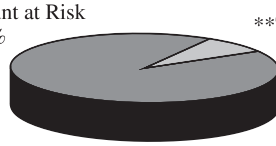
Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member) Health, Safety and Environment Committee (Member) Human Resources Committee (Member)	6 of 8 4 of 4 5 of 5	15 of 17	88.2%	Manulife Financial Corporation[1] Gore Mutual Insurance Company Go Transit	1995-Present 1996-Present 2006-2009

Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs[2]	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	2,000	7,419	9,419	$562,974	$300,000	Yes
2009	2,000	5,698	7,698	$415,615	$300,000	Yes
2008	2,000	3,686	5,686	$225,677	$300,000	In process

Value of Total Compensation Received	
Year	**$**
2010	$137,029
2009	$132,074
2008	$132,836

(1) Dr. Marsden is also a member of the Management Resources Committee and the Compensation Committee.
(2) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Claude Mongeau

Age: 49
Montréal (Québec), Canada
Director since: August 8th, 2003
Latest retirement date: May 2032

Independent

Area of Expertise:
Financing
Accounting, Rail projects and logistics

Mr. Mongeau is President and Chief Executive Officer of Canadian National Railway Company (North American railroad) since January 1st, 2010 and was a director of Nortel Networks until the end of August 2009. In 1988, Mr. Mongeau received an MBA from McGill University. In 1997, he was named one of Canada's "Top 40 Under 40" by the Financial Post Magazine and, in 2005, he was chosen Canada's CFO of the Year.

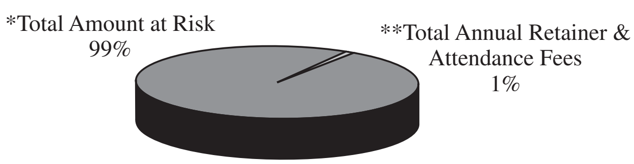
Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member) Audit Committee (Member)	7 of 8 5 of 5	12 of 13	91.7%	Canadian National Railway Company Nortel Networks(1)	January 2010-Present 2006-August 2009

Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(2)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	15,000	18,054	33,054	$1,975,638	$300,000	Yes
2009	15,000	15,651	30,651	$1,654,847	$300,000	Yes
2008	15,000	12,855	27,855	$1,105,565	$300,000	Yes

Value of Total Compensation Received	
Year	**$**
2010	$141,253
2009	$148,959
2008	$153,774

(1) Mr. Mongeau was also a member of the Audit Committee and the Pension Fund Policy Committee.
(2) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Gwyn Morgan, OC

Age: 65
North Saanich (British Columbia), Canada
Director since: March 4th, 2005
Latest date of retirement: May 2016

Independent

Areas of Expertise:
Oil and gas
Finance
Governance
Energy

A professional engineer, Mr. Morgan was the founding President and Chief Executive Officer of EnCana Corporation (independent oil and gas exploration and production company, formed in the January 2002 merger of Alberta Energy Company Ltd. (AEC) and PanCanadian Energy Corporation). At year-end 2005, he became Executive Vice-Chairman of EnCana Corporation and in October 2006, he retired from its board. Mr. Morgan was President and Chief Executive Officer of Alberta Energy Corp. Inc. (oil and gas exploration and production), which he joined at start-up in 1975 and also served as a member of the Accenture Energy Advisory Board from 2004 to 2008. He currently serves as a director of London-based HSBC Holdings plc, a Trustee of both the Fraser Institute and the Dalai Lama Centre for Peace and Education as well as a director of the Manning Center for Building Democracy. He is Honorary Colonel (ret'd) of 410 Tactical Fighter Squadron of the Canadian Air Force. Mr. Morgan is the recipient of the Canadian Business Leader Award from the University of Alberta and the Ivey Business Leader Award from the University of Western Ontario, the Entrepreneur of the Year Award from the University of Victoria, three honorary Doctorates, and is an inductee to the Alberta Business Hall of Fame. In 2005, he was named Canadian Chief Executive Officer of the Year and Canada's Most Respected Chief Executive Officer as well as Fellow of the Canadian Academy of Engineering (FCAE).

On December 30, 2010, the Governor General announced Mr. Morgan's appointment as a Member of the Order of Canada.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Chairman) Governance Committee (Chairman)	8 of 8 4 of 4	12 of 12	100%	Manning Center for Building Democracy HSBC Holdings plc(1) Accenture Energy Advisory Board Alcan Inc.(2) EnCana Corporation HSBC Bank Canada Inc.(3)	2007-Present 2006-Present 2004-2008 2005-2006 2002-2006 1995-2006

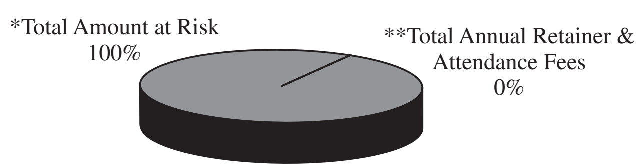
Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(4)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	31,000	26,423	57,423	$3,432,173	$1,200,000	Yes
2009	31,000	20,580	51,580	$2,784,804	$1,200,000	Yes
2008	31,000	13,745	44,745	$1,775,929	$1,200,000	Yes

Value of Total Compensation Received

Year	$
2010	$307,668
2009	$298,199
2008	$294,953

(1) Mr. Morgan is also a member of the Remuneration Committee.
(2) Mr. Morgan was also a member of the Human Resources Committee and Governance Committee.
(3) Mr. Morgan was also Lead Independent Director and a member of the Remuneration Committee.
(4) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Michael D. Parker, CBE

Age: 64
London, England
Director since: July 7th, 2010
Latest retirement date: May 2016

Independent

Areas of Expertise:
Engineering, Chemicals,
Nuclear Power/Energy
International business
Risk management

Mr. Parker had a thirty-four year career with the Dow Chemical Company (manufacturer of chemical products) serving in a wide variety of jobs in research, manufacturing, commercial and general management. He lived and worked in the UK, USA, Switzerland and Hong Kong. He became President and Chief Executive in 2001 and served on the company's Board of Directors from 1995 until 2003.

Subsequently, he was appointed Group Chief Executive of British Nuclear Fuels PLC (BNFL) (a UK government owned nuclear fuel cycle company) taking the company through a major reorganization and then break up through a series of privatizations.

He serves on the Board of Directors of two United Kingdom based companies: Invensys PLC and PC Crystolox PLC. He is also Chairman of Liverpool (UK's) economic development company, Liverpool Vision, and is a Trustee of the Royal Society for the Prevention of Accidents (ROSPA).

He received a Bachelor's degree in Chemical Engineering from the University of Manchester and an MBA from the Manchester Business School.

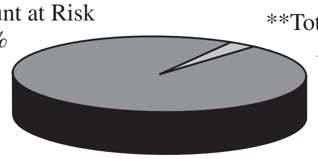
Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	5 of 5	10 of 10	100%	PV Crystalox Solar plc(1)	2010 to present
Audit Committee (Member)	3 of 3			Invensys plc(2)	2006 to present
Health, Safety and Environment Committee (Member)	2 of 2			British Nuclear Fuels PLC (BNFL)	2003 to 2009

Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(3)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	9,100	972	10,072	$602,003	$300,000	Yes

Value of Total Compensation Received	
Year	**$**
2010	$68,931

(1) Mr. Parker is also a member of the Audit Committee, Nominations Committee and Remuneration Committee.
(2) Mr. Parker is also a member of the Audit Committee, Nominating Committee and Remuneration Committee.
(3) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

Hon. Hugh D. Segal, CM

Age: 60
Kingston (Ontario), Canada
Director since: August 6th, 1999
Latest retirement date: May 2021

Independent

Areas of Expertise:

Social, economic and foreign policy
Public administration

The Hon. Hugh D. Segal is a Canadian Senator. He is a Director of Just Energy Group Inc., St. Lawrence Cement Group Inc. (now known under the name Holcim Canada Inc.), and Sun Life Financial and a Member of the Atlantic Council and the Canadian Defence Foreign Affairs Institute. Since 2008, he also serves on the Board of Limestone Human Capital, a private holding company. Internationally, Mr. Segal is a Council Member of the Institute for Democratic and Electoral Assistance (IDEA) in Stockholm, a member of the working group on National Security at Cranfield University Centre for Security Sector Management and a Canadian Parliamentary Member of the Trilateral Commission. He was appointed a member of the Eminent Persons Group of the Commonwealth Secretariat in 2010. The Hon. Hugh D. Segal was the recipient of the Order of Canada in 2003. In 2004 he was presented with an Honorary Doctorate from the Royal Military College and received the title of Honorary Captain from the Canadian Navy in 2005. The Hon. Hugh D. Segal received his Bachelor of Arts degree in 1972 from the University of Ottawa. In 1993 he was named Senior Fellow at the School of Policy Studies, Queen's University. He is also a Professor of public policy at Queen's School of Business. Within the past 5 years, he has also served as a director of Vincor International Inc. (premium wines) and of CPI Plastics Group Ltd., and Gluskin Sheff and Associates.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	7 of 8	14 of 17	82.4%	Sun Life Financial(1)	2009-Present
Health, Safety and Environment Committee (Member)	3 of 4			Limestone Human Capital	2009-Present
				Canadian Defence and Foreign Affairs Institute	2009-Present
Human Resources Committee (Member)	4 of 5			Just Energy Group Inc.(2)	2001-Present
				Holcim Canada Inc.(3)	2001-Present
				Walter and Duncan Gordon Foundation(4)	2000-2010
				Gluskin Sheff & Associates Inc.(5)	2006-2009
				CPI Plastics Group Ltd.(6)	2001-2007
				Vincor International Inc.(7)	1994-2006

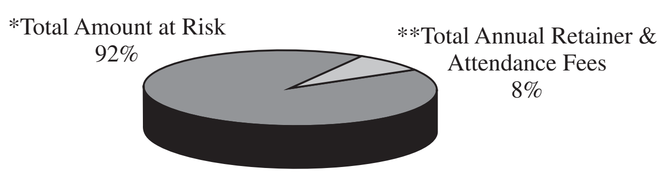
Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(8)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Shareholding Requirements	Meets Requirements
2010*	6,093	6,235	12,328	$736,845	$300,000	Yes
2009	6,093	4,798	10,891	$588,005	$300,000	Yes
2008	9,183	3,120	12,303	$488,306	$300,000	Yes

Value of Total Compensation Received

Year	$
2010	$132,704
2009	$132,007
2008	$132,657

(1) Mr. Segal is also a member of the Governance and Conduct Review and Investment and Oversight Committees.
(2) Mr. Segal is also a member of the Audit, Risk and Corporate Governance Committees.
(3) Mr. Segal is also a member of the Audit and Compensation Committees.
(4) Mr. Segal was also the Chairman and a Trustee.
(5) Mr. Segal was also a member of the Compensation, Nominating and Governance Committees.
(6) Mr. Segal was also a member of the Compensation, Governance and Audit Committees.
(7) Mr. Segal was also a member of the Compensation and Governance Committees.
(8) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

	**Lawrence N. Stevenson** Age: 54 Toronto (Ontario), Canada Director since: August 6th, 1999 Latest date for retirement: May 2027 **Independent** **Areas of Expertise:** Governance Retail business Consulting and private equity	Mr. Stevenson is the Managing Director of Callisto Capital, a private equity firm based in Toronto. He served as Chief Executive and director of Pep Boys Inc. (automotive aftermarket retail and service) from May 2003 until July 2006. Mr. Stevenson holds an undergraduate degree (Honours) from the Royal Military College in Kingston (Ontario) and a Master's degree in business administration from Harvard Business School. In 2010, he was presented with an Honorary Doctorate from the Royal Military College. Mr. Stevenson is currently a director of CAE Inc. (flight simulators and training). He also served as President of Pathfinder Capital Inc. (investment management) and as a director of Sobeys Inc. (national grocery retailer and food distributor). Mr. Stevenson has also sat on the boards of not-for-profit organizations such as the Bishop Strachan School, Frontier College and The Shaw Festival. He was named Innovative Retailer of the Year by the Retail Council of Canada in 2000, Ontario Entrepreneur of the Year in 1998, one of Canada's "Top 40 Under 40" in 1995 and was elected Chairman of the Retail Council of Canada in 1999 and 2000.

Board/Committee Membership at the Date Hereof	Attendance	Attendance (Total)		Board Memberships During the Last 5 Years	Year
Board (Member)	8 of 8	19 of 19	100%	CAE Inc.(1)	1998-Present
Governance Committee (Member)	4 of 4			Pep Boys Inc.	2003-2006
Audit Committee (Member until May 6, 2010)	2 of 2				
Human Resources Committee (Chairman)	5 of 5				

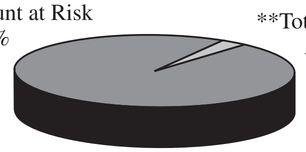
Securities Held as at December 31st, 2010 (at a Market Value of $59.77 per Common Share as at December 31st, 2010)

Year	Common Shares	DSUs(2)	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs ($)	Minimum Shareholding Requirements ($)	Meets Requirements
2010*	30,750	8,615	39,365	$2,352,846	$300,000	Yes
2009	30,750	7,147	37,897	$2,046,059	$300,000	Yes
2008	30,750	4,473	35,223	$1,398,001	$300,000	Yes

Value of Total Compensation Received	
Year	**$**
2010	$152,810
2009	$153,372
2008	$152,155

(1) Mr. Stevenson is also Chairman and member of the Human Resources Committee.

(2) Deferred Share Units. For further details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.



* At risk compensation refers to the total amount of DSUs credited for the year. For details see section 5.2.2 "DSUs Credited" of this Management Proxy Circular.

** For details see section 5.4 "Total Directors' Compensation Detailed Review" of this Management Proxy Circular.

All of the above-named nominees, except for Mr. Claude Mongeau, who is now President and Chief Executive Officer of Canadian National Railway Company, Mr. Lawrence N. Stevenson, who has been Managing Director of Callisto Capital since January 2007 and who was Chief Executive Officer of Pep Boys Inc. from 2003 until 2006, the Hon. Hugh D. Segal who became a member of the Senate of Canada in 2005, Dr. Lorna R. Marsden who was President and Vice-Chancellor of York University until 2007, Mr. Pierre H. Lessard who was President and Chief Executive Officer of Metro Inc. until April 14th, 2008 and is still a director of this company, Mr. Gwyn Morgan who retired as Vice-Chairman of EnCana Corporation in 2006, Mr. Ian A. Bourne who retired as President and Director of TransAlta Power LP in 2006, and Mr. Michael D. Parker who was Group Chief Executive of British Nuclear Fuels PLC until June 2009, have held their present position or other executive positions with the same or associated firms or organizations during the past 5 years, or were elected to their present term of office by a vote of the shareholders of the relevant firm or organization at a meeting, the notice of which was accompanied by a management proxy circular.

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

(i) Mr. Claude Mongeau, a Director of the Corporation, who became a director of Nortel Networks Corporation ("**NNC**") and Nortel Networks Limited ("**NNL**") on June 29th, 2006 and resigned at the end of August 2009. On January 14th, 2009, NNC, NNL and certain other Canadian subsidiaries initiated creditor protection proceedings under the 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.

Mr. Mongeau was also acting as a director of 360networks Corporation ("**360networks**") prior to the latter filing for creditor protection on June 28th, 2001. 360networks underwent restructuring in 2002 and sold its Canadian assets to Bell Canada in November 2004. Mr. Mongeau resigned as a director of 360networks with effect as of June 28th, 2001.

(ii) Mr. Pierre H. Lessard, a Director of the Corporation, who was acting as a director of CINAR Corporation ("**CINAR**") in March 2000 when CINAR's shares were suspended for more than 30 consecutive days from trading on the Toronto Stock Exchange ("**TSX**") and on the NASDAQ National Market ("**NASDAQ**"). Due to CINAR's inability to meet continued listing requirements, its shares were delisted from the TSX as at the close of business on August 30th, 2001 and from the NASDAQ effective on August 2nd, 2000. Mr. Lessard resigned as a director of CINAR with effect as of April 29th, 2002.

(iii) Mrs. Edythe (Dee) A. Marcoux, a Director of the Corporation, who was acting as a director of Southern Pacific Petroleum NL ("**SPP**") when SPP's securities were suspended from quotation on the Australian Stock Exchange prior to the commencement of trading on November 25th, 2003 for a period of more than 30 consecutive days, and in respect of which receivers were appointed on December 2nd, 2003. SPP's securities are not currently being traded. Mrs. Marcoux resigned as a director of SPP with effect from 12 noon on December 5th, 2003.

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 affect materially the control of the Corporation, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets.

3.2 Director Independence(1)

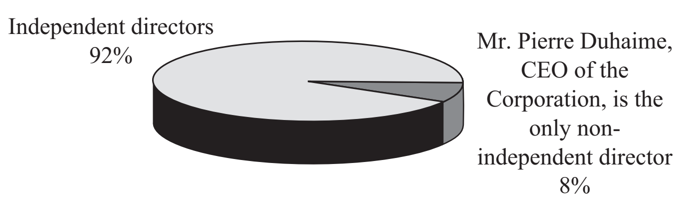
As a Canadian corporation listed on the TSX, the Corporation is subject to various guidelines, requirements and disclosure rules governing the independence of the members of its Board and Board Committees, including the independence requirements of the *Canada Business Corporations Act* and the governance guidelines and audit committee rules adopted by the CSA. Each of the following nominees meets the legislative and regulatory standards governing independence, with the exception of Mr. Pierre Duhaime, who is the President and Chief Executive Officer of the Corporation(2).

(1) NI 58-101, Form 58-101F1 section 1(a), (b) and (c).
(2) NI 58-101, Form 58-101F1 section 1(a).

The information that follows indicates the status of each Director in terms of independence.

Directors	Independent	Not Independent	Reason for non-independence
Ian A. Bourne	✓		
Pierre Duhaime		✓	Mr. Duhaime is the President and Chief Executive Officer of the Corporation.
David Goldman	✓		
Patricia A. Hammick	✓		
Pierre H. Lessard	✓		
Edythe (Dee) A. Marcoux	✓		
Lorna R. Marsden	✓		
Claude Mongeau	✓		
Gwyn Morgan	✓		
Michael D. Parker	✓		
Hon. Hugh D. Segal	✓		
Lawrence N. Stevenson	✓		

Based on information regarding personal and business circumstances provided in a comprehensive questionnaire completed annually by each of the Corporation's Directors, the Corporation's Board is satisfied that eleven of its twelve current members representing the following percentage of all Board members are "independent" within the meaning of the Regulatory Independence Requirements[3].



3.3 Board Organization, Structure and Composition

3.3.1 Organization

The Board has five regularly scheduled meetings each year and one full-day offsite meeting to consider and approve the Corporation's strategy for the next five years. In addition to the regularly scheduled Board meetings, special Board meetings are also held when deemed necessary.

Board and Board Committees'[4] meetings are scheduled three years in advance. The Board Committees meet approximately four times a year and hold special Committee meetings when deemed necessary. In addition to the members of the Board and Board Committees, there are a number of regular attendees from management at each of the Board and Board Committees' meetings.

The Board and the Board Committees have a one-year rolling plan of items for discussion, known as the "forward agendas". These plans are reviewed and adapted annually to ensure that all of the matters reserved to the Board and the Board Committees, as well as other key issues, are discussed at the appropriate time.

The Chairman of the Board sets Board agendas with the CEO and if required with other Directors and works together with the Vice-President and Corporate Secretary to make sure that the information communicated to the Board and the Board Committees is accurate, timely and clear. This applies in advance of regular, scheduled meetings and, in exceptional

(3) NI 58-101, Form 58-101F1 section 1(b) and (c).

(4) For a description of Board Committees see section 3.3.2 "Structure" of this Management Proxy Circular.

circumstances, between these meetings. Directors also have access through a secured internet site to electronic versions of all corporate governance documentation set out in the Corporate Governance Handbook.

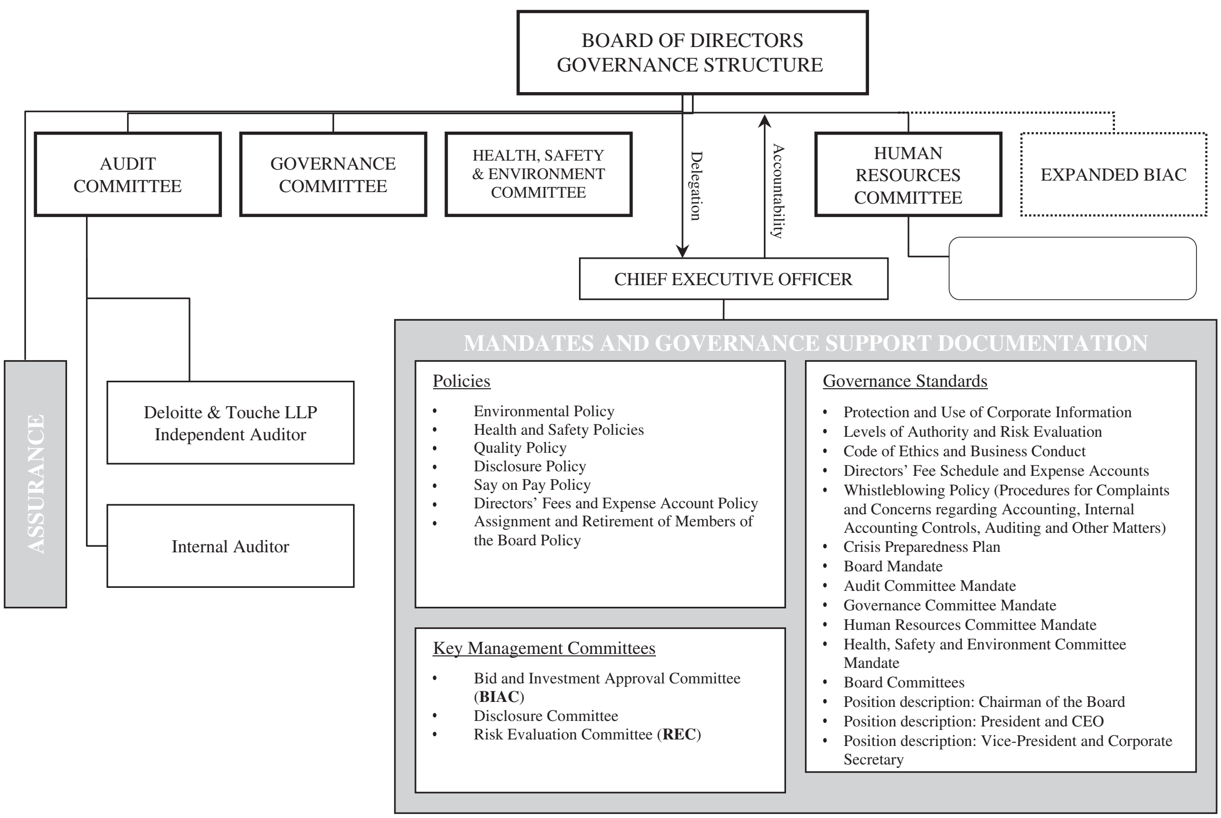
The services of the Vice-President and Corporate Secretary and his team are available to all Directors. Each Board Committee also receives support from management related to its specific Committee's mandate. The Board Committees may also seek independent professional advice to assist them in their duties, at the Corporation's expense[5].

Typically at each meeting, the President and Chief Executive Officer reports to the Board on bid, investment and acquisition activities since the last meeting and members of the Office of the President (the Corporation's Executive Vice-Presidents) provide a status report on major corporate and business matters under their responsibilities. The Board also reviews reports from each of the Board Committees and may also receive reports from the Vice-President and Corporate Secretary on any relevant corporate governance or compliance matters.

3.3.2 Structure

Under its Board Committees' policy, the Board may establish and seek the advice and delegate responsibilities to Committees of the Board. As of December 31st, 2010, there are four Board Committees in place and a standing committee which, given the size of a particular investment/acquisition or divestiture, is a joint Board/management committee, known as the Expanded Bid and Investment Approval Committee ("**Expanded BIAC**")[6].

The following table outlines the governance structure of the Corporation.



The Board Committees undertake detailed examinations of specific aspects of the Corporation as outlined in their terms of reference. They provide a smaller, more intimate forum than the Board meetings and are designed to be more conducive to exhaustive and forthright discussion.

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(5) Additional information on the Corporation's governance practices can be found on the Corporation's Website (**www.snclavalin.com**), under "About Us"/ "Corporate Governance".

(6) For details of the composition of the Expanded BIAC see section 3.3.5.5 "Composition — Expanded BIAC" of this Management Proxy Circular.

The Board Committees analyze in depth policies, strategies and associated risks which are developed and presented by management. They examine alternatives and where appropriate make recommendations to the Board.

The Board Committees do not take actions or make decisions on behalf of the Board unless specifically mandated to do so(7). The Chairman of each Board Committee provides a report of the Committee's activities to the full Board after each of the Committees regular meetings. The Board Committees have the power to submit recommendations to the Board and the Board has the power to approve them.

3.3.3 Composition

Based on the Articles of the Corporation, the Board of Directors shall consist of a minimum number of 8 and a maximum number of 20 Directors.

The Governance Committee engages in a regular review of the Director selection criteria to identify the ideal size and skills set that should be represented on a board of directors of a major global engineering services organization such as the Corporation and to maintain and, if necessary, add critical competencies, such as experience in strategic oversight and risk management oversight.

Following this review, the Board took the decision to increase the number of its Directors from 11 to 12 and selected Mr. Michael D. Parker(8) on July 7th, 2010 as its new member. Mr. Parker's many years of experience have enhanced the Board's competencies and skills, in particular with his knowledge of international markets. The Board is also satisfied that Mr. Parker meets the independence criteria and that he has sufficient time and availability to devote to his duties as a Board member.

The only non-independent member of the Board is the President and Chief Executive Officer (the "**CEO**").

3.3.4 Board Committees' Composition

The composition of the Board Committees presently in place is listed below. The Board of Directors does not have an executive committee. The report of the Board and the reports of all four Board Committees are included in section 7 "Board of Directors' and Board Committees' Reports" of this Management Proxy Circular.

As at March 7th, 2011, the Board of Directors has twelve members, eleven of which are independent. Membership of the Board Committees is as follows:

	Board Committees			
DIRECTORS	**Audit**	**Health, Safety and Environment**	**Human Resources**	**Governance**
Ian A. Bourne	✔	✔		
David Goldman	Chair			✔
Patricia A. Hammick	✔		✔	
Pierre H. Lessard			✔	✔
Edythe A. Marcoux	✔	Chair		✔
Lorna R. Marsden		✔	✔	
Claude Mongeau	✔			
Gwyn Morgan				Chair
Michael D. Parker	✔	✔		
Hugh D. Segal		✔	✔	
Lawrence N. Stevenson			Chair	✔

(7) At this time only the Expanded BIAC, a standing committee of the Board, is specifically mandated to take actions and make decisions on behalf of the Board, up to its limit of authority.

(8) For the details of Mr. Parker's expertise and experience see section 3.1 "Board Nominees: Background Summary Information" of this Management Proxy Circular.

3.3.5 Bid and Investment Approval Committee ("BIAC") and Expanded BIAC

The BIAC was created by the Board as a management committee in 1997 in the context of the set of policies and procedures implemented to ensure that risks associated with bids/proposals and investments/acquisitions and divestitures were identified, analyzed, mitigated and adequately addressed (in terms of contractual or other legal documentation, organizational considerations, insurance and appropriate costs provisions).

The BIAC's role is twofold; it reviews:

- ➢ bids/proposals that have been previously approved by the Risk Evaluation Committee ("**REC**"), a management committee; and
- ➢ investments/acquisitions and divestitures within its level of authority.

The Expanded BIAC, which is a standing committee of the Board composed of both management and Directors, stems from the BIAC. Its role is limited to reviewing and approving investments/acquisitions and divestitures within its level of authority.(9)

3.3.5.1 Composition — Bids/Proposals

The composition of the BIAC differs depending on whether it is reviewing bids/proposals or investments/acquisitions and divestitures.

The following table outlines the BIAC composition for reviewing bids/proposals:

BIAC COMPOSITION — BIDS/PROPOSALS	
COMMITTEE MEMBERS	
President and Chief Executive Officer (acting Chairman of the Committee)	Pierre Duhaime
Executive Vice-President and Chief Financial Officer	Gilles Laramée
Member of the Office of the President(10)	Executive Vice-President
SUBMITTED BY	
Member of the Office of the President responsible for the bid/proposal.	
Chairman of the REC or his/her delegate for a bid/proposal that has been approved by the REC.	

3.3.5.2 Levels of Authority — Bids/Proposals

The following outlines the levels of authority for the BIAC and the Board in the case of bids/proposals(11).

BIAC

- ➢ The submission of bids/proposals for projects equal to or greater than **$50 million** must be previously approved by the REC and approved by the BIAC.
- ➢ The submission of bids/proposals for projects identified as "high risk"(12) must be previously approved by the REC and approved by the BIAC.

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(9) See section 3.3.5.4 of this Management Proxy Circular for the details of the Expanded BIAC's level of authority.

(10) This individual must be a member of the Office of the President who is not responsible for the business unit making the proposal.

(11) The risks associated with bids/proposals which are below these thresholds are reviewed by the REC, which is responsible for analyzing and recommending to senior management a course of action in respect of the bids/proposals under consideration.

(12) Bids/proposals are considered "high risk" where any of the following criteria exists:
- ➢ the bid/proposal is on a "build, own and operate" project;
- ➢ the bid/proposal is on a "build, own, operate and transfer" project; or
- ➢ a business unit considers the bid/proposal to be a "high risk" project for any reason including but not limited to:
  - o unusual potential liabilities exist;
  - o concern exists as to the client's or partner's financial solidity;
  - o concern exists as to the performance of partners, subcontractors or suppliers;
  - o labor availability and qualifications are not well known;
  - o the inflation rate in the country exceeds ten percent (10%) per annum;
  - o the schedule for project execution exceeds three (3) years or is considered difficult to achieve;
  - o any member of the Office of the President considers it to be a "high risk" bid/proposal; and
  - o unusual risk.

Board of Directors[13]

➢ If, in the opinion of the BIAC, a project involves "unusual risk"[14], it will be reviewed by the REC as well as by the BIAC and approved by the Board.

3.3.5.3 Composition — Investments/Acquisitions and Divestitures

The following table outlines the BIAC composition for investments/acquisitions and divestitures:

BIAC COMPOSITION — INVESTMENTS/ACQUISITIONS AND DIVESTITURES	
COMMITTEE MEMBERS	
President and Chief Executive Officer (acting Chairman of the Committee)	Pierre Duhaime
Executive Vice-President and Chief Financial Officer	Gilles Laramée
Member of the Office of the President[15]	Executive Vice-President
SUBMITTED BY	
Member of the Office of the President responsible for the investment/acquisition or divestiture.	
The Chairman of the REC is not involved in the submission of an investment/acquisition or divestiture.	

3.3.5.4 Levels of Authority-Investments/Acquisitions and Divestitures

Depending on the nature and size of a proposed investment/acquisition or divestiture, it will either be referred to the BIAC, the Expanded BIAC or the Board of Directors[16]. The following outlines these levels of authority:

BIAC

➢ Any investment/acquisition or divestiture of companies up to an amount of **$50 million** and where the number of full time employees is less than 500 must be approved by the BIAC.

Expanded BIAC

➢ Any investment/acquisition or divestiture of companies between **$50 million** up to **$200 million,** or if the number of full time employees is between 500 and 1,000, irrespective of the amount of investment or divestiture, must be approved by the Expanded BIAC[17].

Board of Directors

➢ For any investment/acquisition or divestiture over **$200 million** or if the number of full time employees is higher than 1,000, irrespective of the amount of investment or divestiture, the approval of the Board of Directors is required.

(13) Note that the President and Chief Executive Officer reports to the Board of Directors at each regularly scheduled Board meeting on the material developments at meetings of the BIAC and Expanded BIAC held since the last regularly scheduled meeting of the Board.

(14) Projects considered as involving "**unusual risk**" include any of the following: substantial negative cash flow; unusual political risk; unknown or unproven technology; or onerous or extraordinary performance guarantees.

(15) This individual must be a member of the Office of the President who is not responsible for the business unit proposing the investment/acquisition or divestiture.

(16) Note that the President and Chief Executive Officer reports to the Board of Directors at each regularly scheduled Board meeting on the material developments at meetings of the BIAC and Expanded BIAC held since the last regularly scheduled meeting of the Board.

(17) For more details on the composition of the Expanded BIAC, see section 3.3.5.5 of this Management Proxy Circular.

3.3.5.5 Composition — Expanded BIAC

The Expanded BIAC's composition, when reviewing investments/acquisitions or divestitures, is as follows:

EXPANDED BIAC COMPOSITION	
Chairman of the Board(18)	Gwyn Morgan
Chairman of the Audit Committee(18)	David Goldman
President and Chief Executive Officer (acting Chairman of the Committee)	Pierre Duhaime
Executive Vice-President and Chief Financial Officer	Gilles Laramée
Member of the Office of the President(19)	Executive Vice-President
PROPOSAL SUBMITTED BY	
Member of the Office of the President responsible for the proposed investment/acquisition or divestiture.	

3.3.6 Changes to the Board's and the Board Committees' Composition

This year, the Board made changes to its composition as well as to the composition of certain Board Committees. The following table outlines these changes.

Changes to the Board and Board Committees
2010

Board/Board Committee	Director	Date	Change		
			Position	Appointed	Resigned/ Retired
Board	Michael D. Parker	July 7th, 2010	Director	✔	
Audit Committee	Michael D. Parker	August 6th, 2010	Member	✔	
	Lawrence N. Stevenson	May 6th, 2010	Member		✔
Health, Safety and Environment Committee	Michael D. Parker	August 6th, 2010	Member	✔	
	Patricia A. Hammick	August 6th, 2010	Member		✔
Human Resources Committee	David Goldman	August 6th, 2010	Member		✔
	Patricia A. Hammick	August 6th, 2010	Member	✔	

(18) In the event that the:
- ➢ Chairman of the Board; and/or
- ➢ Chairman of the Audit Committee

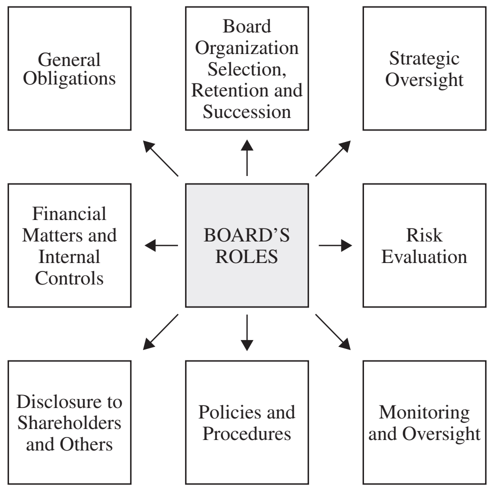
is unavailable to attend the Expanded BIAC meeting, he must be replaced by the Chairman of one of the other Board Committees. In the event that the Chairman of another Board Committee is not available, he/she shall be replaced by another Director selected by the Chairman of the Board.

(19) This individual must be a member of the Office of the President who is not responsible for the business unit making the proposal.

3.4 Board Role and Mandate[20]

In general, the Board is responsible for managing the Corporation on behalf of its shareholders and each Director must act in a way that he or she considers promotes the long-term success of the Corporation for the benefit of the shareholders as a whole. The Board must also strive to make all decisions in the Corporation's best interest.

The Board's mandate[21] lists specific duties and key responsibilities of the Board of Directors as outlined in the following diagram[22]:



3.4.1 General Obligations

The Board of Directors is responsible for overseeing management and the business and affairs of the Corporation. Its goal is to ensure the Corporation continues as a successful business, optimizing its financial returns in light of its business risks and increasing the Corporation's value over time. It considers the interests of shareholders, debt holders, employees, suppliers, customers, communities where it operates, the environment, governments and regulators as well as the general public in making these decisions and promotes the respect of the Corporation's "WE CARE" value statement. It must uphold the desire of the Corporation to maintain a reputation for high standards of business conduct and to act fairly as between the shareholders and the Corporation and in accordance with applicable corporate, securities, environmental and other relevant legislation and the Corporation's Articles and By-Laws.

The Board fulfills its duties by acting honestly and in good faith, keeping in mind the best interest of the Corporation and by making decisions that set the tone, character and strategic direction for the Corporation. It approves the values and key policies developed by management and ensures that the President and Chief Executive Officer and senior management carry out their responsibilities. The Board monitors management's effectiveness on a regular basis, including its leadership, recommendations, decisions and execution of its strategies.

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(20) NI 58-101, form 58-101F1, section 1 "Board of Directors" as well as section 2 "Board Mandate".

(21) The Board's mandate is set out in Schedule "A" to this Management Proxy Circular. A copy is also posted on the Corporation's Website (**www.snclavalin.com**), under "About Us"/"Corporate Governance". A paper copy may also be obtained on request from the Vice-President and Corporate Secretary.

(22) The Board is also responsible for approving large acquisitions, investments and divestitures as well as bids/proposals which are considered unusual risks. For details on these responsibilities see section 3.3.5 "Bid and Investment Approval Committee ("BIAC") and Expanded BIAC" of this Management Proxy Circular.

The Board has certain powers set out in a formal schedule of matters exclusively reserved for the Board. The following is a summary of these matters:

MATTERS RESERVED EXCLUSIVELY FOR THE BOARD
➢ Any submission to the shareholders of a question or matter requiring the approval of the shareholders
➢ The filling of a vacancy among the Directors
➢ The manner and the terms of the issuance of securities
➢ The declaration of dividends
➢ The purchase, redemption or any other form of acquisition of shares issued by the Corporation
➢ The approval of a management proxy circular
➢ The approval of any take-over bid circular or Directors' circular
➢ The approval of the annual financial statements of the Corporation
➢ The adoption, amendment or repeal of By-Laws of the Corporation

These are matters that are prescribed by law or significant to the Corporation as a whole because of their strategic, financial or reputational implications or consequences. All matters to be dealt with by the Board are reviewed and updated regularly to ensure they remain appropriate.

3.4.2 Board Organization, Selection and Retention

Subject to the Articles and By-Laws of the Corporation, the Board manages its own affairs, including planning its composition, selecting its Chairman, who shall not be the Chief Executive Officer, nominating candidates for election to the Board, appointing the members of its Committees, establishing the terms of reference and duties of its Committees, determining Board compensation and assessing the performance of the Board, Board Committees, Chairman of the Board and individual Directors.

The Board has responsibility for the appointment and replacement of the President and Chief Executive Officer, for monitoring the President and Chief Executive Officer's performance and for determining the President and Chief Executive Officer's compensation. It also has the responsibility for approving the appointment and, upon recommendation of the Human Resources Committee and upon the advice of the President and Chief Executive Officer, the remuneration of all the corporate officers, as well as for ensuring that adequate provision has been made for management succession.

The Board also provides an orientation and induction program for new Directors and encourages and provides opportunities for all Directors to continually update their skills as well as their knowledge of the Corporation, its business and its senior management[(23)].

3.4.3 Strategic Oversight

The Board participates directly or through its Committees in developing and approving the mission of the Corporation's business, its objectives and goals and the strategy for their achievement.

Management is responsible for developing the strategic plan, which it presents to the Board each year for approval. There is normally a full day offsite meeting to discuss the strategic plan and other strategic issues such as corporate opportunities and the main risks facing the Corporation's business and to consider and approve the Corporation's strategy for the next five years. The implementation of corporate strategy is also reviewed at regularly scheduled Board meetings and management presents any important changes to strategy to the Board as the need arises throughout the year.

The Board has the responsibility to constructively challenge and develop the proposals on strategy made by management while scrutinizing the performance of management in meeting the Corporation's strategic objectives. Following appropriate challenge, debate and review, and after having benchmarked the Corporation's performance against that of its competitors, the Board expects to reach clear decisions and to provide a framework of support to the top executives in their strategic management of the Corporation's business.

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(23) For complete details on this program see section 6.4 "Ongoing Director Education" of this Management Proxy Circular.

3.4.4 Risk Evaluation

In general terms, the objective of the Board's oversight role with respect to the Corporation's risk management activities is to gain reasonable assurance that the strategic, operational, financial, legal and reporting risks of the Corporation's business are identified in a timely manner by management and are effectively and appropriately assessed, monitored, managed and responded to, with the ultimate goal being to gain further strategic advantages by assisting management in managing these risks effectively.

This objective is fulfilled by the Board by its involvement in:

- **Reviewing the Corporation's risk philosophy and risk appetite** (the amount of risk, on a broad level, the Corporation is willing to accept in pursuit of stakeholder value). This is done through active discussion between management and the Board at the Corporation's annual strategic planning meeting where a mutual understanding of the Corporation's overall appetite for risk is reviewed and discussed.

- **Overseeing the extent to which management is establishing an effective enterprise wide risk management process ("ERM Process").** This oversight is completed by obtaining reports from management on existing and developing risk management processes and requiring that management demonstrate the effectiveness of these systems in identifying, assessing and managing the Corporation's most significant risk exposures.

- **Reviewing the Corporation's major risks[(24)] and considering it against the Corporation's risk appetite.** The Board's understanding of the risk exposure faced by the Corporation in both its present operations and strategic planning initiatives is essential to its risk oversight role. This understanding is also acquired through the Board's participation in the annual strategic planning meeting. This risk review allows management and the Board to, among others, focus on whether development in the business environment has resulted in changes in the critical assumptions and inherent risks underlying the Corporation's strategy and the effects such changes have on the Corporation's Strategic Plan.

- **Keeping informed on an ongoing basis of the most significant risks faced by the Corporation and whether management is responding appropriately to these risks.** As risks are constantly evolving, the need for the Board to obtain ongoing updates and continued robust information on risks affecting the Corporation is essential. This is done by integrating into the Board's agendas and Board packages information on ongoing risks, so as to ensure that risk exposures are consistent with the Corporation's overall risk appetite.

From a risk governance perspective, while the Corporation considers that risk oversight, like strategy, is a full Board responsibility, each of the Corporation's Board Committees is responsible for addressing risk oversight in their areas of expertise, while strategic issues are dealt with, for the most part, at the full Board level. This system allows the Board to gain valuable support and more focused attention on risks inherent in the scope of each Board Committee's activities as set forth in their respective Committee Mandates.

3.4.5 Monitoring

The Board has the responsibility to monitor the Corporation's progress towards its goals, and to revise and alter its direction in light of changing circumstances. As mentioned above, the Board reviews recent developments, if any, that impact upon the Corporation's strategy. The Board, as part of its annual strategic planning process, also conducts a review of human, technological and capital resources required to implement the Corporation's strategy and of the regulatory, cultural or governmental constraints on the Corporation's business.

The Board has the responsibility to monitor, provide advice and counsel the President and Chief Executive Officer, and to take action when performance falls short of goals or other special circumstances warrant.

The Board also monitors the general application of the corporate governance practices described in the Corporate Governance Handbook.

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(24) For a detailed review of the major risks facing the Corporation see the Corporation's Annual Information Form, Management's Discussion and Analysis and financial statements for the year ended December 31, 2010.

3.4.6 Policies and Procedures

The Board has the responsibility to approve and review compliance with all significant mandates, policies and procedures by which the Corporation is operated, including the Environmental Policy and Occupational Health and Safety Policy[25] and to ensure that the Corporation operates at all times within applicable laws and regulations and ethical and moral standards.

The Board Committees review changes that are required to be made from time to time to these mandates, policies and procedures and recommend all amendments to the Board for approval.

The Board has the responsibility for reviewing compliance with the Corporation's written Code of Ethics and Business Conduct, granting any waivers from compliance for Directors and officers and causing disclosure of any such waivers to be made in the Corporation's next quarterly report, including the circumstances and rationale for granting the waiver.

3.4.7 Disclosure to Shareholders and Others

With respect to the Board's disclosure role, it has the responsibility for ensuring that the performance of the Corporation is adequately reported to its shareholders, its other security holders, the investment community, the relevant regulators and the public on a timely and regular basis. The Board is also responsible for reviewing and approving the Corporation's annual information forms, management proxy circulars, resolutions to call meetings of shareholders, renewal of the normal course issuer bid and the general content of the documents disclosed or filed by the Corporation in relation to shareholders meetings. Finally, the Board reviews the Corporation's communication policy governing the Corporation's communications with analysts, investors and the public.

The Board also encourages feedback and seeks to build a mutual understanding between the Corporation and its shareholders. The Board and the Corporation's Investor Relations group, who has effective day to day responsibility for managing shareholder communications, are dedicated to facilitating communication with shareholders. The President and Chief Executive Officer and the Chief Financial Officer meet investors on a regular basis in one-on-one meetings and participate in various conferences. The Corporation meets and solicits feedback from its shareholders to answer their questions and discuss any issues that concern them. At every Board meeting, the Board is updated on investor relations' activities with a summary report provided by management.

The Corporation also keeps its shareholders informed of its progress through a comprehensive annual report, management proxy circular, annual information form, quarterly interim reports and conference calls, as well as periodic press releases. It also maintains a special section on its website, focused on shareholders' interests (see the Corporation's website (**www.snclavalin.com**), under "Investors").

Finally, the Corporation's annual general meeting of shareholders provides a valuable opportunity for the Board to communicate with its shareholders. Directors are expected to attend the annual general meeting where shareholders are invited to ask questions and given an opportunity to meet with the Directors following the formal part of the meeting. The Board has also taken the initiative of further engaging with the Corporation's shareholders by proposing a non-binding advisory vote on executive compensation for its shareholders that started at last year's Meeting.

3.4.8 Financial Matters and Internal Controls

Another key responsibility of the Board is to ensure that management maintains a system of internal financial controls that provide assurance of effective and efficient operations and compliance with laws and regulations. The Board is responsible for reviewing and approving the Corporation's unaudited quarterly financial statements and accompanying notes, together with the related management's discussion and analysis and press release, and ensuring that the Corporation's audited annual financial statements are presented fairly and in accordance with generally accepted accounting standards and reviewing and approving such financial statements and accompanying notes, together with the related annual management's discussion and analysis and press release.

(25) These policies are posted on the Corporation's Website (**www.snclavalin.com**) under "About Us"/"Corporate Policy"/"Environmental Policy or Health and Safety Policy".

3.5 Position Descriptions[26]

The Corporation's Board is led by an independent, non-management Chairman and is made up of experienced Directors, whose authority is exercised in accordance with the Corporation's Articles of Incorporation, By-Laws and Corporate Governance Handbook, the *Canada Business Corporations Act* as well as other applicable laws, regulations and rules, including those adopted by the CSA and those of the TSX, on which the Corporation's Common Shares are listed.

3.5.1 Mandate of the Chairman of the Board[27]

The Chairman of the Board's main responsibility is to lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully. The Board has adopted a formal mandate for the Chairman of the Board, which states that he is responsible for the management, development and effective performance of the Board of Directors and for providing leadership to the Board for all aspects of the Board's work. The Chairman of the Board acts as a liaison between the Board and management, which involves maintaining open communication with the Corporation's President and Chief Executive Officer. In consultation with the Corporation's Human Resources Committee and the Board, the Chairman of the Board ensures that succession plans are in place at senior executive levels.

3.5.2 Mandate of the Chairmen of the Board Committees[28]

The Board has adopted general terms describing the responsibilities of the Chairmen of the Board Committees, namely those of presiding Committee meetings, and overseeing the way in which each Board Committee carries out its mandate. The Chairman of a Board Committee is required, following a meeting of such Committee, to report to the Board at the next regularly scheduled meeting of the Board.

3.5.3 Mandate of the President and Chief Executive Officer[29]

The Board appoints the President and Chief Executive Officer of the Corporation who is responsible for the day to day management of the Corporation. His key responsibilities involve articulating the vision of the Corporation, focusing on creating value for shareholders, and developing and implementing a strategic plan that is consistent with the corporate vision. The President and Chief Executive Officer is supported by the Executive Vice-Presidents of the Office of the President and a number of members of management.

The President and Chief Executive Officer is accountable to the Board and Board Committees and his performance is reviewed once a year by the Board. The Board has also established clear levels of authority for the President and Chief Executive Officer and senior management that are outlined in the Corporate Governance Handbook's Policy "Levels of Authority and Risk Evaluation". The last update of this Policy took place in March 2009.

3.6 Conflict of Interest[30]

To ensure ongoing director independence, each Director is required to inform the Board of any potential conflict of interest he or she may have at the beginning of each Board and Board Committee meeting. A Director who is in a potential conflict of interest situation in a matter before the Board or a Board Committee must not attend any part of a meeting during which the matter is discussed or participate in a vote on the matter. The Governance Committee performs an annual review of Directors' interests in which all potential or perceived conflicts, including time commitments, length of service and other issues relevant to their independence, are considered.

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(26) NI 58-101, Form 58-101F1, section 3.

(27) A copy of the mandate of the Chairman of the Board is posted on the Corporation's Website (**www.snclavalin.com**), under "About Us"/"Corporate Governance" and a paper copy may also be obtained on request from the Vice-President and Corporate Secretary.

(28) The general terms concerning the responsibilities of the Chairmen of the Board Committees are set out in the document entitled "Committees of the Board of Directors — General", which is posted on the Corporation's Website (**www.snclavalin.com**), under "About Us"/"Corporate Governance" and of which a paper copy may be obtained on request from the Vice-President and Corporate Secretary.

(29) The Board has adopted a description of the role of the President and Chief Executive Officer that lists his specific duties and responsibilities. A copy of the mandate of the President and Chief Executive Officer is posted on the Corporation's Website (**www.snclavalin.com**), under "About Us"/"Corporate Governance" and a paper copy may also be obtained on request from the Vice-President and Corporate Secretary.

(30) NI 58-101, Form 58-101F1, section 5(b).

3.7 Majority Voting

The Corporation's Board of Directors has adopted a policy to the effect that, in an uncontested election of Directors, any nominee who receives a greater number of "withheld" votes than "for" votes will tender his/her resignation to the Chairman of the Board promptly following the annual meeting of shareholders of the Corporation. The Governance Committee will then consider the offer of resignation and, except in special circumstances, will recommend that the Board accepts it. The Board will make its decision and announce it in a press release within 90 days following the annual meeting of shareholders, including the reasons for rejecting the resignation, if applicable. A Director who tenders his/her resignation pursuant to this policy will not participate in any meeting of the Board or of the Governance Committee at which the resignation is being considered.

3.8 Interlocking Outside Boards

In addition to the independence requirements set out in the instruments mentioned above, the Corporation has established an additional requirement that no more than two of the Corporation's Directors may serve on one same outside board.

As of the date of this Management Proxy Circular, none of the Corporation's Directors served together on any other board of directors.

3.9 Director Attendance

Board and Board Committee meetings are set three years in advance and are reviewed annually to optimize Director attendance. The Corporation encourages all Directors to attend as many meetings of the Board and the Board Committees as possible. Members of the Office of the President are invited to attend all Board meetings and may also attend the various Committee meetings.

The Board also schedules special Board meetings on important matters when they deem that it is necessary.

All Directors must have a total combined attendance rate of 75% or more for Board and Board Committee meetings to stand for re-election unless exceptional circumstances arise such as illness, death in the family or other like circumstances.

Non attendance at Board and Board Committee meetings is rare, usually when either an unexpected commitment arises, or, for newly appointed Directors, there is a prior clash with a meeting which had been timetabled and could not be rearranged. Directors are provided with Board and Board Committee materials a week in advance of the meetings and Directors who are unable to attend may provide comments and feedback to either the Chairman, Chairman of the Committee or the Vice-President and Corporate Secretary, all of whom ensure those comments and views are raised at the meeting.

The Board held five regular meetings in 2010 and three special Board meetings, including the annual full-day off-site meeting with management on strategic planning and risk management. The Human Resources Committee held four regular meetings and one special meeting and the Audit Committee held four regular meetings and one special meeting dedicated to International Financial Reporting Standards ("**IFRS**"). All other Board Committees held their usual four Committee meetings in 2010. The table below provides the record of attendance by each Director at meetings of the Board and the Board Committees during the twelve months ended December 31st, 2010.

RECORD OF ATTENDANCE BY DIRECTORS for the 12 months ended December 31st, 2010						
DIRECTORS	**Board Meetings Attended**		**Committee Meetings Attended**		**Overall Attendance**	
	No.	**%**	**No.**	**%**	**No.**	**%**
I.A. Bourne	6 of 7(1)	85.7%	4 of 5 Audit 4 of 4 HS&E	88.9% 100%	14 of 16	87.5%
P. Duhaime	8 of 8	100%	N/A	N/A	8 of 8	100%
D. Goldman	8 of 8	100%	5 of 5 Audit (Chair) 4 of 4 Governance 3 of 3 Human Resources(2)	100% 100% 100%	20 of 20	100%
P.A. Hammick	7 of 8	87.5%	5 of 5 Audit 2 of 2 Human Resources(3) 3 of 3 HS&E(4)	100% 100% 100%	17 of 18	94.1%
P.H. Lessard	7 of 8	87.5%	3 of 4 Governance 5 of 5 Human Resources	75% 100%	15 of 17	88.2%
E.A. Marcoux	8 of 8	100%	5 of 5 Audit 4 of 4 Governance 4 of 4 HS&E (Chair)	100% 100% 100%	21 of 21	100%
L.R. Marsden	6 of 8	75%	4 of 4 HS&E 5 of 5 Human Resources	100% 100%	15 of 17	88.2%
C. Mongeau	7 of 8	87.5%	5 of 5 Audit	100%	12 of 13	91.7%
G. Morgan	8 of 8	100%	4 of 4 Governance (Chair)	100%	12 of 12	100%
M.D. Parker	5 of 5(5)	100%	3 of 3 Audit(6) 2 of 2 HS&E(7)	100% 100%	10 of 10	100%
Hon. H.D. Segal	7 of 8	87.5%	3 of 4 HS&E 4 of 5 Human Resources	75% 80%	14 of 17	82.4%
L.N. Stevenson	8 of 8	100%	2 of 2 Audit(8) 4 of 4 Governance 5 of 5 Human Resources (Chair)	100% 100% 100%	19 of 19	100%
Total Board Attendance	85 of 92	92.4%	29 of 30 Audit 19 of 20 Governance 20 of 21 HS&E 24 of 25 Human Resources	96.7% 95% 95.2% 96%	177 of 188	94.1%

Notes:

(1) Mr. Bourne missed one Board meeting and was only eligible to attend 7 meetings in 2010.
(2) Mr. Goldman ceased to be a member of the Human Resources Committee as of August 6, 2010 and therefore only attended 3 out of 5 scheduled meetings.
(3) Ms. Hammick became a member of the Human Resources Committee on August 6, 2010 and therefore only attended 2 out of 5 scheduled meetings.
(4) Ms. Hammick ceased to be a member of the Health, Safety and Environment Committee as of August 6, 2010 and therefore only attended 3 out of 4 scheduled meetings.
(5) Mr. Parker was elected to the Board on July 7, 2010 and therefore only attended 5 out of 8 scheduled Board meetings.
(6) Mr. Parker became a member of the Audit Committee on August 6, 2010 and therefore only attended 3 out of 5 scheduled meetings.
(7) Mr. Parker became a member of the Health, Safety and Environment Committee on August 6, 2010 and therefore only attended 2 out of 4 scheduled meetings.
(8) Mr. Stevenson ceased to be a member of the Audit Committee as of May 6, 2010 and therefore only attended 2 out of 5 scheduled meetings.

3.10 Director Availability[31]

The Governance Committee's mandate requires that the members of the Committee consider candidates who have sufficient time and energy to devote to his or her duties as a Director. One of the general criteria considered with respect to availability is the number of public companies nominees are already committed to as directors. To further clarify Director availability, the Governance Committee amended its mandate to provide that Directors of the Corporation may sit on no more than four other outside public company boards, unless otherwise approved by the Board of Directors of the Corporation. No Director who is also a Chief Executive Officer in office may sit on more than one outside public board other than his company's and the Corporation's unless otherwise approved by the Board of Directors of the Corporation. For complete details on the outside directorships held by the Director nominees see section 3.1 "Board Nominees: Background Summary Information" of this Management Proxy Circular. The following table lists the public company board memberships each Director held as at December 31, 2010:

Director	Name of Public Company	Stock Exchange	Type of Company	# of Outside Public Company Board Memberships held as at Dec. 31, 2010
Ian A. Bourne	Ballard Power Systems Inc.	NASDAQ, TSX	Industrial Products — Technology	3
	Canadian Oil Sands Corporation	TSX	Oil and Gas	
	Wajax Corporation	TSX	Mobile Equipment/ Industrial Components/Power Systems	
Pierre Duhaime	N/A	N/A	N/A	N/A
David Goldman	N/A	N/A	N/A	N/A
Patricia A. Hammick	Consol Energy Inc.	NYSE	Coal & Lignite Surface Mining	2
	Dynegy Inc.	NYSE	Electrical Services	
Pierre H. Lessard	Metro Inc.	TSX	Wholesale Distributors	2
	TD Bank Financial Group	TSX	Financial Services	
Edythe A. Marcoux	Sherritt International Corporation	TSX	Mineral Resources	2
	Opti Canada Inc.	TSX	Oil and Gas Producers	
Lorna R. Marsden	Manulife Financial Corporation	TSX, NYSE, SEHK	Financial services — insurance	1
Claude Mongeau	Canadian National Railway Company	TSX, NYSE	Railroads, Line Haul Operating	1
Gwyn Morgan	HSBC Holdings plc	LSE (FTSC-100) NYSE (Euronext), HKSE	Savings Institution	1

(31) NI 58-101, Form 58-101F1, section 1(d).

Director	Name of Public Company	Stock Exchange	Type of Company	# of Outside Public Company Board Memberships held as at Dec. 31, 2010
Michael D. Parker	PV Crystalox Solar plc	LSE	Alternative Energy/ Renewable Energy Equipment	2
	Invensys plc	LSE (FTSC-100)	Engineering, Information Technology	
Hon. Hugh D. Segal	Sun Life Financial	TSX, NYSE	Financial services — insurance	2
	Just Energy Group Inc.	TSX	Financial services — investment companies and funds	
Lawrence N. Stevenson	CAE Inc.	TSX, NYSE	Industrial products — technology	1

The Governance Committee carried out its customary review for 2010 and was satisfied that the independent Directors continued to fulfil the criteria of independence and were able to commit the required time for the proper performance of their duties.

3.11 In Camera Sessions[(32)]

The mandate of the Board of Directors[(33)] requires that, at each of the regularly scheduled meetings of the Corporation's Board of Directors during a year, the independent Directors hold in camera sessions, at which non-independent Directors and members of management are not in attendance. Directors are also obliged to hold such in camera sessions of the independent Directors when executive compensation issues are discussed. In 2005, the Board instituted the practice of holding such in camera sessions, not only at the beginning but also at the conclusion of each regularly scheduled Board meeting.

In addition, at each of the regularly scheduled meetings of each of the Corporation's four Board Committees (Audit Committee; Governance Committee; Health, Safety and Environment Committee; and Human Resources Committee), the members of these Committees (all of whom are required to be independent) also hold in camera sessions, at which non-independent Directors and members of management are not in attendance.[(34)]

The number of in camera sessions held this year during the Board and Board Committees' meetings is detailed below.

	In Camera Sessions
Board of Directors	10
Audit Committee	4
Governance Committee	8
Health, Safety and Environment Committee	4
Human Resources Committee	6

(32) NI 58-101, Form 58-101F1 "Board of Directors", section 1(e).

(33) The mandate of the Board of Directors is found in Schedule "A" to this Management Proxy Circular, and is also posted on the Corporation's Website (**www.snclavalin.com**). Paper copies of the mandate of the Board may be obtained on request from the Vice-President and Corporate Secretary.

(34) The mandates of all four Board Committees are posted on the Corporation's Website (**www.snclavalin.com**), under "About Us"/"Corporate Governance". Paper copies of the Board Committees' mandates may be obtained on request from the Vice-President and Corporate Secretary.

3.12 Ethical Business Conduct[35]

The Corporation believes that its reputation for integrity is fundamental to creating value for its shareholders. Each Director of the Corporation is chosen given his/her demonstrated integrity in his/her professional life and integrity is at the forefront in the Boardroom and in every Board Committee discussion. The Board makes efforts to ensure that the CEO and other senior executives are also people of integrity and that they create such a culture throughout the organization.

A number of initiatives have been taken to further enhance integrity within the Corporation's governance principles and practices which include, among others, a complete review of the Corporation's Code of Ethics and Business Conduct, a review of the Governance Committee forward Agenda; more concise and easy to follow disclosure of the whistleblowing procedure and the addition of questions relating to integrity in the various Board assessments.

3.12.1 Code of Ethics and Business Conduct

The Code of Ethics and Business Conduct (the "**Code**")[36], is applicable to the Corporation's Directors, officers and employees, all of whom are required to provide annual acknowledgement that they have received a copy of the Code and will comply with its terms. The Board monitors compliance with the Code through its Human Resources Committee, which has the mandate of reviewing compliance with the Code and reporting to the full Board on any issues relating to the Code. In the case where an employee has a concern regarding what they consider to be a violation of the Code they may contact the Corporation's toll free reporting line[37]. No material change report has ever been required or filed in relation to any departure from the Code.

In 2010, the Corporation began a review of the Code, which is presently ongoing, and which aims to provide a robust and clearly defined process similar to the whistleblowing process, which goes above and beyond the toll free reporting line, that can be followed by individuals who wish to notify the Corporation of a violation of the Code. This exercise to be completed in 2011 will add to the Corporation's other ongoing initiatives to make integrity a hallmark of the Corporation.

3.12.2 Whistleblowing Policy[38]

The Audit Committee monitors the Corporation's "Whistleblowing Policy" "the **Policy**"[39]. In general terms, this Policy allows for the confidential and anonymous submission, by employees of the Corporation and by the general public, of reports on acts by the Corporation or any of its employees referred to as "**Reportable Activity**"[40]. It applies to the Corporation and all of its subsidiaries and all employees, directors and officers of the Corporation and its subsidiaries.

The stewardship of this Policy is ultimately the responsibility of the Corporation's Audit Committee and under its direction, the Corporation's Senior Vice-President and General Counsel administers this Policy.

3.12.2.1 Protection of Reports and Confidentiality

No person, acting in good faith, who provides information relating to a Reportable Activity, can be subjected to any form of retaliation and any such retaliation would be treated as a serious violation of this Policy and corrective measures of varying degrees of severity, including but not limited to, discharge without notice, would be taken against any person who is determined to have engaged therein.

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(35) NI 58-101, Form 58-101F1, section 5 "Ethical Business Conduct".

(36) The Corporation's Code of Ethics and Business Conduct policy is posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Code of Ethics and Business Conduct" and a paper copy of which may also be obtained on request from the Vice-President and Corporate Secretary.

(37) 1-866-303-6552.

(38) NI 52-110 sets out requirements concerning the composition and responsibilities of an issuer's audit committee, and concerning an issuer's reporting obligations with respect to audit-related matters. The whistleblowing procedure forms part of the Audit Committee responsibilities as set out in section 2.3 (7) of NI 52-110.

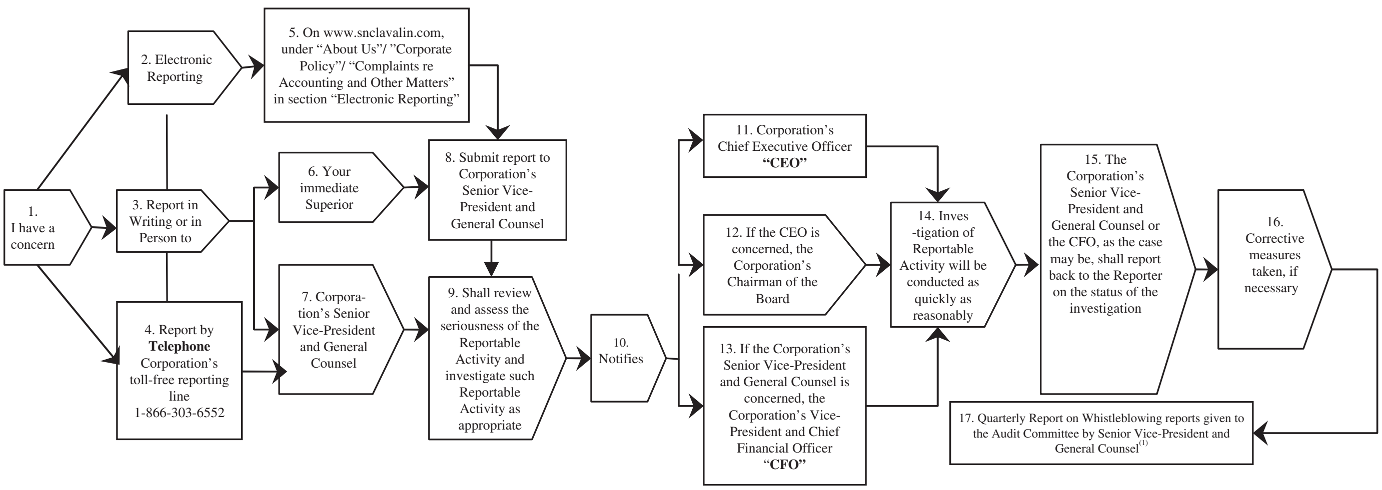
(39) This Policy is posted on the Corporation's Website (**www.snclavalin.com**), under "About Us"/"Corporate Policy"/"Complaints re Accounting and Other Matters") and on its intranet Website. It is also posted on all Websites and intranet Websites of the Corporation's subsidiaries.

(40) Reportable activity is defined as any concern or complaint with respect to a Company's accounting, internal accounting controls or auditing matters or evidence of an activity by an employee or by a director or officer of any Company, which may constitute corporate fraud, a violation of applicable laws and/or the misappropriation of any property of the Company. "**Companies**" is defined as the Corporation and all its subsidiaries, whether or not the securities of any such subsidiary are publicly traded, and any joint venture or consortium of which the Corporation or any of its subsidiaries is a party and "**Company**" is defined as either the Corporation or any of its subsidiaries or any such joint venture or consortium.

The Corporation and its subsidiaries are committed to maintaining Policy that permit confidential, anonymous reporting of a Reportable Activity. Information regarding the identity of any person making such a report remains anonymous and confidential at all times[41] and is only disclosed to those persons who have a need to know and only to the extent to which they need to know such information to properly carry out an investigation of the Reportable Activity, in accordance with this Policy. No record of such a report is placed in the Human Resources file of any one who has made such a report and who is an employee of the Corporation. Instead, any such record is kept in a separate and confidential file, for a period of no less than three years.

3.12.2.2 Reporting

The following graph outlines the reporting under the Whistleblowing Policy for anyone wishing to report a reportable activity.



3.12.3 Integrity in Assessment Tools

To emphasize the right "tone from the top", in 2010, the Board undertook a review of its Board assessment tools[42] and integrated therein questions relating to integrity so as to ensure a culture of ethical conduct throughout the Corporation. These changes include, among others, issues such as emphasizing integrity during in camera sessions, whether discussions ensue as to the ethical value of a decision before a decision is taken, whether Directors consider that Board structures reward Directors for doing the right thing, and whether they consider that the CEO and other executive officers demonstrate a culture of integrity throughout the organization.

3.12.4 Integrity in Governance Documentation

In 2010 the Board also reviewed its Governance Committee Mandate and included as a separate item a review of management's anti-corruption initiatives as part of the Committee's ongoing risk oversight.

3.13 Board Diversity

The Corporation has always taken Board diversity into consideration as it believes such diversity enriches Board discussions by providing for a variety of expertise and perspectives, particularly for companies, such as the Corporation, which do business globally. The Corporation is also convinced that diversity in all forms increases the efficiency and effectiveness of the Board and the Board Committees. The information below provides details with respect to two aspects of the diversity within the Corporation's Board, gender diversity and geographic diversity.

(41) Unless otherwise expressly permitted by this person or as required by applicable law.
(42) For a review of the various Board assessment tools see section 6.2 of this Management Proxy Circular.

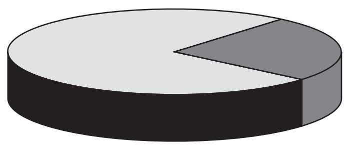
3.13.1 Gender Representation Among Nominees

The Corporation is engaged in wide-ranging operations, does business in countries around the world with global partners and operates within complex political and economic environments. Add to this the fact that the engineering field is technically one of the most challenging and you have a combination that requires a great deal of expertise and skills from the Corporation's Directors. This situation also creates an environment in which finding and recruiting new Board members is complex and demanding.

In 2010, the Board undertook to recruit a new Board member. The candidates that were considered included a diverse group of individuals, including a number of women. Given the specific expertise required by a company such as the Corporation and outlined above, choosing the right candidate was a difficult task. After much deliberation, the Board finally rested its choice on an individual, Michael D. Parker, who was able to bring the needed skills, understanding and expertise to the Board.

Although the two most recent Board members have been men, the Corporation continues within its ongoing succession planning to actively search for potential Board candidates from diverse groups and backgrounds who have the needed expertise and skills to enhance the Board's membership and effectiveness.

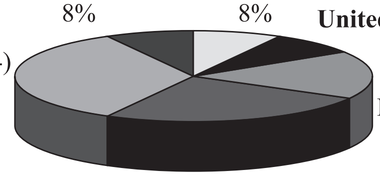
The following chart illustrates the total percentage of women on the Corporation's Board.



3.13.2 Geographical Representation Among Nominees

As the Corporation carries on business globally, the importance of geographic diversity, as mentioned above, is essential for Board efficiency. The Corporation, therefore, attempts to recruit and select Board candidates that represent a global business understanding and experience.

The following chart illustrates the geographic distribution of the Board nominees.



3.14 Shareholder Engagement

As a part of its efforts to encourage regular and constructive engagement directly with its shareholders so as to allow and encourage shareholders to express their views on governance matters directly to the Board, the Corporation makes available various forms of communication to its shareholders.

3.14.1 Continuous Disclosure Documents

Sound disclosure practices are the most valuable means of communicating with our shareholders and the Corporation believes that through this Management Proxy Circular along with, among others, the Management Discussion & Analysis and accompanying financial statements, Annual Information Form and Annual Report, it effectively communicates its commitment to not only meet but exceed governance standards, be they imposed by legislation or encouraged as best practices. Our shareholders are informed therein of our ongoing efforts to improve governance across the Corporation by regularly reviewing our governance policies, practices and processes. Our focus on strategic and risk oversight, covering everything from reviewing compensation practices to be sure these do not encourage undue risk taking to overseeing ongoing enterprise wide risk management processes, also provide solid means of communicating with our shareholders.

3.14.2 Annual Meeting

The annual meeting also provides a forum for our shareholders to express their views directly to Board members, who systematically attend these meetings. Under our constituting law, shareholders may also raise any concerns they may have through the shareholder proposal system. For the past few years no shareholder proposals have been made at the Corporation's annual meetings which is indicative of the fact that issues that may be of concern to our shareholders are dealt with through ongoing engagement efforts by the Corporation throughout the year.

3.14.3 Say on Pay Policy

As a further initiative to increase Board engagement with the Corporation's shareholders, in 2010 the Board adopted a "Say on Pay" policy that provides for holding a yearly advisory vote on executive compensation as well as disclosure of the results of the vote as part of the Corporation's report on voting results. This decision was taken so as to allow a formal opportunity for shareholders to provide feedback on the disclosed objectives of the executive compensation plans. Under this new policy, the Board undertakes to consider the result of the vote, as appropriate, when reviewing its compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with shareholders on compensation matters. If a significant number of shareholders vote against the Say on Pay annual resolution, the Board will consult with the Corporation's shareholders so that they may voice their concerns about the compensation plans in place and so that Directors clearly understand their concerns. The Board will then review the Corporation's approach to compensation in light of these concerns. Shareholders who have voted against the resolution are encouraged to discuss these issues with the Board.

3.14.4 Further Engagement Initiatives

The Board has also taken the initiative of providing, as part of its Voting Results Report filed on SEDAR regarding the election or re-election of the Directors, the global average percentage of votes cast "for" the election of the Board. This initiative, combined with the Corporation's no slate voting system, the fact that the Board is up for election each year, the majority voting policy and the filing of the Corporation's voting results promptly within five days of the annual meeting, also enhances the Board's accountability and communication with the Corporation's shareholders.

The Board and Board Committees are continuing to review many other engagement activities which they believe will further enhance the Corporation's long term commitment to allowing and facilitating the processes by which our shareholders may express their views on governance and compensation matters as the Corporation believes this engagement assists it in growing a sustainable business, thereby enhancing value creation for all our shareholders.

The Corporation's efforts for demonstrating the key competencies and actions that result in enhanced transparency and increased communications with its shareholders were recognized in February 2011 by IR Magazine at its prestigious annual Investor Relations Award Ceremony. The Corporation was the recipient of the Award for "Best Investor Relations by a CFO" as well as the Award for "Best Investor Relations by Sector (industrials category)".

SECTION 4: Directors' Compensation Discussion and Analysis

Highlights

SECTION 4: Directors’ Compensation Discussion and Analysis[1]

4.1 Philosophy and Objectives of Directors’ Compensation

The Corporation’s philosophy and objectives with respect to Directors’ compensation are based on the following:

- ➢ Recruit and retain qualified individuals to serve as members of the Board of Directors and contribute to the Corporation’s overall success; and
- ➢ Align the interests of members of the Board with those of the shareholders by requiring Directors to hold a multiple of their annual retainer in Deferred Share Units (“**DSUs**”) even after they have met the requirements for ownership.

4.2 Directors’ Compensation Policy

Over the years, much emphasis has been placed on the Directors’ compensation policy as an integral part of the Corporation’s overall efforts in the areas mentioned above.

The Corporation’s Directors’ compensation policy is, therefore, designed to:

- ➢ Position Directors’ compensation at the median of Director compensation paid by companies that are comparable in size and in similar businesses known as the “Comparator Group”[2];
- ➢ Provide compensation in line with the risks and responsibilities inherent to the role of Director; and
- ➢ Provide compensation to its Directors to recognize the increasing complexity of the Corporation’s business.

4.3 Directors’ Compensation Program

The three components of the Corporation’s Directors’ compensation program are:

- ➢ An annual retainer paid:
  - partly in cash; and/or
  - partly as at risk compensation in the form of DSUs[3].
- ➢ Attendance fees paid in cash; and
- ➢ Additional at risk compensation in the form of DSUs.

The Corporation also pays for any reasonable travel and other out-of-pocket expenses relating to their duties as Directors.

Directors who are employees of the Corporation or any of its affiliates (such as Mr. Duhaime, the President and Chief Executive Officer) do not receive any compensation for serving as a Director.

4.4 Directors’ Compensation Review and Approval Process

The amount and form of the Corporation’s Directors’ and the Chairman of the Board’s compensation is ultimately determined by the Board. The Governance Committee reviews Directors’ compensation every year and makes recommendations to the Board[4].

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(1) NI 58-101, Form 58-101F1, section 7. For details on required disclosure under NI 58-101 form 58-101F1 section 7, for executive compensation, see section 8 “Executive Compensation Discussion and Analysis” of this Management Proxy Circular

(2) For details on the Corporation’s “Comparator Group” see section 4.6 “Directors’ Comparator Group” of this Management Proxy Circular.

(3) See section 4.8 “At Risk Compensation: Deferred Share Unit Plan” of this Management Proxy Circular for details on the Deferred Share Unit Plan (“**DSUP**”);

(4) NI 58-101F1, section 7(b). This responsibility, as well as the powers and operations of the Governance Committee are set out in the Committee’s mandate. For a copy of the Governance Committee mandate see the Corporation’s Website (**www.snclavalin.com**), under “About Us”/“Corporate Governance” and of which paper copies may be obtained on request from the Vice-President and Corporate Secretary.

The following chart illustrates the review and approval process typically followed leading up to final Board approval.

Directors' and Chairman of the Board's Compensation Review and Approval Process

1 CONSULT	2 BENCHMARK	3 REPORT	4 REVIEW & ANALYZE	5 RECOMMEND	6 APPROVE
Compensation consultant, Towers Watson ("**Towers**") retained to provide advice on non-employee Director compensation	Towers benchmarks non-employee Director compensation and Chairman of the Board compensation against the comparator group	Towers produces a report for the Governance Committee on non-employee Director compensation and Chairman of the Board compensation	Governance Committee reviews and analyzes Towers' recommendations on non-employee Director compensation and Chairman of the Board compensation against the compensation program objectives to ensure alignment	Governance Committee recommends non-employee Directors compensation and Chairman of the Board compensation to the Board	Board reviews the Governance Committee recommendations and approves non-employee Director compensation and Chairman of the Board Compensation

The last review of Director compensation was carried out in 2010. Pursuant to this review, the Governance Committee recommended, and the Board approved, an increase in the Directors compensation for 2011[5].

4.5 Directors' Compensation Advice[6]

In order to achieve the above mentioned goals, the Corporation retained the services of Towers Watson, to provide advice on the compensation of non-employee Directors and the Chairman of the Board and to provide recommendations thereon. The following table provides the fees paid to the Towers in 2010 for work completed on Directors' compensation:

Fees Paid to Towers: Directors' Compensation	
Nature of Work	**2010**
Directors' and Chairman of the Board's Compensation	$33,810

4.6 Directors' Comparator Group

To remain competitive with respect to Directors' compensation, the Corporation remunerates its Directors at a level comparable to the remuneration of the directors from a group of comparable autonomous, publicly-listed Canadian and U.S. companies that employ a large proportion of professionals, have a diverse client base and do business globally.

In 2010, the Human Resources Committee established the Comparator Group for Directors' compensation and both the Comparator Group and criteria for inclusion in this group are the same as those used for setting executive compensation. The tables outlined in Section 8.4 of this management proxy circular provide a full listing of the companies that form part of the Comparator Group.

(5) For details on the increase in Directors' compensation see section 4.7 of this Management Proxy Circular.
(6) NI 58-101 Form 58-101F1, section 7(d).

4.7 Annual Retainer and Attendance Fees

The following table shows the compensation schedule for non-employee Directors for 2010 and for 2011. All amounts indicated are in Canadian dollars. For the details of the fees paid in cash and credited in DSUs see section 5.1 “Annual Retainer and Attendance Fees Earned” of this Management Proxy Circular.

A. ANNUAL RETAINER	YEAR	COMPENSATION STRUCTURE[1]
Board Members (excluding the Chairman of the Board)	2010	An annual retainer consisting of: 1. an award of $55,000 (the “**Award**”)[2] allocated as follows: ➢ a percentage of the Award credited in DSUs[3]; and ➢ the balance in cash plus 2. a lump sum of $55,000 credited in DSUs (the “**Lump Sum**”)[4] plus 3. dividends credited in DSUs, derived from DSUs accumulated (the “**Dividends Credited in DSUs**”)[5]
	2011	Increase in Lump Sum to $70,000
Chairman of the Board	2010	An annual retainer consisting of: 1. an award of $225,000 (the “**Chairman Award**”)[6] allocated as follows: ➢ a percentage of the Award credited in DSUs[3]; and ➢ the balance in cash plus 2. a Lump Sum[4] of $55,000 credited in DSUs plus 3. dividends credited in DSUs[5], derived from DSUs accumulated
	2011	Same as 2010
Additional Annual Retainer for the Committee Chairs (excluding the Chairman of the Board)	2010	Audit Committee: $16,000 paid in cash
		All other Committees: $8,000 paid in cash
	2011	Same as 2010

B. ATTENDANCE FEES (per meeting)[7]	YEAR	COMPENSATION STRUCTURE
Board Meetings	2010	$1,500 (in person) paid in cash
		$625 (by telephone) paid in cash
	2011	Same as 2010
Committee Meetings	2010	Audit Committee:
		$2,250 (in person) paid in cash
		$925 (by telephone) paid in cash
		All other committees:
		$1,500 (in person) paid in cash
		$625 (by telephone) paid in cash
	2011	Same as 2010
Expanded BIAC[8]	2010	$1,500 (in person) paid in cash
		$625 (by telephone) paid in cash
	2011	Same as 2010

Notes:

(1) In addition to the fees disclosed in this table, the Corporation also reimburses actual and reasonable travelling expenses incurred by the Directors for their presence at the Board and Board Committee meetings.

(2) For a description of “Award” see section 4.8.1 “Award” of this Management Proxy Circular.

(3) DSUs are deferred share units credited under the Deferred Share Unit Plan. For details on DSUs see section 4.8 “At Risk Compensation: Deferred Share Unit Plan” of this Management Proxy Circular.

(4) For a description of “Lump Sum” see section 4.8.2 “Lump Sum” of this Management Proxy Circular.

(5) For a description of “Dividends Credited in DSUs” see section 4.8.4 “Dividends Credited in DSUs” of this Management Proxy Circular.

(6) For a description of “Chairman Award” see section 4.8.1 “Award” of this Management Proxy Circular.

(7) The Chairman of the Board may attend all Board Committee meetings as a non-voting participant but received Committee meeting attendance fees only for attendance at meetings of the Governance Committee, as the Chairman of the Board is also Chairman of this Committee.

(8) Bid and Investment Approval Committee. For more information, see section 3.3.4 “Board Committees’ Composition” and section 3.3.5 “Bid and Investment Approval Committee (“BIAC”) and Expanded BIAC“ of this Management Proxy Circular.

4.8 At Risk Compensation: Deferred Share Unit Plan

To encourage non-employee Directors of the Corporation to better align their interests with those of the shareholders, in late 2003, the Board of Directors approved an "at risk" component to its Directors' compensation in the form of Deferred Share Units ("**DSUs**"), the details of which are outlined in the Deferred Share Unit Plan ("**DSUP**"), effective commencing with the first quarter of 2004.

Under the DSUP, Directors are credited DSUs as a part of their annual retainer which consists of:

- a percentage of their Award (as defined below);
- a Lump Sum (as defined below); and
- Dividends Credited in DSUs (as defined below), derived from the DSUs credited, pursuant to the above,

(collectively referred to as the "**Annual Retainer**"). DSUs have the same value as the Corporation's Common Shares; they therefore fluctuate with variations in the market place.

4.8.1 Award

Effective January 1st, 2009, under the Corporation's Directors' compensation policies, non-employee Directors, excluding the Chairman of the Board, are required to receive a percentage of their $55,000 Annual Retainer ("**Award**") in the form of DSUs, which are credited to them on a quarterly basis. With respect to the Chairman of the Board, he is required to receive a percentage of his $225,000 award in the form of DSUs, which are also credited to him on a quarterly basis ("**Chairman Award**").

Prior to reaching the Director Share Ownership Requirements (as defined in section 4.9 "Directors' Share Ownership Requirements" of this Management Proxy Circular), non-employee Directors, including the Chairman of the Board, are required to receive a minimum of 50% of their Award and of the Chairman Award in DSUs; they may, however, elect to receive a higher percentage, namely 75% or 100%, as outlined in section 4.8.3 "Non-employee Director Form of Allocation of the Annual Retainer" of this Management Proxy Circular.

Once the non-employee Director, including the Chairman of the Board, has reached the Director Share Ownership Requirements, he or she is required to receive a minimum of 25% of his or her Award and/or Chairman Award, in DSUs; he or she may, however, elect to receive a higher percentage, namely 50%, 75% or 100%, as also outlined in section 4.8.3 "Non-employee Director Form of Allocation of the Annual Retainer" of this Management Proxy Circular.

Prior to August 1st, 2008, non-employee Directors who were considered to be "non-Canadian resident tax-affected non-employee Directors" were not permitted to receive DSUs and received the equivalent of the Award in cash. On July 30th, 2008, upon recommendation by the Governance Committee, the Board of Directors of the Corporation approved an amendment to the DSUP which, effective August 1st, 2008, allows non-Canadian resident tax-affected non-employee Directors to be credited with DSUs in the same way as all other non-employee Directors.

4.8.2 Lump Sum

In January 2006, the Board of Directors introduced a new component to the Annual Retainer in the form of a fixed amount of $12,000, to be credited on a quarterly basis, in DSUs to non-employee Directors ("**Lump Sum**"). Effective January 2007, the Board of Directors increased this Lump Sum to $30,000. A further increase in the Lump Sum payment to $55,000 was adopted by the Board of Directors in December 2007, effective in 2008. On August 6th, 2010, the Governance Committee recommended increasing the Lump Sum to $70,000, effective as of January 1st, 2011, to better align the Directors' compensation with present market trends. This increase was approved by the Board of Directors.

Both prior to reaching the Director Share Ownership Requirements and upon reaching the Director Share Ownership Requirements, non-employee Directors are required to receive 100% of their Lump Sum in DSUs.

Prior to August 1st, 2008, non-employee Directors who were considered to be "non-Canadian resident tax-affected non-employee Directors" were not permitted to receive DSUs and received the equivalent of the Lump Sum in cash. On July 30th, 2008, upon recommendation by the Governance Committee, the Board of Directors of the Corporation approved an amendment to the DSUP which, effective August 1st, 2008, allows non-Canadian resident tax-affected non-employee Directors to be credited with DSUs in the same way as all other non-employee Directors.

4.8.3 Non-employee Director Form of Allocation of the Annual Retainer (Award, Chairman Award and Lump Sum)

The following tables set forth the percentages of each form of payment, of two of the components of the Annual Retainer, that each non-employee Director may choose before and after reaching the Director Share Ownership Requirements as defined under section 4.9 “Directors’ Share Ownership Requirements” of this Management Proxy Circular.

Non-Employee Director Form of Allocation of the Award and Chairman Award			
Before Reaching the Director Share Ownership Requirements		After Reaching the Director Share Ownership Requirements	
Cash	DSUs	Cash	DSUs
0%, 25% or 50%	50% (minimum), 75% or 100%	0%, 25%, 50% or 75%	25% (minimum), 50%, 75% or 100%

Non-Employee Director Form of Allocation of the Lump Sum	
Before Reaching the Director Share Ownership Requirements	After Reaching the Director Share Ownership Requirements
DSUs	DSUs
100%	100%

4.8.4 Dividends Credited in DSUs

The DSUs have no voting rights attached to them, however, they do receive dividends in the form of DSUs at the same rate as dividends paid on the Corporation’s Common Shares.

All non-employee Directors who hold DSUs are, therefore, credited with additional DSUs whenever cash dividends are paid on Common Shares (the number of such additional DSUs being based on the actual amount of dividends that would have been paid to the non-employee Directors had they been awarded actual Common Shares under the DSUP instead of DSUs) (the “**Dividends Credited in DSUs**”).

4.8.5 Redemption of DSUs

Under the DSUP, DSUs are redeemable only after the non-employee Director ceases to be a member of the Board and files a written notice of redemption with the Corporation.

Directors, therefore, are only paid the value of DSUs once they have left the Board. If the Corporation receives no notice of redemption from a non-employee Director who participated in the DSUP and who has ceased to be a member of the Board, the aggregate value of the DSUs held by that non-employee Director will, in any event, be paid by the Corporation to the non-employee Director no later than December 31st of the first calendar year commencing after the year in which the non-employee Director ceased to be a member of the Board.

For the purposes of calculating the number of additional DSUs credited to a non-employee Director or for the purpose of redeeming DSUs, the value of a DSU at any particular date is equivalent to the average of the closing price for a Common Share on the TSX on the five trading days immediately prior to such date.

4.9 Directors’ Share Ownership Requirements

MINIMUM SHAREHOLDING		
TITLE	3 YEAR TARGET	5 YEAR TARGET
Chairman	$600,000	$1,200,000
Non-Employee Directors	$150,000	$300,000

The Board believes it is important that Directors demonstrate their commitment to the Corporation’s growth through share ownership. Ownership can be achieved by purchasing Common Shares and by participating in the Corporation’s DSUP.

As of March 4, 2011, the Board approved guidelines concerning Director share ownership whereby the Chairman of the Board is required to acquire Common Shares of the Corporation and/or DSUs credited under the DSUP (for more details, see section 4.8 “At Risk Compensation: Deferred Share Unit Plan” of this Management Proxy Circular). There are two thresholds that must be met. The first requires that within three years of his/her appointment, the Chairman must acquire Common Shares of the Corporation and/or DSUs credited under the DSUP having a combined market value of $600,000 and the second that within 5 years of his/her appointment, he/she must acquire Common Shares of the Corporation and/or DSUs credited under the DSUP having a combined market value of at least $1,200,000. The Chairman of the Board is required to continue to hold such Common Shares and/or DSUs throughout the remainder of his/her tenure as Chairman. Each other non-employee Director is also required to acquire Common Shares of the Corporation and/or DSUs credited under the DSUP. The thresholds for the other non-employee Directors are set respectively at a combined market value of at least $150,000 within 3 years of his/her election to the Board and $300,000 within five years of his/her election to the Board. Each other non-employee Director is also required to continue to hold such Common Shares and/or DSUs throughout the remainder of his/her tenure as a Director (all such requirements are collectively referred to as the "**Director Share Ownership Requirements**"). With respect to the President and Chief Executive Officer, the required share ownership is equal to six times his annual base salary.

In the case where a Director no longer meets the Director Share Ownership Requirements, including, but not limited to, when a fluctuation in the fair market value of the Corporation's Shares occurs, any Director who does not yet have a sufficient number of Shares or has not yet been credited a sufficient number of DSUs, must acquire Shares or be credited a sufficient number of DSUs (in accordance with the DSUP) so as to reach the Director Share Ownership Requirements within a two (2) year delay.

As of December 31st, 2010, all but one of the Corporation's Directors have met the Director Share Ownership Requirements. The Director who has not yet met the requirements has been a Director for fewer than 5 years.

4.10 Prohibition on Hedging and Trading in Derivatives by Directors

The Board of Directors has adopted a prohibition on hedging and trading in derivatives policy applicable to the Corporation's insiders (which include, among others, the Corporation's Directors and Named Executive Officers as such term is defined in section 8.5 "Employees who Participate in Compensation Plans" of this Management Proxy Circular).

SECTION 5: Director Compensation Disclosure

Highlights

SECTION 5: Director Compensation Disclosure

5.1 Annual Retainer and Attendance Fees Earned

The following table outlines the total fees that were paid out to the Directors in 2010 in comparison to the actual compensation schedule for 2010.

A. ANNUAL RETAINER	COMPENSATION STRUCTURE[1]	TOTAL COMPENSATION EARNED			
		Cash Paid ($)	DSUs ($)	DSUs (#)	Total Value ($)
Board Members (excluding Chairman of the Board)	An annual retainer consisting of: 1. an award of $55,000 (the "**Award**")[1] allocated as follows: ➢ a percentage of the Award credited in DSUs[2]; and ➢ the balance in cash	$275,000	$246,610	4,844	$521,610
	plus 2. a lump sum of $55,000 credited in DSUs (the "**Lump Sum**")[3]	–	$521,610	10,268	$521,610
	plus 3. dividends credited in DSUs, derived from DSUs accumulated (the "**Dividends Credited in DSUs**")[4]	–	$47,976	975	$47,976
Chairman of the Board	An annual retainer consisting of: 1. an award of $225,000 (the "**Chairman Award**")[5] allocated as follows: ➢ a percentage of the Award credited in DSUs[6]; and ➢ the balance in cash	–	$225,000	4,439	$225,000
	plus 2. a Lump Sum[3] of $55,000 credited in DSUs	–	$55,000	1,087	$55,000
	plus 3. Dividends Credited in DSUs[4], derived from DSUs accumulated.	–	$15,793	317	$15,793
Additional Annual Retainer for the Committee Chairs (excluding the Chairman of the Board)	Audit Committee: $16,000 paid in cash	$16,000	N/A		$16,000
	All Other Committees: $8,000 paid in cash	$16,000	N/A		$16,000

B. ATTENDANCE FEES (per meeting)[7]	COMPENSATION STRUCTURE	TOTAL COMPENSATION EARNED			
		Cash Paid ($)	DSUs ($)	DSUs (#)	Total Value ($)
Board Meetings	$1,500 (in person) paid in cash	$93,000	N/A		$93,000
	$625 (by telephone) paid in cash	$10,000	N/A		$10,000
Committee Meetings	Audit Committee:				
	$2,250 (in person) paid in cash	$51,750	N/A		$51,750
	$925 (by telephone) paid in cash	–	N/A		–
	All Other Committees:				
	$1,500 (in person) paid in cash	$88,500	N/A		$88,500
	$625 (by telephone) paid in cash	$2,500			$2,500
Expanded BIAC[8]	$1,500 (in person) paid in cash	$1,500	N/A		$1,500
	$625 (by telephone) paid in cash	$14,375	N/A		$14,375
	TOTAL 2010	$568,625	$1,111,989	21,930	$1,680,614
	TOTAL 2009	$495,990	$1,059,158	24,995	$1,555,148
	TOTAL 2008	$492,675	$1,066,888	24,897	$1,559,563

C. TRAVEL FEES	COMPENSATION STRUCTURE	TOTAL COMPENSATION EARNED			
		Cash Paid ($)	DSUs ($)	DSUs (#)	Total Value ($)
	$1,500 (in person) paid in cash				
	TOTAL 2010	$37,500	N/A		$37,500
	TOTAL 2009	$25,500	N/A		$25,500
	TOTAL 2008	$28,500	N/A		$28,500

Notes:

(1) For a description of "Award" see section 4.8.1 "Award" of this Management Proxy Circular.
(2) DSUs are deferred share units credited under the Deferred Share Unit Plan. For details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.
(3) For a description of "Lump Sum" see section 4.8.2 "Lump Sum" of this Management Proxy Circular.
(4) For a description of "Dividends Credited in DSUs" see section 4.8.4 "Dividends Credited in DSUs" of this Management Proxy Circular.
(5) For a description of "Chairman Award" see section 4.8.1"Award" of this Management Proxy Circular.
(6) DSUs are Deferred Share Units credited under the Deferred Share Unit Plan. For details on DSUs see section 4.8 "At Risk Compensation: Deferred Share Unit Plan" of this Management Proxy Circular.
(7) The amounts herein include attendance fees paid to Directors for a meeting devoted exclusively to a presentation by Deloitte & Touche LLP on IFRS. The Chairman of the Board may attend all Board Committee meetings as a non-voting participant but receives Committee meeting attendance fees only for attendance at meetings of the Governance Committee, as the Chairman of the Board is also Chairman of this Committee.
(8) Bid and Investment Approval Committee. For more information, see section 3.3.5 "Bid and Investment Approval Committee ("BIAC") and Expanded BIAC" of this Management Proxy Circular.

5.2 Directors' Current Share Ownership and DSUs Credited

The following table shows, as at December 31st, 2010: (i) the number of Common Shares of the Corporation owned by each current Director; (ii) the number of DSUs held by each current Director under the DSUP; (iii) the total number of Common Shares and DSUs held by each current Director; (iv) the amount at risk which is equal to the total market value of Common Shares and DSUs; (v) the amount at risk as a multiple of the Annual Retainer; (vi) the minimum shareholding requirements; (vii) whether or not these requirements have been met; (viii) the date at which the shareholding requirements must be met; and (ix) the difference in these amounts on December 31st, 2010 compared to December 31st, 2009.

5.2.1 Current Share Ownership

Director	Director Since	Year	Number of Common Shares Held	Number of DSUs Held	Total Number of Common Shares and DSUs	Amount at Risk (Total Market Value of Common Shares and DSUs) $[1]	Amount at Risk as a Multiple of Annual Retainer[2]	Director Shareholding Requirements $[3]	Shareholding Requirements Met	Date at which Director Shareholding Requirements Is/Was to Be Met (mm/dd/yy)
Ian A. Bourne	2009	2010	5,000	1,995	6,995	$418,091	3.8	$ 300,000	yes	11/05/2014
		2009	2,000	346	2,346	$126,661	1.2	$ 300,000	In process	
		2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
		Change	3,000	1,649	4,649	$291,430	2.6	N/A	N/A	
Pierre Duhaime[4]	2009	2010	92,482	N/A	92,482	$5,527,649	N/A	$4,800,000	yes	05/07/2014
		2009	84,712	N/A	84,712	$4,573,601	N/A	$4,200,000	yes	
		2008	78,427	N/A	78,427	$3,112,768	N/A	N/A	N/A	
		Change	7,770	N/A	7,770	$954,048	N/A	None	–	
David Goldman	2002	2010	21,000	10,581	31,581	$1,887,596	17.2	$ 300,000	yes	03/01/2007
		2009	21,000	9,087	30,087	$1,624,397	14.8	$ 300,000	yes	
		2008	21,000	7,347	28,347	$1,125,092	10.2	$ 300,000	yes	
		Change	0	1,494	1,494	$263,199	2.4	None	–	
Patricia A. Hammick	2007	2010	–	4,571	4,571	$273,209	2.5	$ 300,000	In process	01/01/2012
		2009	–	2,888	2,888	$155,923	1.4	$ 300,000	In process[5]	
		2008	–	917	917	$36,396	0.3	$ 300,000	In process	
		Change	0	1,683	1,683	$117,286	1.1	None	–	
Pierre H. Lessard	1998	2010	37,000	12,883	49,883	$2,981,507	27.1	$ 300,000	yes	10/30/2003
		2009	37,000	11,087	48,087	$2,596,217	23.6	$ 300,000	yes	
		2008	37,000	8,997	45,997	$1,825,621	16.6	$ 300,000	yes	
		Change	0	1,796	1,796	$385,290	3.5	None	–	

Director	Director Since	Year	Number of Common Shares Held	Number of DSUs Held	Total Number of Common Shares and DSUs	Amount at Risk (Total Market Value of Common Shares and DSUs) $(1)	Amount at Risk as a Multiple of Annual Retainer(2)	Director Shareholding Requirements $(3)	Shareholding Requirements Met	Date at which Director Shareholding Requirements Is/Was to Be Met (mm/dd/yy)
Edythe (Dee) A. Marcoux	1998	2010	14,500	8,357	22,857	$1,366,163	12.4	$ 300,000	yes	10/30/2003
		2009	14,500	6,893	21,393	$1,155,008	10.5	$ 300,000	yes	
		2008	14,500	5,185	19,685	$781,298	7.1	$ 300,000	yes	
		Change	0	1,464	1,464	211,155	1.9	None	–	
Lorna R. Marsden	2006	2010	2,000	7,419	9,419	$562,974	5.1	$ 300,000	yes	05/04/2011
		2009	2,000	5,698	7,698	$415,615	3.8	$ 300,000	yes	
		2008	2,000	3,686	5,686	$225,677	2.1	$ 300,000	In process	
		Change	0	1,721	1,721	147,359	1.3	None	–	
Claude Mongeau	2003	2010	15,000	18,054	33,054	$1,975,638	18	$ 300,000	yes	08/08/2008
		2009	15,000	15,651	30,651	$1,654,847	15.0	$ 300,000	yes	
		2008	15,000	12,855	27,855	$1,105,565	10.1	$ 300,000	yes	
		Change	0	2,403	2,403	320,791	3.0	None	–	
Gwyn Morgan	2005	2010	31,000	26,423	57,423	$3,432,173	12.3	$1,200,000	yes	03/04/2010
		2009	31,000	20,580	51,580	$2,784,804	9.9	$1,200,000	yes	
		2008	31,000	13,745	44,745	$1,775,929	6.3	$1,200,000	yes	
		Change	0	5,843	5,843	$647,369	2.4	None	–	
Michael D. Parker	2010	2010	9,100	972	10,072	$602,003	5.5	$ 300,000	yes	08/06/2015
		2009	N/A	N/A	N/A	N/A	N/A	N/A	–	
		2008	N/A	N/A	N/A	N/A	N/A	N/A	–	
		Change	N/A	N/A	N/A	N/A	N/A	N/A	–	
Hugh D. Segal	1999	2010	6,093	6,235	12,328	$736,845	6.7	$ 300,000	yes	08/06/2004
		2009	6,093	4,798	10,891	$588,005	5.3	$ 300,000	yes	
		2008	9,183	3,120	12,303	$488,306	4.4	$ 300,000	yes	
		Change	0	1,437	1,437	$148,840	1.4	None	–	
Lawrence N. Stevenson	1999	2010	30,750	8,615	39,365	$2,352,846	21.4	$ 300,000	yes	08/06/2004
		2009	30,750	7,147	37,897	$2,046,059	18.6	$ 300,000	yes	
		2008	30,750	4,473	35,223	$1,398,001	12.7	$ 300,000	yes	
		Change	0	1,468	1,468	$306,787	2.8	None	–	
Total Board 2010		2010	263,925	106,105	370,030	$22,116,694	N/A	N/A	N/A	

Notes:

(1) The price of a Common Share of the Corporation as at December 31st, 2009 was $53.99 and as at December 31st, 2010 was $59.77, and the value of a DSU at such date is equivalent to the average of the closing price for a Common Share on the TSX on the five trading days immediately prior to such date calculated at the end of each quarter.

(2) For a breakdown of the various components of the Annual Retainer see section 4.7 "Annual Retainer and Attendance Fees" of this Management Proxy Circular.

(3) The minimum requirement for the President and Chief Executive Officer is equal to 6 times his annual base salary and, therefore, will fluctuate yearly based on salary changes.

(4) As an employee Director, Mr. Duhaime did not participate in the Directors DSUP. For further details, please see section 8.5 "Employees Who Participate in Compensation Plans".

(5) Dr. Hammick has five years from her initial election as a Director to meet her minimum shareholding requirement. In 2008, Dr. Hammick began receiving DSUs in an amount sufficient to meet the minimum shareholding requirement for the five-year period ending in January 2012.

5.2.2 DSUs Credited

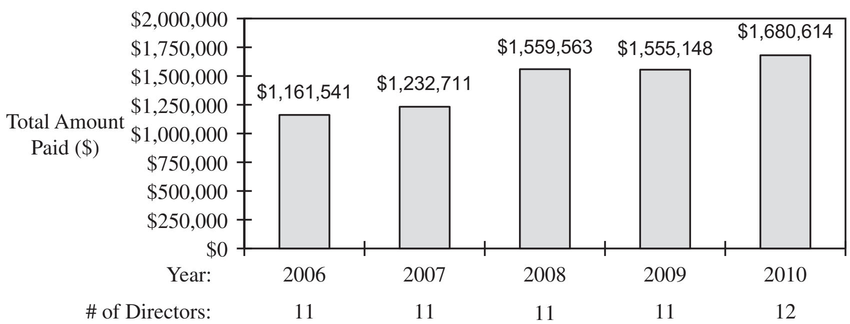
The following table outlines the details as to when in 2010 the DSUs were credited to Directors and their value at the time they were credited.

At Risk Compensation: DSUs Credited for the Year Ended December 31, 2010										
	Quarter									
	Q1 Ending March 31st		Q2 Ending June 30th		Q3 Ending September 30th		Q4 Ending December 31st		Total DSUs Credited	Total Value of DSUs Credited
	(#)	($)	(#)	($)	(#)	($)	(#)	($)	(#)	($)
I. A. Bourne	416	$ 20,754.00	467	$ 20,755.00	412	$ 20,834.00	354	$ 20,904.00	1,649	$ 83,247.00
D. Goldman	377	$ 18,790.50	422	$ 18,796.50	373	$ 18,868.50	322	$ 19,931.50	1,494	$ 75,387.00
P.A. Hammick	425	$ 21,186.00	477	$ 21,188.00	420	$ 21,269.00	361	$ 21,341.00	1,683	$ 84,984.00
P.H. Lessard	453	$ 22,580.00	507	$ 22,587.00	449	$ 22,673.00	387	$ 22,749.00	1,796	$ 90,589.00
E.A. Marcoux	369	$ 18,417.50	414	$ 18,422.50	366	$ 18,492.50	315	$ 18,554.50	1,464	$ 73,887.00
L.R. Marsden	434	$ 21,664.00	487	$ 21,667.00	430	$ 21,750.00	370	$ 21,823.00	1,721	$ 86,904.00
C. Mongeau	606	$ 30,254.00	679	$ 30,264.00	600	$ 30,379.00	518	$ 30,481.00	2,403	$ 121,378.00
G. Morgan	1,472	$ 73,736.00	1,652	$ 73,749.00	1,460	$ 74,030.00	1,259	$ 74,278.00	5,843	$ 295,793.00
M.D. Parker	—	—	—	—	506	$ 25,720.00	466	$ 27,586.00	972	$ 53,306.00
H.D. Segal	362	$ 18,061.50	407	$ 18,064.50	359	$ 18,133.50	309	$ 18,194.50	1,437	$ 72,454.00
L.N. Stevenson	370	$ 18,460.50	415	$ 18,465.50	367	$ 18,535.50	316	$ 18,598.50	1,468	$ 74,060.00
TOTAL	5,284	$263,904.00	5,927	$263,959.00	5,742	$290,685.00	4,977	$293,441.00	21,930	$1,111,989.00

5.3 Total Directors' Compensation Summary

The table below shows a comparative summary view over five years of the amounts earned globally by all the Corporation's non-employee Directors, with respect to their position as members of the Board of Directors and the various Board Committees.

TOTAL DIRECTORS' COMPENSATION INCREASE OVER 5 YEARS



Director Summary Total Compensation Table for the year ended December 31, 2010					
Name	Year	Annual Retainer and Attendance Fees Paid in Cash	Total Value of DSUs Credited ("At Risk Compensation")	Total Compensation	Percentage of Total At Risk Compensation
		($)	($)	($)	(%)
		(k)	(m)	(n)	
		(a + h + i +j)[1]	(c + e + g)[2]	(k + m)	$\frac{m}{n}$
I. A. Bourne	2010	$ 27,500	$ 83,247	$ 134,747	61.8%
	2009	$ 9,750	$ 18,334	$ 28,084	65.3%
	2008	N/A	N/A	N/A	N/A
D. Goldman	2010	$ 93,125	$ 75,387	$ 168,512	44.7%
	2009	$ 77,098	$ 73,684	$ 150,782	48.9%
	2008	$ 65,875	$ 71,795	$ 137,670	52.2%
P. A. Hammick	2010	$ 55,750	$ 84,984	$ 140,734	60.4%
	2009	$ 53,625	$ 83,652	$ 137,277	60.9%
	2008	$ 97,175[3]	$ 34,417[4]	$ 131,592	26.2%
P. H. Lessard	2010	$ 49,125	$ 90,589	$ 139,714	64.8%
	2009	$ 48,250	$ 88,529	$ 136,779	64.7%
	2008	$ 21,625	$ 113,561	$ 135,186	84.0%
E.A. Marcoux	2010	$ 82,625	$ 73,887	$ 156,512	47.2%
	2009	$ 79,875	$ 72,379	$ 152,254	47.5%
	2008	$ 68,250	$ 84,426	$ 152,676	55.3%
L.R. Marsden	2010	$ 50,125	$ 86,904	$ 137,029	63.4%
	2009	$ 46,750	$ 85,324	$ 132,074	64.6%
	2008	$ 49,125	$ 83,711	$ 132,836	63.0%
C. Mongeau	2010	$ 19,875	$ 121,378	$ 141,253	85.9%
	2009	$ 30,402	$ 118,557	$ 148,959	79.6%
	2008	$ 38,375	$ 115,399	$ 153,774	75.0%
G. Morgan	2010	$ 11,875	$ 295,793	$ 307,668	96.1%
	2009	$ 7,875	$ 290,324	$ 298,199	97.4%
	2008	$ 10,250	$ 284,703	$ 294,953	96.5%
M.D. Parker	2010	$ 15,625	$ 53,306	$ 68,931	77.3%
	2009	N/A	N/A	N/A	N/A
	2008	N/A	N/A	N/A	N/A
H.D. Segal	2010	$ 60,250	$ 72,454	$ 132,704	54.6%
	2009	$ 60,875	$ 71,132	$ 132,007	53.9%
	2008	$ 62,875	$ 69,782	$ 132,657	52.6%
L.N. Stevenson	2010	$ 78,750	$ 74,060	$ 152,810	48.5%
	2009	$ 39,875	$ 113,497	$ 153,372	74.0%
	2008	$ 40,750	$ 111,405	$ 152,155	73.2%
TOTAL	2010	$568,625	$1,111,989	$1,680,614	66.2%
	2009	$495,990	$1,059,158	$1,555,148	68.1%
	2008	$492,675	$1,066,888	$1,559,563	68.4%

Notes:

(1) See Table 5.4 "Total Directors' Compensation Detailed Review" for the references to the components of the Annual Retainer and Attendance Fees included in this calculation.

(2) See Table 5.4 "Total Directors' Compensation Detailed Review" for the references to the components of the value of DSUs credited.

(3) This amount is calculated by adding columns a, h, i and j from Table 5.4 "Total Directors' Compensation Detailed Review" plus $32,083 in cash as indicated in note 4 of Table 5.4.

(4) This amount is calculated by adding columns c, e and g from Table 5.4 "Total Directors' Compensation Detailed Review" minus $32,083 in cash as indicated in note 4 of Table 5.4.

5.4 Total Directors' Compensation Detailed Review

The table below shows the details of the total direct compensation of non-employee Directors in 2010, 2009 and 2008.

DIRECTOR DETAILED COMPENSATION TABLE

Name	Year	ANNUAL RETAINER								ATTENDANCE FEES		TOTAL		
		Award (Directors) $55,000 And Chairman Award (Chairman of the Board) $225,000			Lump Sum $55,000		Dividends		Additional Annual Retainer – Committee Chairs (excluding Chairman of the Board)	Committee Meetings Attendance Fees (1)	Board Meetings Attendance Fees	Total DSUs Credited		Value of Total Compensation(2)
		Paid in cash	Credited in DSUs		Credited in DSUs		Credited in DSUs		Paid in cash	Paid in cash	Paid in cash			
		($)	(#)	($) value	(#)	($) value	(#)	($) value	($)	($)	($)	(#)	($)	($)
		a	b	c	d	e	f	g	h	i	j	b+d+f	c+e+g	a+c+e+g+h+i+j
I.A. Bourne(7)	2010	$ 27,500	545	$ 27,500	1,087	$ 55,000	17	$ 747	–	$ 11,875	$12,125	1,649	$ 83,247	$ 134,747
	2009	–	173	$ 9,167	173	$ 9,167	–	–	–	$ 3,750	$ 6,000	346	$ 18,334	$ 28,084
	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D. Goldman(7)	2010	$ 41,250	273	$ 13,750	1,087	$ 55,000	134	$ 6,637	$16,000	$ 19,500	$16,375	1,494	$ 75,387	$ 168,512
	2009	$ 41,250	325	$ 13,750	1,294	$ 55,000	121	$ 4,934	$ 6,348	$ 17,125	$12,375	1,740	$ 73,684	$ 150,782
	2008	$ 41,250	320	$ 13,750	1,276	$ 55,000	74	$ 3,045	–	$ 15,000	$ 9,625	1,670	$ 71,795	$ 137,670
P.A. Hammick(7)	2010	$ 27,500	545	$ 27,500	1,087	$ 55,000	51	$ 2,484	–	$ 16,500	$11,750	1,683	$ 84,984	$ 140,734
	2009	$ 27,500	648	$ 27,500	1,294	$ 55,000	29	$ 1,152	–	$ 15,000	$11,125	1,971	$ 83,652	$ 137,277
	2008	$ 43,542	305(3)	$ 11,458	610	$ 55,000(4)	2	$ 42	–	$ 12,800	$ 8,750	917	$ 66,500(5)	$ 131,592
P.H. Lessard	2010	$ 27,500	545	$ 27,500	1,087	$ 55,000	164	$ 8,089	–	$ 12,000	$ 9,625	1,796	$ 90,589	$ 139,714
	2009	$ 27,500	648	$ 27,500	1,294	$ 55,000	148	$ 6,029	–	$ 11,125	$ 9,625	2,090	$ 88,529	$ 136,779
	2008	–	1,276	$ 55,000	1,276	$ 55,000	86	$ 3,561	–	$ 13,500	$ 8,125	2,638	$ 113,561	$ 135,186
E.A. Marcoux(7)	2010	$ 41,250	273	$ 13,750	1,087	$ 55,000	104	$ 5,137	$ 8,000	$ 21,000	$12,375	1,464	$ 73,887	$ 156,512
	2009	$ 41,250	325	$ 13,750	1,294	$ 55,000	89	$ 3,629	$ 8,000	$ 19,500	$11,125	1,708	$ 72,379	$ 152,254
	2008	$ 27,500	638	$ 27,500	1,276	$ 55,000	48	$ 1,926	$ 8,000	$ 22,500	$10,250	1,962	$ 84,426	$ 152,676
L.R. Marsden	2010	$ 27,500	545	$ 27,500	1,087	$ 55,000	89	$ 4,404	–	$ 12,625	$10,000	1,721	$ 86,904	$ 137,029
	2009	$ 27,500	648	$ 27,500	1,294	$ 55,000	70	$ 2,824	–	$ 9,625	$ 9,625	2,012	$ 85,324	$ 132,074
	2008	$ 27,500	638	$ 27,500	1,276	$ 55,000	31	$ 1,211	–	$ 12,000	$ 9,625	1,945	$ 83,711	$ 132,836
C. Mongeau(7)	2010	–	1,087	$ 55,000	1,087	$ 55,000	229	$11,378	–	$ 9,000	$10,875	2,403	$ 121,378	$ 141,253
	2009	–	1,294	$ 55,000	1,294	$ 55,000	208	$ 8,557	$ 9,652	$ 12,000	$ 8,750	2,796	$ 118,557	$ 148,959
	2008	–	1,276	$ 55,000	1,276	$ 55,000	129	$ 5,399	$16,000	$ 12,750	$ 9,625	2,681	$ 115,399	$ 153,774
G. Morgan	2010	–	4,439	$225,000	1,087	$ 55,000	317	$15,793	–	$ 6,000	$ 5,875	5,843	$ 295,793	$ 307,668
	2009	–	5,291	$225,000	1,294	$ 55,000	250	$10,324	–	$ 4,500	$ 3,375	6,835	$ 290,324	$ 298,199
	2008	–	5,213	$225,000	1,276	$ 55,000	114	$ 4,703	–	$ 7,500	$ 2,750	6,603	$ 284,703	$ 294,953
M.D. Parker(6)(7)	2010	–	485	$ 26,610	485	$ 26,610	2	$ 86	–	–	–	972	$ 53,306	$ 68,931
	2009	–	–	–	–	–	–	–	–	–	–	–	–	–
	2008	–	–	–	–	–	–	–	–	–	–	–	–	–
H.D. Segal	2010	$ 41,250	273	$ 13,750	1,087	$ 55,000	77	$ 3,704	–	$ 8,750	$10,250	1,437	$ 72,454	$ 132,704
	2009	$ 41,250	325	$ 13,750	1,294	$ 55,000	59	$ 2,382	–	$ 10,875	$ 8,750	1,678	$ 71,132	$ 132,007
	2008	$ 41,250	320	$ 13,750	1,276	$ 55,000	27	$ 1,032	–	$ 12,000	$ 9,625	1,623	$ 69,782	$ 132,657

DIRECTOR DETAILED COMPENSATION TABLE

Name	Year	ANNUAL RETAINER								ATTENDANCE FEES		TOTAL		
		Award (Directors) $55,000 And Chairman Award (Chairman of the Board) $225,000			Lump Sum $55,000		Dividends		Additional Annual Retainer Committee Chairs (excluding Chairman of the Board)	Committee Meetings Attendance Fees (1)	Board Meetings Attendance Fees	Total DSUs Credited		Value of Total Compensation(2)
		Paid in cash	Credited in DSUs		Credited in DSUs		Credited in DSUs		Paid in cash	Paid in cash	Paid in cash			
		($)	(#)	($) value	(#)	($) value	(#)	($) value	($)	($)	($)	(#)	($)	($)
		a	b	c	d	e	f	g	h	i	j	b+d+f	c+e+g	a+c+e+g+h+i+j
L.N. Stevenson(7)	2010	$ 41,250	273	$ 13,750	1,087	$ 55,000	108	$ 5,310	$ 8,000	$ 18,000	$ 11,500	1,468	$ 74,060	$ 152,810
	2009	–	1,294	$ 55,000	1,294	$ 55,000	86	$ 3,497	$ 8,000	$ 20,125	$ 11,750	2,674	$ 113,497	$ 153,372
	2008	–	1,276	$ 55,000	1,276	$ 55,000	36	$ 1,405	$ 8,000	$ 22,500	$ 10,250	2,588	$ 111,405	$ 152,155
TOTAL	2010	$275,000	9,283	$471,610	11,355	$576,610	1,292	$63,769	$32,000	$135,250	$110,750	21,930	$1,111,989	$1,680,614
	2009	$231,490	11,189	$476,212	12,686	$537,347	1,120	$45,599	$32,000	$134,875	$ 97,625	24,995	$1,059,158	$1,555,148
	2008	$194,792	12,220	$525,208	12,094	$550,000	583	$23,763	$32,000	$145,550	$ 88,250	24,897	$1,098,971	$1,559,563

Notes:

(1) Includes fees paid for Expanded BIAC meetings.

(2) In addition, in 2010, the following Independent Directors received a lump sum amount of $1,500 per board meeting for travelling requiring more than 3 hours, totalling $37,500: I.A. Bourne (2), P.A. Hammick (2), E.A. Marcoux (2), G. Morgan (2) and M.D. Parker (1) for meetings held in Montreal: P.A. Hammick (2), E.A. Marcoux (2), G. Morgan (2) and M.D. Parker (2) for meetings held in Toronto; and I.A. Bourne (1), D. Goldman (1), P.A. Hammick (1), P.H. Lessard (1), L.R. Marsden (1), C. Mongeau (1), H.D. Segal (1) and L.N. Stevenson (1) for meetings held in Calgary.

(3) On July 30th, 2008, the Deferred Share Unit Plan ("DSUP") was amended to allow non-Canadian tax affected non-employee Directors such as Dr. Hammick to be credited DSUs. Therefore, Dr. Hammick did not receive DSUs during the period from January 1st to July 31st, 2008; during this period, she received $32,083 in cash as part of the Award of $55,000; for the period from August 1st, to December 31st, 2008, she received an amount of $11,459 in cash as part of the Award of $55,000 and was credited DSUs having a value of $11,458.

(4) Dr. Hammick did not receive DSUs from January 1st to July 31st, 2008. During that period, she received $32,083 in cash from the $55,000 Lump Sum; and from August 1st to December 31st, 2008, she was credited DSUs having a value of $22,917.

(5) Given the fact that Dr. Hammick received $32,083 in cash from the $55,000 Lump Sum during the period from January 1st to July 31st, 2008, this amount has been included in this calculation ($34,417 value of DSUs credited plus $32,083 in cash = $66,500). For details see note 4.

(6) The 2010 value of total compensation includes Mr. Parker's compensation for only a part of 2010 as he joined the Board as a Director on July 7th, 2010.

(7) Remuneration includes fees paid for attendance by the members of the Audit Committee at a meeting dedicated to the presentation by the Corporation's auditor on International Financial Reporting Standards (IFRS), based exceptionally on the rate for attendance at a regular Board meeting.

SECTION 6: Director Selection, Assessment, Orientation and Ongoing Education Highlights

SECTION 6: Director Selection, Assessment, Orientation and Ongoing Education

6.1 Director Selection

The Governance Committee is responsible for developing, reviewing and monitoring the criteria and procedures for selecting members of the Board, for keeping track of the Board's needs as well as maintaining a list of suitable candidates for appointment (the "**Evergreen List**").

Selection Criteria — On the basis of the general criteria for Director selection set out under the caption "Composition" of the mandate of the Board, and of the more specific criteria in section 3 "Nomination Process" of the mandate of the Governance Committee, the Governance Committee exercises independent judgement and recommends to the Board suitable candidates for appointment.

The Committee seeks out candidates who demonstrate well developed listening, communicating and influencing skills so that they can actively participate in Board discussions and debate as well as those who show the necessary commitment to devote the time, effort and energy necessary to serve effectively as a Director. Candidates are also expected to have demonstrated the highest degree of integrity in their professional career.

6.1.1 Selection Process

The Governance Committee is also responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Governance Committee evaluates the balance of skills, knowledge and experience on the Board by referring to the Skills Matrix and, in light of this evaluation searches for the potential candidates.

The process listed below sets out the steps followed annually in determining whether the Directors presently in office continue to hold the qualifications necessary to qualify as nominees.

Determination of Qualifications of Incumbent Directors as Nominees[(1)]

- ➢ Perform annual credential review of Board nominees (including, among others, validity of the credentials underlying the appointment of each Director including availability to meet attendance expectations, and change in principal occupation);
- ➢ Assess continuing qualifications under the *Canada Business Corporations Act;*
- ➢ Review Directors' performance through assessment tools[(2)];
- ➢ Review Skills Matrix[(3)]: identify the required and/or missing areas of expertise determined to be essential to ensure appropriate strategic direction and oversight;
- ➢ Assess qualifications of nominees under applicable securities and corporate law provisions;
- ➢ Assess independence of each nominee and address concerns if any;
- ➢ Select nominees; and
- ➢ Recommend the election of nominees to the shareholders.

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(1) NI 58-101-Form 58-101F1, section 6(a), (b) and (c).
(2) For details see section 1.1.1 "Assessment Process" of this Management Proxy Circular.
(3) For details see section 6.1.3 "Skills Requirements" of this Management Proxy Circular.

The following chart outlines this selection process.

NEW CANDIDATE SELECTION PROCESS

1 REVIEW	2 ASSESS	3 MEET	4 RECOMMEND	5 APPOINT
Review by the Governance Committee of balance of skills, knowledge and experience existing on the Board	Assess expertise and qualifications required based on gaps in the Skills Matrix	Chairman & Chief Executive Officer meet with short listed candidates	Governance Committee reconvenes to finalize a recommendation to the Board as to the selected candidate(s)	Once the candidate accepts, Board appoints candidate to Board or shareholders vote on the election of the candidate at the annual meeting
Review of Evergreen List for potential candidates	Assess short list of candidates submitted by Chief Executive Officer and approved by Governance Committee		Board approves the Governance Committee recommendation	
Review external search results from (talent) consultant if such search was requested by the Governance Committee			Chairman contacts the proposed short listed candidates in order to invite them to become a nominee (top choice is contacted first)	

6.1.2 Board Succession Planning

The Board Succession Planning process, more fully described below, takes into account the challenges and opportunities facing the Corporation and aims to maintain an appropriate balance of skills and experience on the Board. It also assists the Board with a smooth transition when a Director leaves the Board or when new skills or expertise need to be added. Succession planning also assists with a reasonable level of turnover of Directors and keeps the Board at an appropriate size (large enough to allow Directors to fulfill their mandate on each committee while remaining at a size that allows for open, informal and responsible discussion and debate). This process was used in 2010 in the Board's decision to add an additional member to the Board thereby increasing the total number of Directors from 11 to 12. The candidate chosen as a result of this succession planning and the selection process that ensued was Mr. Michael D. Parker.

DIRECTOR SUCCESSION PLANNING

1 REVIEW	2 ASSESS	3 IDENTIFY	4 DETERMINE	5 RECOMMEND
Governance Committee reviews the skills, knowledge and experience necessary to allow it to meet the business strategy.	Assesses the balance of skills, knowledge and experience already existing on the Board.	Identifies any skills, knowledge and experience not adequately represented on the Board.	Determines how Board performance might be enhanced, both at an individual director level and for the Board as a whole.	Recommends to the Board the appropriate skills and expertise mix needed for the Board and whether new members need to be added to the Board.
Reviews events that would merit the search for potential candidates.				

6.1.3 Skill Requirements

The Governance Committee's mandate provides for the establishment and update of the industry specific experience, business expertise and individual qualifications of Directors in relation to the Board's specific skill requirements, so as to identify any eventual skill gaps on the Board (collectively referred to as the "**Skills Matrix**"). A sample of some of the criteria included in the Skills Matrix is listed below. The checked off squares indicate that a Director possesses the skill:

SKILLS MATRIX												
1. INDUSTRY SPECIFIC EXPERIENCE												
	Ian A. Bourne	**Pierre Duhaime**	**David Goldman**	**Patricia A. Hammick**	**Pierre H. Lessard**	**Lorna R. Marsden**	**Edythe A. Marcoux**	**Claude Mongeau**	**Gwyn Morgan**	**Michael D. Parker**	**Hugh D. Segal**	**Lawrence N. Stevenson**
Oil and Gas	✔	✔		✔			✔		✔			
Coal	✔			✔					✔			
Regulated production and distribution of power	✔			✔			✔			✔		
Mining and metallurgy	✔	✔	✔	✔			✔					
Heavy industries	✔	✔	✔				✔			✔		
Engineering, construction and concessions		✔								✔		
Chemicals and petrochemicals		✔							✔	✔		
Accounting and finance	✔	✔			✔			✔	✔		✔	✔
Retail business					✔							✔
Health, safety and sustainability	✔	✔					✔			✔		
Energy and environment	✔			✔			✔		✔	✔	✔	
Power production	✔			✔					✔	✔		
Education						✔					✔	
Industrial relations					✔	✔						
Economics and sociology						✔						
Rail projects and logistics								✔				
Governance	✔	✔	✔	✔	✔		✔		✔	✔	✔	✔
Social economic and public policy						✔					✔	
Public sector administration						✔					✔	
Consulting and private equity	✔							✔			✔	✔
Risk management(1)	✔	✔			✔					✔	✔	✔
2. BUSINESS EXPERTISE												
Individuals prominent and active in a broad variety of businesses, institutions or professions	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Strategic insight	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Individuals familiar with the geographic regions in which the Corporation carries on its businesses		✔	✔	✔		✔	✔		✔	✔		
Individuals having international business experience	✔	✔	✔	✔			✔		✔	✔	✔	✔
Individuals having sensitivity to, however, not representative of, special interests and constituencies						✔					✔	
Knowledge and appreciation of public issues	✔		✔	✔				✔	✔	✔	✔	
Financial expertise	✔		✔	✔	✔	✔	✔	✔	✔	✔		✔
Individuals with experience as senior executives	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
3. INDIVIDUAL QUALIFICATIONS REQUIRED FOR ALL NOMINEES												
Integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Corporation's shareholders who they represent												
Sound business judgment												
Independence of mind												
Capability and willingness to travel, to attend and contribute to Board functions on a regular basis												
Any other eligibility criteria deemed applicable by the Committee in relation to independence, affiliation and conflict of interest												

Note:

(1) This criteria was added to the previous criteria forming a part of the Skills Matrix and was considered by the Board in 2009 in its selection process.

Nominees are selected for, and present and future Directors are assessed based on, having a combination of skills from the Skills Matrix as well as other qualities mentioned above.

The Board of the Corporation presently has the benefit of a broad range of skills, knowledge and experience that its members have built up as directors of other companies and as business leaders, in government and in academia.

6.1.4 External Consultant

The Governance Committee's mandate also specifies that it may consider and approve requests from individual Directors or Board Committees for the engagement of outside independent advisors at the expense of the Corporation to, among others, identify candidates for membership to the Board, establish the terms for retaining such firm and determine the appropriate compensation to be paid.

6.1.5 Director Tenure, Term and Retirement

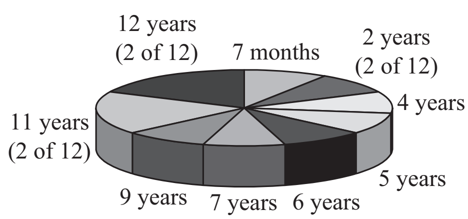
The Corporation considers the retention of quality Directors on its Board as a top priority. As mentioned above, the Corporation's compensation and ongoing development efforts are essential tools in preserving the necessary experience, knowledge and personal skills mix for a balanced Board.

To assist the Corporation in achieving this goal, the Board has set the following term and retirement requirements for its Directors:

- ➢ Term of office of each Director expires upon the election of his/her successor unless he or she resigns his/her office or his/her office becomes vacant by death, removal or other cause; and
- ➢ Retirement is set at age 70.

Given the specific skill mix and synergy which is needed to ensure a balanced Board, many efforts are made to encourage high calibre Board members to stay with the Corporation.

The following chart indicates the number of years the present Directors have dedicated to the Corporation's Board as of the Record Date:



The Corporation's average Board tenure is 6.3 years.

6.2 Director Assessment[(4)]

The Board has a formal annual process of rigorous performance evaluation of the Board, its Committees, individual Directors and the Chairman of the Board. The Board believes that there is value in conducting the process internally without using external resources. This allows the Board to develop an appropriately tailored approach and benefit first hand from direct input from individual Directors and management.

The areas covered in the questionnaires and guidelines include, among others, the effectiveness of the Board and its Committees, preparation for and the performance against objectives, preparation for and performance at meetings and overall corporate governance matters and questions related to integrity. The performance review process also assesses the Directors' skills and experiences against the Corporation's strategic plan, environment and needs. These assessment tools include open-ended questions which allow Board members to suggest changes so that the results of the various assessments become an integral part of the Board's efforts to bring improvement and enhance governance practices and procedures within the Corporation.

(4) NI 58-101 Form 58-101F1, section 9 "Assessments".

TOOLS USED IN THE DIRECTORS ASSESSMENT PROCESS	
Annual Board Effectiveness Survey ("ABES") (Individual Directors Assess Full Board) Vice-President and Corporate Secretary forwards the ABES to each Director	**Annual Director Peer Feedback Survey ("ADPFS")** (Individual Directors Assess Each Other) Vice-President and Corporate Secretary forwards the ADPFS to each Director, excluding the Chairman of the Board
Questionnaire for the Annual Review of the Performance of the Chairman of the Board ("Questionnaire") (Individual Directors Assess Chairman of the Board) Vice-President and Corporate Secretary forwards the Questionnaire to each Director, excluding the Chairman of the Board	**Guidelines to Evaluate the Board Committee's Performance ("Guidelines")** (Board Committees Assess themselves) Vice-President and Corporate Secretary forwards the Guidelines to the members of each Committee

6.2.1 Assessment Process

The following chart outlines the assessment procedure followed on an annual basis.

DIRECTORS ASSESSMENT PROCESS

1 REVIEW	2 COMPLETE	3 COMPILE & ANALYZE	4 REVIEW & MEET	5 RECOMMEND	6 FOLLOW-UP
ANNUAL BOARD EFFECTIVENESS SURVEY ("ABES")	Each Director completes the ABES	Each Director returns the ABES to Vice-President and Corporate Secretary who compiles, analyzes and prepares summary for Governance Committee	Governance Committee reviews ABES summary table	Governance Committee recommends to the Board changes to the Board pursuant to the ABES summary table	Follow-up by Board
ANNUAL DIRECTOR PEER FEEDBACK SURVEY ("ADPFS")	Each Director completes the ADPFS	Each Director returns ADPFS to the Chairman of the Board who compiles and comments	Chairman contacts individual Directors	Chairman and individual Director agree upon follow-up when necessary	Follow-up by Chairman with individual Director
QUESTIONNAIRE FOR THE ANNUAL REVIEW OF THE PERFORMANCE OF THE CHAIRMAN OF THE BOARD ("QUESTIONNAIRE")	Each Director completes the Questionnaire	Each Director returns the Questionnaire to the Chairman of the Human Resources Committee who compiles and analyzes comments	Chairman of Human Resources Committee meets with Chairman of the Board to discuss results	Chairman of Human Resources Committee and Chairman of the Board agree upon follow-up when necessary	Follow-up by Chairman of the Board
GUIDELINES TO EVALUATE THE BOARD COMMITTEES' PERFORMANCE ("GUIDELINES")		Each Committee forwards its summary report and recommends changes, if deemed necessary, to the Governance Committee	Governance Committee reviews summary reports from Committees	Governance Committee recommends changes if any to the Board based on the summary reports from the Committees	Follow-up by Board Committees with the Board

6.2.2 Assessment Report and Follow Through

Following this comprehensive assessment process, the Directors have concluded that the Board continues to function efficiently and continues to monitor the strategic direction of the Corporation appropriately. The overall view of Directors was that the Board functions well supported by high quality papers, presentations and reporting from management. The "Annual Director Peer Feedback Survey" confirmed that the Board and Board Committees were led by strong and experienced members who were well informed. Ultimately, the Board's and Board Committees' performance coincided with a strong overall company performance.

6.3 Director Orientation(5)

The Board ensures that prospective candidates for Board membership understand the roles of the Board and Board Committees and the contribution that individual Directors are expected to make. It is the Board's Governance Committee that is entrusted with approving an appropriate orientation and education program for new recruits to the Board. Upon becoming a member of the Board, every new Director is provided with a substantial package of documents relating to the Corporation's corporate governance system and to its business, and meets with a number of the senior management to better familiarize himself/herself with the Corporation.

As part of the Director orientation program, new Board members are invited to attend, during their first year as a Director, two meetings of the Audit Committee and one meeting of the other Board Committees, regardless of what Committee they are appointed to.

6.4 Ongoing Director Education(6)

The Corporation and its Board of Directors recognize the importance of ensuring quality motivation and up-to-date information for Directors through ongoing education and the need for the Corporation and each Director to take responsibility for this process. To optimize the ability of the Directors to understand their role and responsibilities within the Corporation as well as keeping their knowledge and understanding of the Corporation's current business, ongoing development efforts form part of the Governance Committee's mandate. Through its assessment and evaluation tools, the Corporation canvasses the Directors to determine their training and education needs and interests. Regular presentations on the Corporation's targeted investments and acquisitions as well as the regulatory environment and specialized aspects of the business are provided by members of the Office of the President and other senior executives. Ongoing site visits by the Directors of the Corporation's facilities and operations is also used as an extremely efficient educational tool for the Directors.

The Vice-President and Corporate Secretary also provides the Directors with up to date information on conferences and seminars of interest and all Directors have access to and have had the opportunity to view the complete bank of past conference presentations and web cast presentations from Deloitte & Touche's Directors' Series.

In addition to the ongoing development of the Corporation's Directors, procedures are also in place to ensure that the Board is kept up to date, and facilitate timely and efficient access to all information necessary to carry out its duties. Among others, the Directors:

- ➢ Receive a comprehensive package of documentation several days in advance in preparation for Board and Board Committees' meetings;
- ➢ Attend the annual strategic planning meeting;
- ➢ Receive regular updates between Board meetings on matters that affect its businesses;
- ➢ Obtain reports from each of the Board Committees on their work at their previous Committee meeting; and
- ➢ Have full access to the Corporation's senior management.

(5) NI 58-101, Form 58-101F1, section 4(a).
(6) NI 58-101, Form 58-101F1, section 4(b).

The following table provides details on the ongoing training initiatives for 2010.

DIRECTOR CONTINUING EDUCATION 2010					
TOPIC		PRESENTATION BY:	INTERNAL PRESENTATION	EXTERNAL PRESENTATION	DIRECTORS ATTENDING
1.	International Financial Reporting Standards (“IFRS”)	Management with Deloitte & Touche LLP To: Audit Committee	✓		Ian A. Bourne David Goldman Patricia A. Hammick Edythe A. Marcoux Claude Mongeau Michael D. Parker(1)
2.	New Rules on Insider Trading	Management To: Governance Committee	✓		Gwyn Morgan Pierre Duhaime(2) David Goldman Pierre H. Lessard Edythe A. Marcoux Lawrence N. Stevenson
3.	Oracle Financial and Human Resources Systems	Management To: Audit Committee	✓		Ian A. Bourne David Goldman Patricia A. Hammick Edythe A. Marcoux Claude Mongeau Lawrence N. Stevenson
4.	Various Projects: Board members were provided with 31 presentations on various global projects	Management To: Board of Directors	✓		Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Michael D. Parker(1) Hon. Hugh D. Segal Lawrence N. Stevenson
5.	Haiti Reconstruction	Management To: Board of Directors	✓		Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Hon. Hugh D. Segal Lawrence N. Stevenson

DIRECTOR CONTINUING EDUCATION 2010					
	TOPIC	PRESENTATION BY:	INTERNAL PRESENTATION	EXTERNAL PRESENTATION	DIRECTORS ATTENDING
6.	Global Issues and Acquisition Strategies: ➢ India ➢ Australia ➢ Brazil (Consultants) ➢ Libya ➢ S.E. Asia	Management To: Board of Directors	✔		Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Hon. Hugh D. Segal Lawrence N. Stevenson
7.	Tax Filing Compliance	Management To: Audit Committee	✔		Pierre Duhaime(2) David Goldman Patricia A. Hammick Edythe A. Marcoux Claude Mongeau Michael D. Parker(1)
8.	Strategic Planning and Risk, as Relates to Health, Safety and Environment	Management To: Health, Safety and Environment Committee	✔		Ian A. Bourne Patricia A. Hammick Edythe A. Marcoux Lorna R. Marsden Hon. Hugh D. Segal
9.	Climate Change — Risk and Opportunities	Management To: Health, Safety and Environment Committee	✔		Ian A. Bourne Pierre Duhaime(2) Patricia A. Hammick Edythe A. Marcoux Lorna R. Marsden Hon. Hugh D. Segal Michael D. Parker(1)
10.	Mergers and Acquisitions	Management To: Board of Directors	✔		Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Hon. Hugh D. Segal Lawrence N. Stevenson
11.	Risk Engineering and Insurance	Management To: Governance Committee	✔		Pierre Duhaime(2) David Goldman Pierre H. Lessard Edythe A. Marcoux Gwyn Morgan Lawrence N. Stevenson

DIRECTOR CONTINUING EDUCATION 2010					
	TOPIC	PRESENTATION BY:	INTERNAL PRESENTATION	EXTERNAL PRESENTATION	DIRECTORS ATTENDING
12.	IFRS vs. GAAP	Management To: Board of Directors	✔		Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Michael D. Parker(1) Hon. Hugh D. Segal Lawrence N. Stevenson
13.	Executive Compensation	Hugessen Consulting Inc.		✔	Lawrence N. Stevenson
14.	Risk Governance: Executing Board Risk	The Conference Board of Canada		✔	Hon. Hugh D. Segal
15.	Corporate Accounting Issues & IFRS; Financial Risks	KPMG		✔	Lorna R. Marsden
16.	Corporate Board Member Online Units ➢ Issues on Class Action suits	Corporate Board Member Magazine		✔	Lorna R. Marsden
17.	Seven Seminars — 2 hours each ➢ Board Governance ➢ Executive Compensation	Institute of Corporate Directors		✔	Ian A. Bourne
18.	Director Series	Deloitte & Touche LLP		✔	Ian A. Bourne
19.	Governance Related Seminar	Korn/Ferry		✔	Ian A. Bourne
20.	Governance Related Seminar	Hay Associates		✔	Ian A. Bourne
21.	Audit Committees	Ernst & Young		✔	Ian A. Bourne

Notes:

(1) Mr. Parker attended all presentations after his appointment to the Board, that is those which were given in August, November and December 2010.

(2) Mr. Duhaime attended these Board Committee meetings although he is not a member of these Committees.

Mrs. Edythe A. Marcoux is also working with the University of Alberta where she has been a keynote speaker on effective governance as well as a speaker and participant at the University's Annual Conference on Corporate Governance for Women. She has also been a part of a group of directors working with Price Waterhouse Coopers to organize specific topics of interest and education for directors.

The Board of Directors also had access to a series of conferences, webcasts and documentation provided by Deloitte & Touche LLP on the following subjects:

➢ Shaping a Risk Intelligent Strategy;

- ➢ Risk Health Check. When is Yours?;
- ➢ Black Swans Defeat Standardized Approach to Risk Management;
- ➢ Approaches to Risk Management; and
- ➢ Risk Intelligent Proxy Disclosure.

As part of the Directors' ongoing efforts to fully understand the Corporation and its specific operations, site visits are also organized throughout the year. Below are the details of the site visits organized in 2010.

SITE VISITS 2010		
Site	**Director**	**Date**
Ambatovy Project, Madagascar	Ms. Edythe A. Marcoux	April, 2010
Astoria II Project, New York City	Mr. Pierre Duhaime	October, 2010
District Cooling Plant Project, Saudi Arabia	Mr. Pierre Duhaime	April, 2010
Quatalum, Qatar	Mr. Pierre Duhaime	April, 2010
West Light Rapid Transit (LRT) Extension Project, Calgary, Canada	Mr. Pierre Duhaime	July, 2010
Canadian Pavilion at the Shanghai World Fair, China	Ms. Lorna R. Marsden	October, 2010

Site visits serve a number of purposes. By providing Committee members with direct access to construction site personnel, both SNC-Lavalin and contractor employees, visits enable members to ask questions regarding Health, Safety and Environmental management on a day to day basis in the field, thus deepening their understanding of Health, Safety and Environmental issues relevant to the Corporation and giving them first-hand understanding on how the Corporation's Health, Safety and Environmental policies and programs are implemented. Visits by Directors also reinforce the Corporation's Health, Safety and Environmental WE CARE message to field employees and also assist Directors in grasping the nature and complexity of the Corporation's business and operations.

SECTION 7: Board of Directors' and Board Committees' Reports

Highlights

SECTION 7: Board of Directors' and Board Committees' Reports

7.1 Board of Directors' Report

7.1.1 Mandate

The Board of Directors' role, as covered in detail in section 3.4 of this Management Proxy Circular, is to oversee management and the business affairs of the Corporation. Board oversight of risk management processes and the implementation on an ongoing basis of the strategic objectives of the Corporation, while ensuring management does "the right thing", was, and always has been, the main focus of the Board.

Risk oversight and strategy are the full responsibility of the Board, however, each of the Corporation's Board Committees is responsible for addressing risk oversight in their areas of expertise and reporting same to the Board. The Board also delegates other specific responsibilities to its Board Committees. A report from each of the Board Committees is included below.

7.1.2 Key Matters Addressed

Given the growth and diverse nature of the Corporation's business, the Board spent the largest portion of its time on reviewing the implementation of the strategic plan and more specifically on reviewing projects, acquisitions, investments and proposals and the various risks inherent therein as well as the risks and opportunities involved given the specific countries and regions in which the Corporation carries on business. In 2010, the Board also focussed on:

- Board succession planning;
- Recruitment of an additional Board member;
- More emphasis and review of risk management processes;
- More detailed reviews of risk related to bids, acquisitions, projects and strategic planning choices; and
- Emphasis on placing integrity at the forefront of Board's practices and procedures.

7.1.3 Year in Review

The following is an outline of the standard rolling agenda (known as the "Forward Agenda") used by the Board throughout the year, a summary of recognitions it received for its governance efforts, as well as a chart outlining the allocation of time devoted by the Board in fulfilling its Mandate.

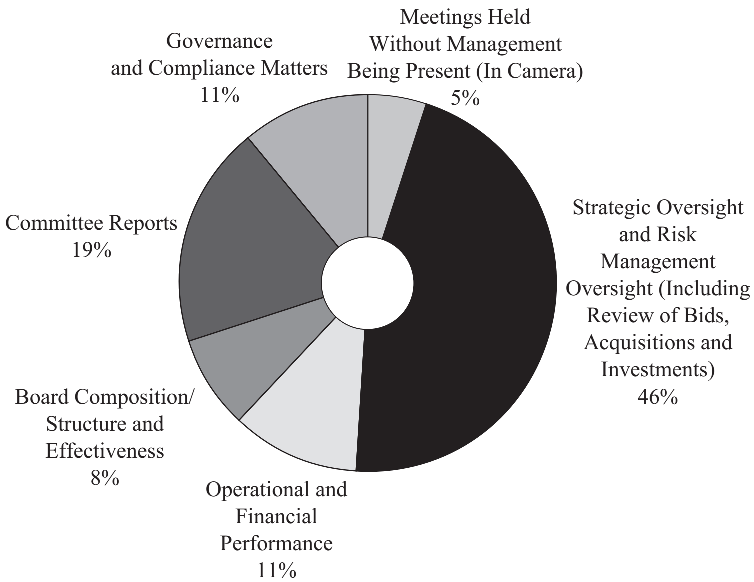
FORWARD AGENDA	
Board Appointments, Assessments and Reports • Appoint members of Board Committees • Receive Chairman of the Human Resources Committee's reports • Receive Chairperson of Health, Safety & Environment Committee's reports • Receive Chairman of Governance Committee's reports • Receive Chairman of the Audit Committee's reports • Determine adequacy of all Committee charters • Perform evaluations of Chairman of the Board, the Board, individual Directors and Board Committees **Financial and Operational Performance** • Review and approve 2010-2015 Strategic Plan • Review and approve annual meeting of shareholders (resolution to call, Management Proxy Circular, etc.) • Review and approve Annual Information Form (AIF) • Review and approve the renewal of the normal course issuer bid • Review and approve 2011 budget • Review and approve annual and quarterly financial statements, MD&A, press releases and declaration of dividends • Review and approve reports from management on investor relations • Review and approve important investments and acquisitions	**President and Chief Executive Officer** • Receive President and Chief Executive Officer reports on key projects (bids, investments and divestitures related to the Strategic Plan) • Receive Chairman of the Board and Chairman of the Human Resources Committee's report on President & Chief Executive Officer's performance • Plan Chief Executive Officer succession **Risk and Strategy** • Perform risk oversight • Perform strategic planning oversight **Other** • Authorize Site Visits • Appoint officers • Review Human Resources Committee findings on compliance with the Code of Ethics and Business Conduct of the Corporation • Amend the Corporate Governance Handbook upon recommendation by the Governance Committee

7.1.4 Recognition — Governance Awards

In recognition of the Board and Board Committees' initiatives and pursuit of best governance practices, the Corporation was the recipient of the following awards for 2010:

2010 Corporate Recognitions	
Korn/Ferry International — Les Affaires Award for Excellence in Corporate Governance (Best Practices in Executive Compensation) — Large Company	➢ 1st place
Best investor Relations by CFO, IR Magazine	➢ 1st place
Best Investor Relations by Sector — Industrials category, IR Magazine	➢ 1st place
Canadian Institute of Chartered Accountants ("**CICA**") Corporate Reporting Awards 2010: Diversified Industries — Industrials and Energy	➢ 2nd place (overall) ➢ 1st place (governance within this sector)
Globe & Mail Board Games	➢ Top 10

Board of Directors: Approximate Allocation of Agenda Time



7.1.5 Board Related Experience and Knowledge

The quality of the individual Directors, the balance of the Board's composition and the dynamics of the Board as a group, ensure the Board's effectiveness. Nominees for the position of Director are chosen for their specific skills, experience, qualifications and personal qualities. For a review of areas of expertise for each Board member, see the "Skills Matrix" set out in section 6.1.3 "Skill Requirements" and the Directors' individual biographies in section 3.1 "Board Nominees: Background Summary Information" of this Management Proxy Circular.

In 2010, the Board of Directors undertook a succession planning process and following this exercise determined that further expertise in international markets and strategic and risk management oversight were required on the Board(1). This decision was therefore made to increase the number of Board members from 11 to 12. The Board then began the recruiting and selection process to find the right candidate to join the Board. This candidate was found in the person of Mr. Michael D. Parker, who met and surpassed all the qualifications the Board had determined, were necessary to enhance its expertise and effectiveness. The Board of Directors considers that, for 2011, its members represent the requisite knowledge and experience and the right synergy and mix necessary to appropriately represent the Corporation's and its shareholders' interests.

Submitted by the members of the Board of Directors:

Ian A. Bourne
Pierre Duhaime
David Goldman
Patricia A. Hammick
Pierre H. Lessard
Edythe (Dee) A. Marcoux

Lorna R. Marsden
Claude Mongeau
Gwyn Morgan, Chairman of the Board
Michael D. Parker
Hon. Hugh D. Segal
Lawrence N. Stevenson

(1) For details on the Succession planning process see Section 6.1.2 of this Management Proxy Circular.

7.2 Report of the Audit Committee

AUDIT COMMITTEE

					
I.A. Bourne	D. Goldman (Chairman)	P.A. Hammick	E.A. Marcoux	C. Mongeau	M.D. Parker

7.2.1 Mandate[2]

The Audit Committee oversees financial and accounting reporting risks and certain compliance-related risks that can have financial reporting implications. It also serves the important role of assisting the Board with overseeing ethical business conduct through its review of whistleblowing reports[3].

Of all the Board Committees, the Audit Committee consistently has the most involvement in the Board's risk oversight process, at times dealing with overall financial risks faced by the Corporation as well as systematically overseeing all specific risks related to the Committee's activities[4].

7.2.2 Key Matters Addressed

In 2010, the Audit Committee increased its overview of risk related to its Mandate and spent a considerable amount of its time on overseeing the deployment of and acquiring the necessary understanding of the International Financial Reporting Standards (IFRS).

7.2.3 Year in Review

The following is an outline of the standard rolling agenda (known as the "Forward Agenda") used by the Committee throughout the year as well as a chart outlining the allocation of time devoted in 2010 by the Committee in fulfilling its Mandate.

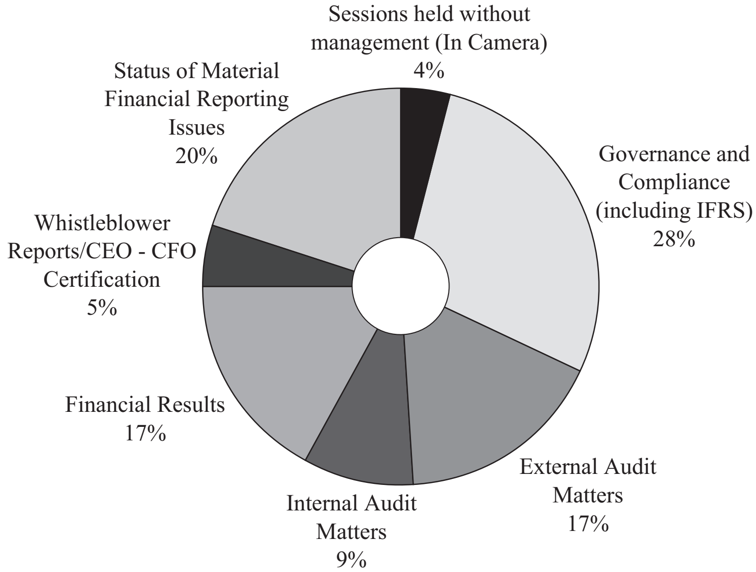
(2) For further details on the Committee's mandate, please see the Mandate of the Audit Committee attached as Schedule "B" of this Management Proxy Circular.

(3) With respect to the Audit Committee's responsibilities as to the receipt, retention and treatment of complaints see section 3.12.2 "Whistleblowing Procedure" of this Management Proxy Circular.

(4) NI 52-110 sets out requirements concerning the composition and responsibilities of an issuer's audit committee, and concerning an issuer's reporting obligations with respect to audit-related matters. The Corporation complies with NI 52-110 and appropriate disclosure of such compliance is made in the following Report of the Audit Committee.

FORWARD AGENDA	
Relationship with Independent Auditor • Formally consider the continuation of, or a change in, the independent auditor • Approve the audit plan for quarterly reviews and annual audit • Review and approve the terms of the independent auditor's engagement, including compensation • Review audit fees and non-audit fees of the independent auditor and other accounting firms for the past year • Review and approve independent auditor's fees for the coming year • Approve non-audit services by independent auditor • Receive reports from independent auditor on quarterly and annual consolidated financial statements, annual information form, management's discussion and analysis and management proxy circular • Review the annual letter of recommendations from independent auditor with management's comments • Review and approved hiring policy regarding independent auditor • Comply with requirements regarding the rotation of applicable partners of the independent auditor • Ensure that the independent auditor's report directly to the Committee	**Relationship with Internal Auditor** • Establish the Committee's expectations • Annually review a report on the internal audit function • Approve and monitor the execution of the annual internal audit plan • Review internal audit reports including management's responses • Review reports on frauds and irregularities • Assess internal auditor's performance **Financial and Accounting Information** • Review and recommend approval of the Disclosure Policy and the Committee's Charter • Follow-up on the status of material financial reporting issues, including material litigation, claim or other contingency, and tax assessments • Review quarterly and annual consolidated financial statements, annual information form, management's discussion and analysis, press releases, management proxy circular and annual report • Review new accounting rules and accounting policies • Ensure tax filing compliance (corporate and employees) • Receive Chief Executive Officer/Chief Financial Officer certification update • Review the statement of management's responsibility for financial reporting • Review disaster recovery plan • Review whistleblowing complaints and concerns reports

Audit Committee Approximative Allocation of Agenda Time



7.2.4 Audit and Related Experience and Financial Literacy of Audit Committee Members[5]

For the purposes of determining whether a Director is suitably qualified to become a member of the Corporation's Audit Committee, the Board has adopted the definition of "financial literacy" set out in section 1.6 of the CSA Audit Committee Requirements, namely "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". This definition has been incorporated in the terms of the second paragraph of section 1 of the mandate of the Audit Committee. Furthermore, the terms of section 3(g) of this mandate also expressly provides that the members of the Committee shall, on an annual basis, meet with the Corporation's Chief Financial Officer to enhance their financial literacy with respect to the Corporation's financial statements.

Each of the members of the Committee has professional qualifications or business experience, or both, that are relevant to the performance of his/her responsibilities as a member of the Audit Committee. Mr. Goldman is or has been a member of the board and audit committee of several issuers listed on NASDAQ or on the TSX and has experience such as that gained when he was Executive Vice-President and Chief Operating Officer of Noranda Inc. (now known as Xstrata). Mr. Mongeau who is presently the Chief Executive officer of Canadian National Railway Company, was that company's Executive Vice-President and Chief Financial Officer for many years and has been named Canada's CFO of the Year in 2005. Mr. Bourne, with his many years as Chief Financial Officer and President of TransAlta Corporation has extensive financial expertise. With respect to Mrs. Hammick, she is lead Director of Dynegy Inc. (an independent power producer) and also has financial expertise acquired through her experience as part of the management team at Columbia Energy Group (an integrated gas and utility company). Mr. Parker was Chief Executive Officer of Dow Chemical Company and is a member of the audit committee of Invensys plc and lastly, Mrs. Marcoux has extensive experience in financial matters from her many years as a board member for a number of large public issuers such as the National Bank of Canada, Sherritt International Corporation and Placer Dome Inc.

Submitted by the members of the Audit Committee:

Ian A. Bourne
David Goldman, Chairman
Patricia A. Hammick
Edythe (Dee) A. Marcoux
Claude Mongeau
Michael D. Parker

(5) CSA Audit Committee Requirements, section 3.1 (4).

7.3 Report of the Governance Committee

GOVERNANCE COMMITTEE

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

7.3.1 Mandate

The Board has delegated the day-to-day responsibility for corporate governance to the Governance Committee. This Committee defines the Corporation's approach to corporate governance issues, reviews the governance practices and amends them as regulations change and expectations of corporate governance and best practices continue to evolve.

The Governance Committee also provides the Statement of Corporate Governance Practices required under the CSA Disclosure Requirements which is found throughout sections 3, 6 and 7 of this Management Proxy Circular[(6)].

7.3.2 Key Matters Addressed

In 2010, the Governance Committee reviewed many of the Corporation's practices to enhance its governance processes so as to reflect best practices and spent a considerable amount of time on Board succession and the recruitment and selection of a new Board member. The Committee also addressed the following key matters throughout the course of 2010:

- ➢ Reviewed Board documentation including Forward Agendas and meeting agendas to focus more closely on risk oversight and review of strategic planning implementation;
- ➢ Reviewed Whistleblowing Policy to improve disclosure;
- ➢ Clarified the Hedging and Trading in Derivatives Policy so that it applies to all securities held by insiders of the Corporation;
- ➢ Amended Board assessment tools to include questions on integrity;
- ➢ Revised its Forward Agenda to include a separate section on reviewing anti-corruption initiatives; and
- ➢ Recommended to the Board the approval of a new "Say on Pay" Policy.

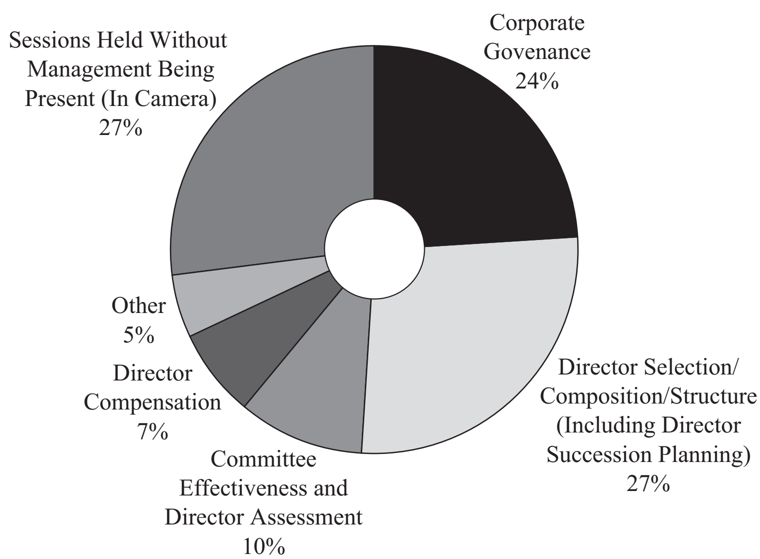
7.3.3 Year in Review

The following is an outline of the standard rolling agenda (known as the "Forward Agenda") used by the Committee throughout the year as well as a chart outlining the allocation of time devoted in 2010 by the Committee in fulfilling its Mandate:

(6) For a complete copy of the Governance Committee mandate see the Corporation's website (**www.snclavalin.com**), under "Investors"/"Corporate Governance".

FORWARD AGENDA	
Composition of the Board and its Committees • Review size, structure and composition of the Board • Maintain overview of Board membership and advise Chairman of change in status or credentials of individual Directors • Review annually credentials of Directors to be proposed for election or re-election • Establish and update table of qualifications and skills of Directors and list of suitable candidates **Performance of the Board and its Committees** • Review annually the other Board Committees self-evaluation reports • Consider requests from individual Directors or Board Committees for outside advisors • Conduct self-evaluations of the Committee and follow-up of the self-evaluations, and recommend to Board any changes to the Board Committees **Remuneration of Directors** • Review Directors' remuneration	**Disclosure** • Review draft Management Proxy Circular and draft Annual Information Form (AIF) • Prepare annual "Statement of Governance Practices", included in the Management Proxy Circular **Chief Executive Officer Succession** • Review the Chief Executive Officer succession plan **Other Duties and Responsibilities** • Review the Directors' and officers' insurance coverage and indemnification and consider requirement for any changes to relevant by-laws • Review its terms of reference • Review and update the Corporate Governance Handbook • Review mandates of Board Committees • Respond to third party reports or position papers on corporate governance • Approve orientation and education program for new Directors • Review anti-corruption initiatives

Governance Committee: Approximative Allocation of Agenda Time



7.3.4 Governance and Related Experience and Knowledge

The Chairman of the Committee, Mr. Gwyn Morgan, has extensive experience in governance matters as do the four other members of the Committee. All Committee members are also knowledgeable about the Corporation's governance programs and policies.

Submitted by the members of the Governance Committee:

Pierre H. Lessard
Edythe (Dee) A. Marcoux
David Goldman
Gwyn Morgan, Chairman
Lawrence N. Stevenson

7.4 Report of the Health, Safety and Environment Committee[7]

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

				
I.A. Bourne	E.A. Marcoux (Chairperson)	L.R. Marsden	M.D. Parker	H.D. Segal

7.4.1 Mandate

The Health, Safety and Environment Committee is responsible for reviewing the response by the Corporation to health, safety and environmental matters, including compliance to legal requirements and industry standards[8].

More specifically, the Committee is responsible for:

- Reviewing the Corporation's health and safety and environmental ("HSE") policies and programs;
- Assessing the performance and effectiveness of the Corporation's HSE policies and programs;
- Monitoring current and future regulatory issues relating to HSE matters;
- Reviewing the Corporation's Health and Safety reports;
- Reviewing the Corporation's Environment reports;
- Examining the findings of significant external and internal HSE investigations, assessments, reviews and audits; and
- Reporting to the Board and making recommendations, where appropriate, on significant matters relating to HSE matters.

7.4.2 Key Matters Addressed

In 2010, the Health, Safety and Environment Committee was responsible for overseeing numerous corporate initiatives, including, among others:

- Reviewing the report on the Carbon Disclosure Project submissions for 2010 (disclosure of information related to carbon emissions)

(7) NI 58-101 Form 58-101F1, section 8.

(8) For a complete copy of the Health, Safety & Environment Committee mandate see the Corporation's website (**www.snclavalin.com**), under "About Us"/ "Corporate Governance".

7.4.3 Year in Review

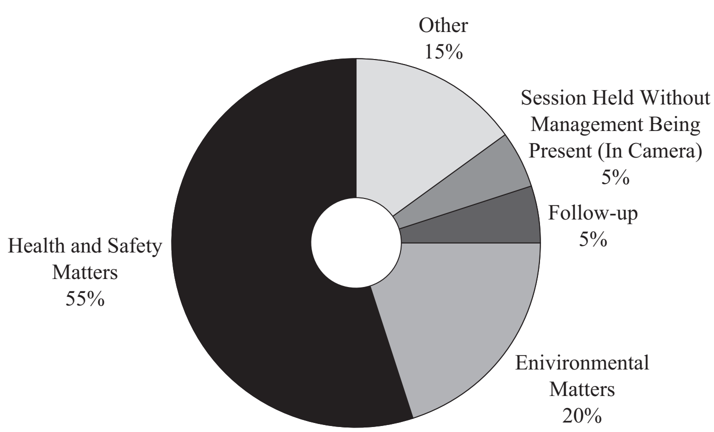
The following is an outline of the standard rolling agenda (known as the "Forward Agenda") used by the Committee throughout the year, a summary of recognition it received for its health, safety and environment efforts, as well as a pie chart outlining the allocation of the time devoted in 2010 by the Committee to fulfilling its mandate.

FORWARD AGENDA	
• Review the response by the Corporation or its subsidiaries, as the case may be, to health and safety matters, including compliance with applicable legislation, regulatory requirements and industry standards • Review the response by the Corporation or its subsidiaries, as the case may be, to environmental issues, including compliance with applicable legislation, regulatory requirements and industry standards • Review with management whether health and safety policies are being effectively implemented	• Review with management whether environmental policies are being effectively implemented • Review and consider, as appropriate, reports and recommendations issued by the Corporation and its subsidiaries relating to health and safety issues, together with management response thereto • Review and consider, as appropriate, reports and recommendations issued by the Corporation and its subsidiaries relating to environmental issues, together with management response thereto

7.4.4 Recognition — Awards

In recognition of the Corporation's initiatives and pursuit of best practices the Corporation was recognized by the Conference Board of Canada as a 2010 "Carbon Disclosure Leader".

Health, Safety and Environment Committee: Approximate Allocation of Agenda Time



7.4.5 Health, Safety and Environmental Related Experience and Knowledge

Mrs. E. A. Marcoux, the Committee's Chairperson, has extensive experience in the field of health, safety and environmental matters acquired within her career as an executive officer in the oil and mining industries. All other Committee members also have experience in the oversight of health, safety and environment matters.

Submitted by the members of the Health, Safety and Environment Committee:

Ian A. Bourne
Edythe A. Marcoux, Chairperson
Lorna R. Marsden
Michael D. Parker
Hon. Hugh D. Segal

7.5 Report of the Human Resources Committee

HUMAN RESOURCES COMMITTEE

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

7.5.1 Mandate

The Human Resources Committee is responsible for reviewing and advising the Board on policies and plans relating to employment, succession planning for senior executives[9], compensation, benefit and retirement plans for employees, including officers of the Corporation[10] and risks associated thereto. The Human Resources Committee is authorized at its sole discretion to engage legal counsel and other advisors to help it fulfill its mandate. This Committee is also responsible for the appointment, compensation and oversight of the work of such legal counsel and advisors.

In order to help achieve the above-mentioned goals in 2010, the Human Resources Committee retained the services of Hugessen Consulting Inc. ("**HCI**") to provide advice on compensation programs for the President and Chief Executive Officer, and key officers. In 2010, HCI's work raised no conflicts of interest. The Corporation also retained the services of Towers Watson to provide advice on compensation for non-employee directors and the Chairman of the Board as well as the President and CEO and members of the Office of the President, and to provide recommendations thereon[11].

7.5.2 Key Matters Addressed

In 2010, the Human Resources Committee reviewed executive compensation plans and programs to verify that they were based on effective risk management and to ensure that their design did not create an incentive for excessive risk taking. The Committee also addressed the following key matters throughout the course of 2010:

- Reviewed Comparator Group used in positioning the Corporation's executive compensation plans;
- Reviewed and updated the Executive Compensation Policy to reflect changes to the Performance Share Unit Plan ("PSUP"), Deferred Share Unit Plan ("DSUP") for Executive Employees and Management Incentive Program ("MIP");
- Introduced a Restricted Share Unit Plan ("RSUP") for non-executive employees;
- Reviewed and revised the bonus calculation introduced in 2009 for the President and CEO under the MIP and introduced the same plan design for other MIP participants. The revised plan increases the portion of the bonus based on individual performance.

7.5.3 Year in Review

The following is an outline of the standard rolling agenda (known as the "Forward Agenda") used by the Committee throughout the year as well as a chart outlining the allocation of time devoted in 2010 by the Committee in fulfilling its Mandate:

(9) Except for the President and Chief Executive Officer (which is performed by the Governance Committee). For a complete copy of the Human Resources Committee mandate, see the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance".

(10) NI 58-101 Form 58-101F1, section 7(b) and (c).

(11) For more information on the mandate of Towers Watson and Hugessen Consulting Inc., as well as the total amount of fees paid by the Corporation for their services, see section 8.3 "Advice on Compensation" of this Management Proxy Circular.

FORWARD AGENDA

President and Chief Executive Officer Performance, Evaluation and Compensation
- Review objectives of the President and Chief Executive Officer
- Review performance of the President and Chief Executive Officer
- Review compensation of the President and Chief Executive Officer

Members of the Office of the President Performance, Evaluation and Compensation
- Review objectives of the members of the Office of the President
- Review performance of the members of the Office of the President
- Review compensation of the members of the Office of the President

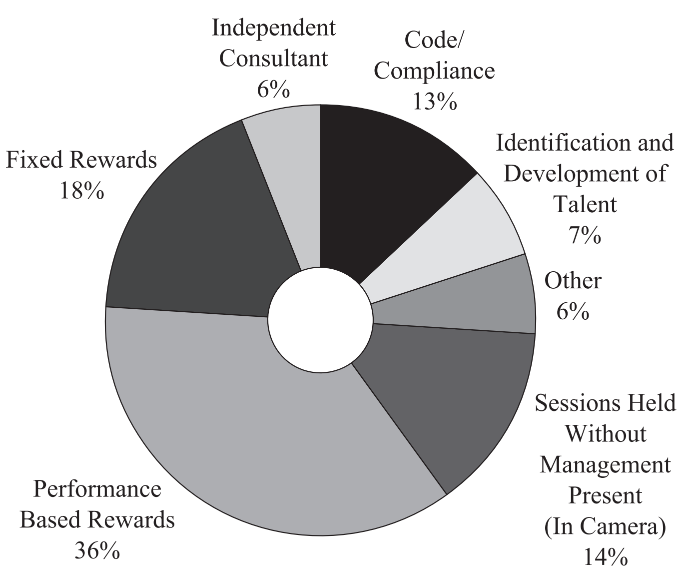
Executive Total Compensation
- Review Executive Management Retirement Income Plan (EMRIP)
- Review Harvest Plus Retirement Savings Program
- Review Management Incentive Program (MIP)
- Review Management Share Ownership Program (MSOP)
- Review Performance Share Unit Plan (PSUP)
- Review Deferred Share Unit Plan (DSUP) for Executive Employees

Employee Total Compensation
- Review Annual Salary Budget for Canada and abroad
- Review Salaries for Management Committee
- Review Retirement Plans
- Review Stock Option Grants
- Review Employee Share Ownership Plan (ESOP)
- Review Harvest Retirement Savings Program

Succession Planning
- Review Succession planning for key executive positions

Other Duties and Responsibilities
- Review Compliance reports on Code of Ethics and Business Conduct
- Review Human Resources Section of the Corporate Governance Handbook
- Review Human Resources Committee Charter
- Review Committee Performance
- Review Management Proxy Circular
- Review general employee information statistics

Human Resources Committee: Approximate Allocation of Agenda Time



7.5.4 Human Resources and Compensation Experience and Knowledge

Given the increased complexity of compensation, the Committee ensures they have a clear understanding of the link between financial performance and compensation and have the necessary degree of financial literacy to apply this knowledge to the review of executive compensation plans. They communicate regularly at Committee meetings with the senior executives responsible for compensation policies and the Corporation's overall financial risk management to ensure that the compensation system does not inadvertently encourage unintended risk taking.

Mr. Lawrence N. Stevenson has extensive experience in human resources and compensation matters acquired during his career as President and Chief Executive Officer of three publicly-traded companies. Mr. Stevenson is also the Chairman of the Human Resources Committee of CAE Inc. and sat on the Human Resources Committee of Sobeys Inc. All other Committee members also have experience in executive compensation matters.

Submitted by the members of the Human Resources Committee:

Patricia A. Hammick
Pierre H. Lessard
Lorna R. Marsden
Hon. Hugh D. Segal
Lawrence N. Stevenson, Chairman

SECTION 8: Executive Compensation Discussion and Analysis ("CD&A")

Highlights

NAMED EXECUTIVE OFFICERS

For 2010, the Named Executive Officers are:

- Pierre Duhaime, President and CEO
- Gilles Laramée, Executive Vice-President and CFO
- Jean Beaudoin, Executive Vice-President
- Riadh Ben Aïssa, Executive Vice-President
- Patrick Lamarre, Executive Vice-President

OFFICE OF THE PRESIDENT

The Named Executive Officers are members of the Office of the President. In 2010, the following appointment was made to the Office of the President:

- On December 13th, 2010, Ms. Darleen Caron was appointed as Executive Vice-President, Global Human Resources.

TO OUR SHAREHOLDERS:

As Chairman of the Board and Chairman of the Human Resources Committee, we believe in providing the shareholders of SNC-Lavalin with the information required to understand the compensation paid to our executives. In an ongoing effort to improve transparency, we take the opportunity to share with you what we pay our executives, how we pay them and the rationale behind our decisions to pay them what we do.

Our philosophy is, and always has been, to pay for performance. The Executive Compensation Policy we have adopted is based on this principle. The Human Resources Committee of the Board of Directors reviews the Policy on an annual basis to ensure that there is a proper balance between sound risk management and paying for performance. Over the last 12 years, $100 invested by shareholders rose to $810 on average. We have paid our executives commensurate with this performance. The detailed description of our compensation programs and compensation decisions can be found in the Compensation Discussion and Analysis that follows.

Compensation Cornerstones

SNC-Lavalin's Executive Compensation Policy rests on four fundamental cornerstones:

- Strengthening and maintaining the link between pay and performance, both financial and individual;
- Deferring a significant portion of variable compensation to keep executives focused on sustained long-term performance;
- Providing a significant portion of total compensation that is variable and at risk; and
- Providing total compensation that is competitive to attract and retain talented executives while discouraging excessive risk taking.

The fixed portion of executive compensation is comprised of base salary, benefits and perquisites, the Employee Share Ownership Plan ("**ESOP**") and retirement programs. Variable compensation consists of the Management Incentive Program ("**MIP**"), Management Share Ownership Program ("**MSOP**"), Deferred Share Unit Plan ("**DSUP**") for Executive Employees and Performance Share Unit Plan ("**PSUP**") as well as stock options.

In addition to the fixed and variable compensation components, a share ownership requirement is imposed on key executives, which, we believe, also contributes to the long-term success of the Corporation and aligns our executives' interests with those of our shareholders.

As President and CEO of SNC-Lavalin, Mr. Pierre Duhaime is required to hold shares of the Corporation having a total value equal to six times his annual salary. In 2010, Mr. Duhaime's ownership requirement was stated at $4,800,000; as at December 31, 2010, he held 138,693 shares and vested Share Units valued at $8,289,681 (based on a closing share price of $59.77).

Recent Changes to the Executive Compensation Policy

In 2010, the Human Resources Committee approved changes to the Executive Compensation Policy to further enhance the Policy's alignment with the Corporation's vision, mission, values and goals.

These changes involved: harmonizing the methodology used for the calculation of the MIP award with the methodology used for the President and CEO since 2009; including vested share units under the DSUP for Executive Employees and former PSUP for the purpose of calculating the share ownership requirement; increasing the target bonus percentage under the MIP from 75% to 90% for the President and CEO and from 50% to 60% for the members of the Office of the President; introducing a clawback policy for the executives and share hold period for the President and CEO; and including a double-trigger change of control provision in the 2011 Stock Option Plan.

The methodology used for the calculation of the MIP was modified to increase the weighting attributed to individual performance (one-third), while decreasing the weighting allocated to financial performance (two-thirds). By adjusting the weighting, we have motivated our executives to attain challenging personal objectives while balancing the risk placed on financial objectives.

As share ownership is important for the continued long-term success of the Corporation, we have included vested share units under the DSUP for Executive Employees and PSUP in the share ownership requirement for our executives. This is in keeping with the approach adopted by our peers and also serves to discourage excessive risk taking.

We have increased the target bonus percentages under the MIP for the members of the Office of the President and the President and CEO. This has allowed us to calibrate the pay mix between short-term and long-term incentives as too heavy a weight was assigned to long-term incentives. By increasing the target MIP percentages, we have motivated the executive team to strive for superior results, while preserving a pay mix similar to that of our peers.

A clawback policy was introduced for our executives to ensure that they would not benefit from incentive compensation at a cost to the shareholders should financial results need to be restated. In addition, a one-year hold period for the minimum share ownership requirement was introduced for the President and CEO upon retirement or resignation. This is in addition to the share ownership requirement stipulated in our stock option plans.

Finally, as a best practice, we have introduced a double-trigger change of control provision in our 2011 Stock Option Plan so as not to create undue wealth upon a change of control for our senior employee group should the Corporation remain substantially unchanged upon the change of control. All members of the Office of the President, including the President and CEO, already have a double-trigger change of control provision in their change of control agreement.

2010 President and CEO Pay and Performance

In 2010, SNC-Lavalin's net income increased by approximately 22%. The Corporation continues to attain new levels of excellence and shows no signs of slowing down.

Although the Corporation performed very well, the financial factor used to calculate the MIP award for the President and CEO was not at its maximum. This is due to the fact that we remove gains/losses on sales of all infrastructure concession investments when determining net income for MIP purposes. This also demonstrates the ambitious financial targets we set year after year for our President and CEO, and the corresponding returns we expect for our shareholders.

Mr. Duhaime's MIP award for 2010 was $1,300,000, which reflects SNC-Lavalin's strong performance. Net income of SNC-Lavalin increased by 21.6% to $437 million in 2010 from $359.4 million in 2009 while backlog increased by 20.0% since 2009 to $13 billion. As a result, the MIP bonus was calculated using an overall company results factor of 1.82 and an individual performance factor of 1.8. Mr. Duhaime demonstrated strong leadership when dealing in tumultuous geographical regions and made significant progress in corporate risk management initiatives.

The Board of Directors believes that Mr. Duhaime and his executive team have exceeded many of their objectives, including reaching financial targets, prioritizing the health and safety of all employees and emphasizing leadership development to ensure a sound succession plan. Although significant progress has been made, there still remains opportunity to outperform in 2011.

Continued Commitment

SNC-Lavalin offers programs that provide an appropriate balance between fixed and variable compensation, short- and long-term incentives, and risk and reward. SNC-Lavalin is committed to reviewing these programs on an ongoing basis to ensure that this balance is maintained.

As guardians of these programs, the Board of Directors and more specifically, the Human Resources Committee will continue to act in the best interest of shareholders.

We invite you to read the following Executive Compensation Discussion and Analysis.

Lawrence N. Stevenson (signed) Chairman of the Human Resources Committee	Gwyn Morgan (signed) Chairman of the Board

SECTION 8: Executive Compensation Discussion and Analysis ("CD&A")

INTRODUCTION

The responsibility for determining the principles for compensation of executives and other key employees of the Corporation rests with the Board of Directors ("**Board**"). The Board establishes a Human Resources ("**HR**") Committee, which has among its responsibilities, the mandate of administering the Executive Compensation Policy. The HR Committee approves objectives for the President and CEO and other members of the Office of the President and makes appropriate recommendations to the Board for the compensation of executive officers and other key employees after independent consultation, followed by in-depth review and analysis.

The HR Committee follows the formal process illustrated below, which culminates in the recommendation of compensation for the President and CEO and other executives that is then presented to the Board of Directors for its approval.

1 **CONSULT**	2 **BENCHMARK & REPORT**	3 **REVIEW & ANALYZE**	4 **RECOMMEND**	5 **APPROVE**
HR Committee consults with Hugessen Consulting Inc. ("**HCI**") on President and CEO and executive compensation	Towers Watson ("**Towers**") benchmarks President and CEO and executive compensation against the Comparator Group, which has been reviewed and approved by the HR Committee and HCI Towers produces a report for the HR Committee on President and CEO and executive compensation	HR Committee reviews Towers' report and seeks input, as required, from HCI to develop recommendations for President and CEO and executive compensation	HR Committee recommends President and CEO and executive compensation	Board approves President and CEO and executive compensation

In 2010, the HR Committee continued to retain the services of HCI to assist with the review of the compensation of the Corporation's President and CEO and other executives in order to determine incentive awards for 2010 and set salary, incentive pay opportunities and performance conditions for 2011. To do so, the HR Committee obtained market data to evaluate the competitiveness of compensation. In this regard, Towers proposed a Comparator Group which was reviewed and approved by the HR Committee and HCI, after which Towers conducted a compensation benchmarking review. The results of this market analysis were reviewed by the Chair of the HR Committee, in consultation with HCI, and the results were provided to the full Committee. The Chair of the Board of Directors and the Chair of the HR Committee utilized this information to develop recommendations for President and CEO compensation. The President and CEO utilized this market analysis as a reference point in developing recommendations for executive compensation for consideration by the HR Committee and the Board.

8.1 Executive Compensation

8.1.1 Executive Compensation Policy

The Executive Compensation Policy supports the Corporation's vision, mission and values and reinforces corporate and business unit strategies by:

- Aligning the overall Corporation's and business units' goals and key performance measures and by strengthening relationships between these businesses;
- Promoting stock ownership by key executives;
- Facilitating the recruitment and retention of high performing talent for key positions;
- Motivating executives to achieve and to exceed the Corporation's financial objectives; and
- Providing excellent rewards for superior performance through both individual and corporate results over the short and long term.

The Executive Compensation Policy links pay with the Corporation's performance and increased shareholder value, taking into account roles, responsibilities and performance. The Policy establishes the remuneration levels, which reflect the role of the incumbent and the responsibilities of the job and which are in line with market practices for equivalent positions in industry.

The Corporation has a pay-for-performance philosophy which is reflected in the Corporation's Executive Compensation Program. Total compensation is designed to reward the achievement of individual and business unit performance for which executive employees are responsible and over which they have control. However, to strengthen relationships among business units, total compensation also rewards corporate performance.

The Executive Compensation Policy is reviewed and approved by the HR Committee on an annual basis. In 2010, the HR Committee approved changes to the Executive Compensation Policy as follows:

- The calculation of the award under the Management Incentive Program (described in section 8.8.1 of this Management Proxy Circular) was aligned to the methodology used for the President and CEO since 2009.
- The inclusion of vested share units under the Deferred Share Unit Plan for Executive Employees and former Performance Share Unit Plan for the purpose of calculating the share ownership requirement.
- The target bonus percentage under the Management Incentive Program was increased from 75% to 90% for the President and CEO and from 50% to 60% for the members of the Office of the President.

8.1.2 Alignment of Executive Compensation and Risk

The HR Committee annually reviews the application of the Executive Compensation Policy to ensure it is still appropriately aligned to support its stated objectives described in Section 8.1.1. These reviews have allowed the HR Committee to make adjustments to the Policy to strengthen the link between pay and performance and enhance risk management. These changes included:

- The introduction of the 2007 Stock Option Plan and subsequent stock option plans, whereby the vesting period for options to fully vest was increased from 2 years to 4 years. For further information, please see section 8.8.2 "Stock Options" of this Management Proxy Circular.
- The introduction of the Deferred Share Unit Plan in 2009. For further information, please see section 8.8.4 "Deferred Share Unit Plan ("**DSUP**") for Executive Employees" of this Management Proxy Circular.
- The introduction of the 2009 Performance Share Unit Plan to better align long-term objectives and long-term performance of the Corporation. For further information, please see section 8.8.5 "Performance Share Unit Plan ("**PSUP**")" of this Management Proxy Circular.
- The introduction of a clawback policy for all performance-based incentive compensation awarded after May 7th, 2009. For further information, please see section 8.1.4 "Clawback Policy" of this Management Proxy Circular.
- The modification of the Management Incentive Program formula to increase the focus on individual performance and reduce the weight of financial performance. The new formula continues to promote strong financial performance while emphasizing the importance of individual performance to the success of the Corporation. For further information, please see section 8.8.1 "Management Incentive Program" of this Management Proxy Circular.

The nature of the business and the competitive environment in which the Corporation operates require some level of risk-taking to achieve growth and desired outcomes in the best interest of shareholders. The Executive Compensation Policy seeks to encourage behaviors directed to increase long-term value while limiting incentives that promote excessive risk-taking.

The HR Committee is satisfied that the current Executive Compensation Policy provides the necessary framework and governance to align the interest of executives and other key employees, the Corporation and the shareholders. The risk management oversight of the Executive Compensation Policy is linked with the philosophy that guides the HR Committee in the design and review of the policy which seeks to:

- Strengthen and maintain the link between pay and performance, both financial and individual;
- Defer a significant portion of variable compensation to keep executives focused on sustained long-term performance;
- Provide a significant portion of total compensation that is variable and at risk; and
- Provide total compensation that is competitive to attract and retain talented executives while discouraging excessive risk taking.

8.1.3 Executive Compensation Positioning

The following table presents the positioning for 2010 under the Executive Compensation Policy of each Compensation Component (described in section 8.6 of this Management Proxy Circular) versus the Comparator Group (described in section 8.4 "Comparator Group and Market Positioning" of this Management Proxy Circular):

Compensation Component	Positioning vs. Comparator Group
Base Salary	100% of Median
Benefits and Perquisites	Competitive within local Comparator Group
Retirement Programs	Competitive within local Comparator Group
Annual Incentive Target (Management Incentive Program)	Level required to position total cash compensation at the Median
Long-term Incentives (Stock Options, Management Share Ownership Program, Deferred Share Unit Plan, Performance Share Unit Plan)	Level required to be at target on total compensation
Target Cash Compensation	100% of Median
Total Compensation	100% of Median (or higher in cases of superior performance)

8.1.4 Clawback Policy

Performance-based incentive compensation awarded to executive officers is subject to the Executive Compensation Clawback Policy. The policy provides for the Board, in its sole discretion, to request the reimbursement of all, or a portion of any performance-based incentive compensation awarded after May 7th, 2009, if:

- The performance-based incentive compensation was based on the achievement of certain financial results that were subsequently the subject of a restatement; and
- The executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- The amount of performance-based incentive compensation that would have been awarded to, or the profit realized by the executive officer would have been lower had the financial results been properly reported.

8.2 Importance of Share Ownership

The Corporation believes that share ownership by key employees contributes to the Corporation's success. To facilitate this goal, the Corporation offers programs, including the Employee Share Ownership Plan ("**ESOP**") available to all employees, the Management Share Ownership Program ("**MSOP**") offered to key employees and the Deferred Share Unit Plan ("**DSUP**") for Executive Employees and the former Performance Share Unit Plan ("**PSUP**") available to the President and CEO and to the members of the Office of the President.

In addition, the Corporation requires that:

a) in the case of its key executive officers, that they hold, within five years of appointment to the position of President and CEO or to the Office of the President, Common Shares of the Corporation having a minimum total value as presented in the following table and continue to hold such Common Shares throughout their tenure as President and CEO or as a member of the Office of the President; in order to exercise stock options granted while President and CEO or a member of the Office of the President, the required ownership level must have been met for one year preceding the date of exercise; and

b) in the case of members of the Management Committee (as defined in section 8.5 "Employees Who Participate in Compensation Plans" of this Management Proxy Circular), in order to exercise stock options granted to them while a member of the Management Committee, they are required to have owned, for one year preceding the date of exercise, Common Shares of the Corporation having a value at least equal to one time annual base salary at the time of exercise.

Executive	Required Ownership Level
President and CEO	6 x annual base salary
Executive Vice-Presidents, Office of the President	3 x annual base salary
Members of the Management Committee	1 x annual base salary

8.2.1 Hold Period

Employees who retire from the Corporation and are 55 years or older, and have at least 10 years of service with the Corporation, can continue to hold their stock options and exercise them as per the stock option plan provisions. However, employees subject to the share ownership requirement, including the President and CEO, must continue to hold sufficient shares of the Corporation to meet their share ownership requirement in order to be able to exercise stock options.

As stock options start vesting two years from the date of grant and one-third every year thereafter, an employee must continue to meet his/her share ownership requirement for a minimum period of three years to be able to fully exercise stock options.

In addition to the share ownership requirement, the President and CEO is required to maintain his minimum share ownership requirement for one year following his retirement.

8.3 Advice on Compensation

In 2010, the HR Committee continued to retain the services of HCI, a consulting firm which provides independent advice on executive compensation and related governance issues. HCI's role is to provide advice and guidance to the HR Committee when it is making decisions regarding compensation programs. The HR Committee considers the advice and recommendations of HCI but decisions are the HR Committee's own. HCI does not provide any services to the Corporation directly. The total amount of fees paid by the Corporation to HCI for its services for the year 2010 (and comparable information for 2009) is provided in the following table:

Fees paid to HCI for the years ended December 31st, 2010 and December 31st, 2009		
Nature of work	**2010**	**2009**
Consulting to the HR Committee on Executive Compensation	$89,389	$218,237

In 2010, Towers continued to be retained by the Corporation to benchmark compensation and to provide advice on the appropriateness and competitiveness of compensation programs for the Corporation's members of the Office of the President. In addition, during 2010, the Corporation retained Towers to perform other work relating to the Corporation's retirement and benefit plans. The total amount of fees paid by the Corporation to Towers for its services for the year 2010 (and comparable information for 2009) is provided in the following table:

Fees paid to Towers for Executive Compensation for the years ended December 31st, 2010 and December 31st, 2009		
Nature of work	**2010**	**2009**
Executive Compensation	$206,142	$96,072
Benefit Plans	$113,088	$59,201
Retirement Plans	$80,895	$348,774(1)
Total	**$400,125**	**$504,047**

Note:
(1) This amount is with respect to special pension work for a subsidiary company.

On an annual basis, management presents the HR Committee with a schedule of the services Towers and HCI are expected to render in the upcoming year together with an estimated fee schedule for the HR Committee to review and approve.

8.4 Comparator Group and Market Positioning

The Corporation's executive compensation plans are designed in such a way that executives and other key employees are compensated below market when the Corporation's financial performance does not compare favourably with that of groups of comparable organizations ("**Comparator Group**"), and above market when this comparison is favourable.

In 2010, the HR Committee reviewed the mix used to position executive compensation for the President and CEO and the Office of the President, from 80% Canadian companies / 20% US companies, to 50% Canadian companies / 50% US companies. The composition of the Comparator Group was reviewed and changes were made to the US Comparator Group to more closely align the selected companies to the Corporation's activities. As a result, four US non-engineering and construction companies were removed and replaced by four US engineering and construction companies, namely: Aecom Technology Corp., Foster Wheeler AG, Shaw Group Inc. and URS Corporation.

The selection criteria for inclusion in the Comparator Group were as follows:

- Publicly-traded "common stock" parent company;
- Headquartered in North America;
- Revenues between $1 billion and $20 billion;
- Market capitalization between $1 billion and $20 billion;
- Participant in Towers' Compensation Data Bank; and
- Global Industry Classification Standard (GISC) Sub-industries similar to SNC-Lavalin.

The Comparator Group is reviewed annually by the HR Committee to ensure it represents the most appropriate and reliable sample possible. During these reviews, the HR Committee verifies that companies already included in the Comparator Group continue to meet the selection criteria and may select new companies, as required, following changes in data.

The Comparator Group used to review executive compensation and director compensation is the same. In 2010, the following companies were included in the Comparator Groups for the Named Executive Officers:

Canadian Comparator Group	Relevant Criteria				
	Publicly-traded "common stock" parent company ticker	Total Revenues (in $M CAD)	Market Capitalization (in $M CAD)	Full Time Employees	Industry
Agrium Inc.	TSX:AGU	9,476	9,358	11,153	Chemicals
Atco Ltd.	TSX:ACO.X	3,109	2,749	7,700	Multi-Utilities
Bombardier Inc.	TSX:BBD.B	19,600	8,600	62,900	Aerospace and Defense
CAE Inc.	TSX:CAE	1,662	2,429	6,500	Aerospace and Defense
Canadian Pacific Railway Ltd.	TSX:CP	4,303	9,664	13,619	Road and Rail
Canfor Corp.	TSX:CFP	2,120	1,412	5,150	Paper and Forest Products
CGI Group Inc.	TSX:GIB.A	3,825	4,334	26,000	IT Services
Domtar Corporation	NYSE:UFS	5,673	2,878	10,000	Paper and Forest Products
Enbridge Inc.	TSX:ENB	12,466	18,320	6,065	Oil, Gas and Consumable Fuels
Finning International Inc.	TSX:FIT	4,738	3,246	12,856	Trading Companies and Distributors
Kinross Gold Corp.	TSX:K	2,504	12,832	5,500	Metals and Mining
Methanex Corp.	TSX:MX	1,244	2,071	895	Chemicals
Nexen Inc.	TSX:NXY	5,988	12,037	4,594	Oil, Gas and Consumable Fuels
ShawCor Ltd.	TSX:SCL.A	1,184	2,071	5,000	Energy Equipment and Services
Talisman Energy Inc.	TSX:TLM	6,477	17,094	2,921	Oil, Gas and Consumable Fuels
Teck Resources Limited	TSX:TCK.B	7,674	21,622	9,000	Metals and Minning
TransAlta Corp.	TSX:TA	2,770	4,394	2,228	Independent Power Producers and Energy Traders
TransCanada Corp.	TSX:TRP	8,966	24,461	4,000	Oil, Gas and Consumable Fuels

United States Comparator Group	Relevant Criteria				
	Publicly-traded “common stock” parent company ticker	Total Revenues (in $M US)	Market Capitalization (in $M US)	Full Time Employees	Industry
AECOM Technology Corporation	NYSE:ACM	6,120	3,190	44,000	Construction and Engineering
Air Products & Chemicals Inc.	NYSE:APD	8,256	15,349	18,650	Chemicals
Alliant Techsystems Inc.	NYSE:ATK	4,583	2,692	19,000	Aerospace and Defense
Cabot Corp.	NYSE:CBT	2,243	1,926	3,950	Chemicals
Cameron International Corporation	NYSE:CAM	5,223	9,221	18,100	Energy Equipment and Services
Eastman Chemical Co.	NYSE:EMN	5,047	4,543	10,000	Chemicals
EMCOR Group Inc.	NYSE:EME	5,548	1,741	25,000	Construction and Engineering
Exterran Holdings Inc.	NYSE:EXH	2,716	1,649	11,100	Energy Equipment and Services
Fluor Corporation	NYSE:FLR	21,990	8,812	36,152	Construction and Engineering
Foster Wheeler AG	NASDAQ: FWLT	5,056	3,270	13,446	Construction and Engineering
Freeport-McMoran Copper & Gold Inc.	NYSE:FCX	15,040	29,752	28,567	Metals and Mining
Goodrich Corp.	NYSE:GR	6,686	8,933	24,000	Aerospace and Defense
Jacobs Engineering Group Inc.	NYSE:JEC	11,467	5,535	38,900	Construction and Engineering
KBR Inc.	NYSE:KBR	12,060	3,382	51,000	Construction and Engineering
McDermott international Inc.	NYSE:MDR	6,193	5,734	29,000	Industrial Conglomerates
Mosaic Co.	NYSE:MOS	10,298	21,227	7,500	Chemicals
Murphy Oil Corporation	NYSE:MUR	18,918	10,336	5,815	Oil, Gas and Consumable Fuels
NRG Energy Inc.	NYSE:NRG	8,952	5,812	4,607	Independent Power Producers and Energy Traders
PPG Industries inc.	NYSE:PPG	12,239	10,770	39,900	Chemicals
Rockwell Colins Inc.	NYSE:COL	4,470	9,702	19,300	Aerospace and Defense
RRI Energy Inc.	NYSE:RRI	1,825	1,343	2,239	Independant Power Producers and Energy Traders
Shaw Group Inc.	NYSE: SHAW	7,280	2,986	28,000	Construction and Engineering
URS Corporation	NYSE:URS	9,249	3,965	45,000	Construction and Engineering

8.5 Employees Who Participate in Compensation Plans

The compensation plans provided under the executive compensation program also apply to employees other than the NEOs (as defined below). The following key employee groups participate in some or all of the Corporation's compensation plans:

- Named Executive Officers

  Pierre Duhaime, President and CEO
  Gilles Laramée, Executive Vice-President and CFO
  Jean Beaudoin, Executive Vice-President — Chemicals and Petroleum
  Riadh Ben Aïssa, Executive Vice-President — Infrastructure, Water, Geotechnical and Laboratories, Construction and Defence Contractors
  Patrick Lamarre, Executive Vice-President — Aboriginal Affairs, Industrial — Ontario, US, Infrastructure — Ontario, Power Generation, Transmission and Distribution

- Members of the Office of the President

  The members of the Office of the President are responsible for one or several operating sectors. It currently has eleven members, and includes the President and CEO and the NEOs.

- Members of the Management Committee

  The Management Committee is composed of executives responsible for the administrative and operational units of SNC-Lavalin. As at December 31st, 2010, the Management Committee consisted of approximately 80 executives from across SNC-Lavalin business units worldwide.

- Executives and key employees

8.6 Components of the Executive Compensation Program

The Corporation's executive compensation program is comprised of two components: one fixed and one performance-based (variable). The fixed component includes base salary, benefits and perquisites, an Employee Share Ownership Plan ("**ESOP**") and retirement programs. The performance-based component is related to the financial performance of the Corporation and includes a Management Incentive Program ("**MIP**") and long-term incentives in the form of stock options, a Corporation-matched Management Share Ownership Program ("**MSOP**"), a Restricted Share Unit Plan ("**RSUP**"), a Deferred Share Unit Plan ("**DSUP**") for Executive Employees and a Performance Share Unit Plan ("**PSUP**").

The following table summarizes each of the fixed and variable (performance-based) components of the compensation program and is followed by a description of each component:

Component	Compensation Period	Plan Determination	Short-Term	Long-Term	Objectives
FIXED					
Base salary	1 year	Based on market competitiveness. Reflects level of responsibility, skills and experience.	X		Retention
Benefits (group life and health insurance program) and Perquisites	1 year	Based on market competitiveness.	X		Retention
Employee Share Ownership Plan (“**ESOP**”)	3 years	Based on market competitiveness.		X	Promotes importance of share ownership.
Retirement Programs: – Executive Management Retirement Income Plan (“**EMRIP**”) – *EMRIP has been closed to new entrants since 2002* OR – Harvest Plus Retirement Savings Program (“**Harvest Plus**”)	Benefit accrues annually	Based on market competitiveness.		X	Retention
VARIABLE (performance-based)					
Management Incentive Program (“**MIP**”) (non-equity incentive plan)	1 year	Award based on combination of operational and individual performance	X		Rewards the individual’s performance to the business unit and the Corporation.
Stock Options: – 2004 Stock Option Plan *No future options available to be granted under 2004 Stock Option Plan*	6-year term, 100% vesting 2 years from date of grant	Awarded annually, based on individual performance and responsibilities.		X	Rewards contribution to long-term performance of the Corporation and creates incentive to enhance shareholder value.
– 2007 Stock Option Plan *No future options available to be granted under the 2007 Stock Option Plan* – 2009 Stock Option Plan	5-year term with options vesting 1/3 after 2 years from date of grant, 1/3 after 3 years and 1/3 after 4 years			X	Retention Creates incentive to enhance shareholder value.
Management Share Ownership Program (“**MSOP**”)	Vests over 5 years	Awarded annually, based on MIP award.		X	Rewards performance and promotes share ownership. Retention
Deferred Share Unit Plan (“**DSUP**”) for Executive Employees	Vests over 5 years	Awarded annually, based on a percentage of annual base salary.		X	Retention
Performance Share Unit Plan (“**PSUP**”) – Up to 2009	Vests over 5 years	Awarded annually, based on a percentage of annual base salary subject to the attainment of individual objectives.		X	Rewards performance and creates incentive to enhance shareholder value.
– Since 2010	Vests over 3 years	Units awarded annually, based on a percentage of annual base salary. Actual number of units at vesting date adjusted to reflect growth in earnings per share (EPS) since date of grant.			Increased incentive to enhance shareholder value. Retention

8.7 Fixed Compensation

8.7.1 Base Salary (short-term)

Executive salaries are targeted at the median salaries in the Comparator Group (described in section 8.4 "Comparator Group and Market Positioning" of this Management Proxy Circular). These salaries are established by comparing competitive benchmark positions within the Comparator Group. Individual base salaries take into account experience, responsibilities and skills. The NEOs are compensated in accordance with the Executive Compensation Policy (described in section 8.1.1 of this Management Proxy Circular). The total compensation for members of the Office of the President, including the President and CEO, is reviewed by the HR Committee during the first quarter of each calendar year.

8.7.2 Benefits and Perquisites (short-term)

The Corporation's executive employee benefit program includes life, medical, dental and disability insurance. Perquisites consist of an automobile allowance and reimbursement for club memberships and medical and financial services. Such benefits and perquisites are designed to be competitive overall with equivalent positions in comparable Canadian organizations and are reviewed periodically by the HR Committee.

8.7.3 Employee Share Ownership Plan ("ESOP") (long-term)

The ESOP is a voluntary share purchase plan available to the vast majority of Canadian employees, as well as to employees in a number of business units outside Canada. It provides for a matching contribution by the Corporation of 35% (paid in two instalments over a two-year period), on employee contributions of up to 10% of base salary. As at December 31st, 2010, approximately 5,400 employees were participants in the ESOP compared to 4,800 as at December 31st, 2009. Through this Plan, these employees held 4,140,612 shares representing approximately 2.7% of all Common Shares outstanding as at December 31st, 2010. This Plan emphasizes the Corporation's belief that share ownership by employees contributes to the Corporation's success.

8.7.4 Retirement Programs (long-term)

The Named Executive Officers participate in either the Executive Management Retirement Income Plan, which provides benefits on a defined benefit basis, or the Harvest Plus Retirement Savings Program, which provides benefits on a defined contribution basis.

8.7.4.1 Executive Management Retirement Income Plan ("EMRIP")

The EMRIP was closed to new entrants, effective January 1st, 2002. At that time, and from time to time thereafter, existing members had the opportunity to transfer the value of their accrued benefits to the Harvest Plus.

As at December 31st, 2010, the EMRIP had 7 active members and 48 retirees. The EMRIP provides for retirement benefits of up to 2% for each year of service (to a maximum of 60%) multiplied by final average earnings (average of the annual base salary over the three consecutive years of highest earnings in the last ten years of employment). The Plan is a registered defined benefit pension plan and provides retirement benefits up to the allowable limit under the *Income Tax Act (Canada)*. Retirement benefits in excess of the allowable limit are provided through a supplemental arrangement.

The retirement pension is payable at normal retirement age (sixty-five). Should the executive retire between the ages of sixty-two and sixty-five, no early retirement reduction applies; for retirement between the age of sixty and sixty-two, the retirement pension is reduced by 0.5% per month prior to age sixty-two; for retirement between the ages of fifty-five and sixty, an actuarial reduction is applied to the retirement pension. The following Pension Plan Table shows the estimated pension payable annually at normal retirement age (sixty-five) under the Plan, based on final average earnings and years of credited service under the Plan:

PENSION PLAN TABLE				
Final Average Earnings	Years of Credited Service			
	15	20	25	30
$ 300,000	$ 90,000	$120,000	$150,000	$180,000
$ 400,000	$120,000	$160,000	$200,000	$240,000
$ 500,000	$150,000	$200,000	$250,000	$300,000
$ 600,000	$180,000	$240,000	$300,000	$360,000
$ 700,000	$210,000	$280,000	$350,000	$420,000
$ 800,000	$240,000	$320,000	$400,000	$480,000
$ 900,000	$270,000	$360,000	$450,000	$540,000
$1,000,000	$300,000	$400,000	$500,000	$600,000

8.7.4.2 Harvest Plus Retirement Savings Program ("Harvest Plus")

The Harvest Plus was implemented January 1st, 2002 as a result of the closing of the EMRIP (described in section 8.7.4.1 of this Management Proxy Circular). It provides benefits on a defined contribution basis in excess of the maximum contributions permitted under the *Income Tax Act (Canada)* made in respect of participating NEOs under the Harvest Retirement Savings Program (the "**Harvest**"), which is a Group Registered Retirement Savings Plan/Deferred Profit Sharing Plan available to all employees. As at December 31st, 2010, two of the NEOs participated in the Harvest Plus.

The Corporation contributes 20% of the participating NEO's annual base salary to the Harvest. Contributions in excess of the maximum under the *Income Tax Act (Canada)* are credited to a notional account under the Harvest Plus, which is guaranteed through a letter of credit with a major financial institution. The contributions attributed to the notional account accrue interest as if they were invested in long-term Government of Canada bonds or the moderate balanced portfolio under the Harvest, whichever would have provided a higher rate of return during the year. The notional account is payable upon retirement or termination of employment, either in a lump sum or in monthly instalments paid over a period of five or ten years.

8.8 Performance-Based (Variable) Compensation

8.8.1 Management Incentive Program ("MIP") (short-term)

The objective of the MIP is to reward key employees for reaching strategic milestones and short-term operational goals. It is designed to encourage the attainment of superior results according to financial objectives approved annually by the Board and to produce a potential target incentive level of between 15% and 90% of base salary depending on the individual's role and responsibilities. In any given year, depending on performance, the calculated award paid varies from zero to twice the target bonus as outlined in the following table:

	Target Bonus as a % of Base Salary	Maximum Bonus[(1)] as a % of Base Salary (twice the target bonus)	Operational Performance Weightings
President and CEO	90%	180%	100% Overall Company Results
Chief Financial Officer, members of the Office of the President responsible for certain corporate services	60%	120%	100% Overall Company Results
Named Executive Officers (other than the CFO) and other members of the Office of the President	60%	120%	50% Overall Company Results and 50% Business Unit Results
Members of the Management Committee and other executives and key employees	15% to 35%	30% to 70%	25% Overall Company Results and 75% Business Unit Results, or 100% Overall Company Results

Note:
(1) The calculated award may be increased or decreased to take into consideration special circumstances based on recommendations by the President and CEO and subject to approval by the Board.

Assuming target performance is achieved, target MIP awards are positioned to provide key employees with median target total cash compensation when compared to the Comparator Group (described in section 8.4 "Comparator Group and Market Positioning" of this Management Proxy Circular). MIP awards also affect the value of payments under the Management Share Ownership Program (described in section 8.8.3 "Management Share Ownership Program" of this Management Proxy Circular).

On an annual basis, the Board approves financial objectives at which no bonus, target bonus (i.e. between 15% and 90% of base salary), and maximum bonus (twice the target bonus) will be paid under the MIP.

The changes to the bonus calculation for the President and CEO were approved by the Board in May 2009 and, in 2010, apply to all participants in the MIP. The change consisted primarily of an increase to the weighting attributed to individual objectives. The 2010 MIP award is based on overall Operational Performance and Individual Performance, calculated as follows:

Operational Performance

Annual Base Salary	X	MIP target percentage for President and CEO (90%) NEO (60%)	X	Overall Company Results (0.0 – 2.0)	X	2/3	=	Calculated Bonus Based on Operational Performance

PLUS

Individual Performance

Annual Base Salary	X	MIP target percentage for President and CEO (90%) NEO (60%)	X	Individual objectives (0.0 – 2.0)	X	1/3	=	Calculated Bonus Based on Individual Performance

MIP bonuses are awarded based on two performance factors:

(i) Operational performance based on the following criteria:
- Overall company results; the weighting of this measure to obtain the operational performance factor will range from 25% to 100% depending on the responsibilities of the employee; and/or
- Business unit results; the weighting of this measure will range from 0% to 75%.

For the President and CEO, the CFO, and other MIP participants in Corporate roles, the operational performance factor is entirely based on the financial results of the Corporation as a whole (overall company results). For other MIP participants, this factor is weighted equally between the financial results of the Corporation as a whole and those of the business units for which they are responsible (overall company results and business unit results). For other key employees who participate in the MIP and are not in a corporate role, this factor is weighted 25% on the overall company results and 75% on business unit results; and

(ii) Individual performance based on the achievement of pre-established objectives for 2010.

8.8.1.1 Operational and Individual Performance

The Corporation's reward philosophy rests substantially on the achievement of an adequate return to shareholders. As such, the operational performance factor carries more weight.

The specific business units' operational targets and the overall company target are approved by the HR Committee. As the business units' operational targets contain competitively sensitive information on strategic projects and initiatives and disclosing them could seriously prejudice the Corporation's competitive position, they are not disclosed. The Corporation's net income for 2010 was $437,014 million, exceeding the overall company target of $361,565 million. However, extraordinary gains/losses from business dispositions were excluded from the net income used to determine the overall company results factor in the calculation of the bonus amount based on Operational Performance. The adjusted net income used for purposes of the MIP calculation is $391,265 million. As a result, the overall company results factor was 1.82 for purposes of calculating the 2010 MIP awards.

If minimum financial targets of the overall Corporation and/or the specific business unit(s) for which the executive is responsible for are not achieved, no bonuses are paid for Operational Performance.

Bonuses are paid at up to twice the target percentage when all performance measures corresponding to the maximum targets are achieved or surpassed. Proportionate bonus amounts are paid for intermediate results.

Each NEO has personal objectives with respect to overall company and/or business performance. These objectives are approved by the HR Committee and determined as follows:

- Must be measurable and clearly linked to specific time frames and/or project milestones;
- Must support business plans and goals;
- Must be weighted in relation to their value in determining overall individual performance.

Each NEO is given objectives in each of the following categories: financial results, execution excellence, future focus, client focus, people focus and health, safety and environment. In 2010, objectives for each of the following categories were as follows:

Financial Results	➢ Operational Income target ➢ Earnings per Share of $2.37 (CFO) ➢ Backlog targets ➢ Budgets
Client Focus	➢ Business process ➢ Client relationship and development ➢ International and regional presence
Execution Excellence	➢ Business integration ➢ Systems integration ➢ Risk management ➢ Training and e-learning

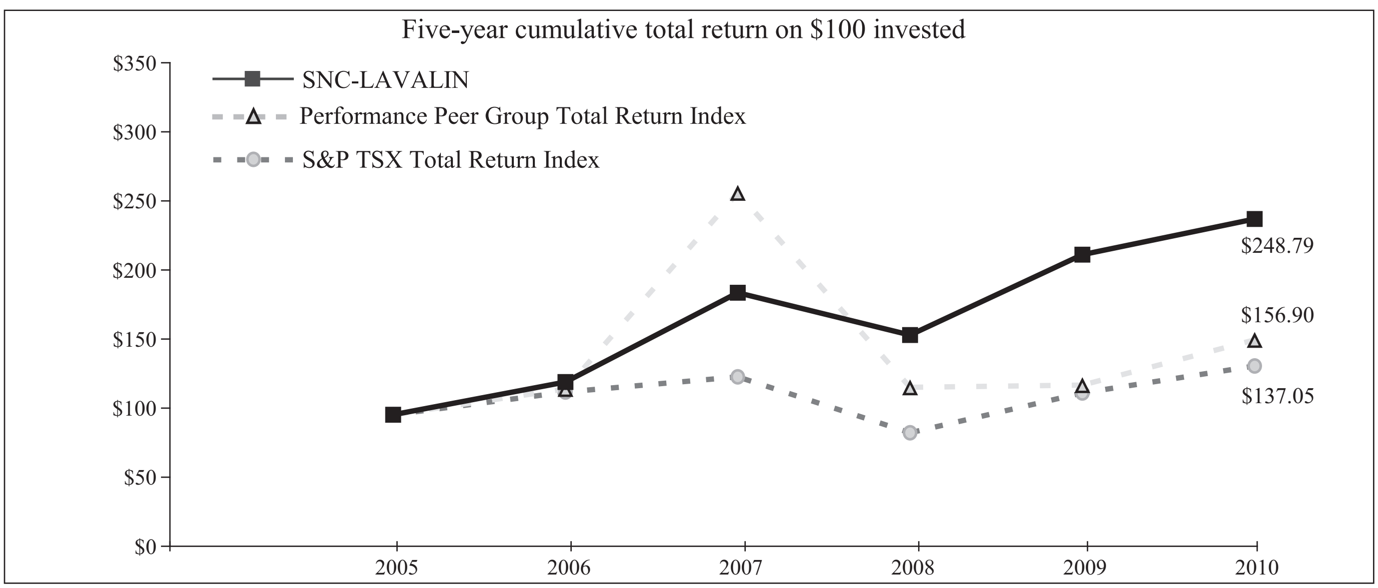
People Focus	➢	Leadership training and reviews
	➢	Recruitment
	➢	Retention of key employees
Future Focus	➢	Mergers and acquisitions
	➢	Strategic planning
	➢	Business development
	➢	Succession planning
Health, Safety and Environment	➢	Promote, support and implement HSE initiatives globally
	➢	Lost time incidences
	➢	WE CARE initiatives
	➢	HSE awareness and culture

The objectives of the President and CEO and the CFO include relative external performance measures to benchmark the Corporation's performance relative to the Performance Peer Group listed in section 8.8.1.2. The companies included in the Performance Peer Group are selected using the following criteria: international presence, high ratio of engineering, comparable capital structure and similar accounting practices.

The HR Committee assesses the individual performance of the President and CEO; the President and CEO evaluates the individual performance of the NEOs and other members of the Office of the President.

8.8.1.2 Performance Graphs

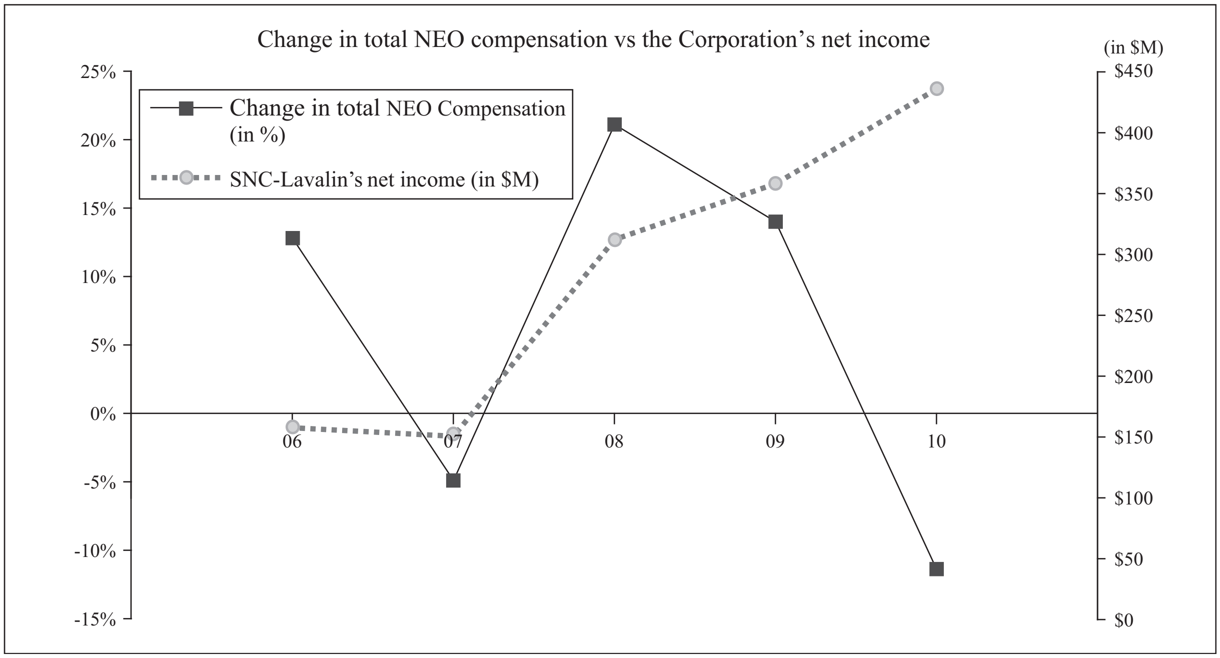
The following performance graph illustrates the five-year cumulative total return assuming $100 was invested on December 31st, 2005 in Common Shares of the Corporation, in the S&P/TSX Composite Total Return Index and in the Performance Peer Group composed of the following engineering and construction companies: Fluor Corporation, Foster Wheeler Corporation, Jacobs Engineering Group Inc., Shaw Group Inc. and URS Corporation.



Financial Years	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10
SNC-LAVALIN	100.00	124.86	192.73	160.58	221.68	248.79
Performance Peer Group Total Return Index	100.00	119.60	268.70	120.83	122.51	156.90
S&P TSX Total Return Index	100.00	117.26	128.79	86.28	116.53	137.05

Value of $100 invested on December 31st, 2005 (assumes dividends are reinvested)

The next performance graph illustrates the trend in the total compensation of the NEOs over the same five-year period as the first graph.



Financial Years	2006	2007	2008	2009	2010
Change in total NEO Compensation (in %)	12.8%	−4.9%	21.1%	14.0%	−11.4%
SNC-Lavalin's net income (in M$)	158	151	313	359	437

This graph illustrates how the trend in NEO compensation varied through 2007 as did the Corporation's net income. In 2007 and 2008, the Corporation's pay-for-performance philosophy was demonstrated as NEO compensation declined in 2007 as the Corporation's net income slightly declined. In 2008, the Corporation's net income significantly increased as did NEO compensation. In 2009 and 2010, although the Corporation's net income continued to increase, NEO compensation decreased due to the transition to the position of President and CEO, which took place in May 2009. For the twelve-month period ending December 31st, 2010, the S&P/TSX Composite Index increased by 1,697 points or 14.4% to 13,443 points from 11,746, and the S&P/TSX 60 Index (an index the Corporation is a part of) increased by 76 points or 10.9%, while the Corporation's share price increased by 10.7% to $59.77 from $53.99.

For each year shown, total NEO compensation is based on the compensation of the NEOs as reported in the Corporation's Management Proxy Circulars filed with the Canadian securities commissions across Canada and available on SEDAR (**www.sedar.com**).

8.8.2 Stock Options (long-term)

Stock options are granted on an annual basis to key employees including the NEOs. They are granted to reward contribution to long-term performance of the Corporation and create an incentive to enhance shareholder value. As part of its review of the total compensation of the President and CEO and other executives of the Corporation, the Board of Directors approves stock option grants for the President and CEO and members of the Office of the President. On an annual basis, each member of the Office of the President makes recommendations for the granting of stock options to key employees in his/her business unit(s). These recommendations are reviewed by the President and CEO and submitted to the Board of Directors for approval.

The total number of authorized and unissued Common Shares available for options under the 2009 Plan is 2,000,000. The grant of options under the 2009 Plan takes effect on the sixth (6th) trading day (the "**Date of Effect**") following the date of such grant. The exercise price per Common Share, in respect of any option granted under the 2009 Plan, is the greater of:

(i) the average closing price per Common Share for a board lot (100 shares) of the Common Shares traded on the TSX for the five trading days immediately preceding the Date of Effect; or (ii) the closing price per Common Share on the first (1^{st}) trading day immediately preceding the Date of Effect.

Each option may be exercised only during a period commencing on the first (1^{st}) day of the third (3^{rd}) year following the Date of Effect of the option and expiring on the last day of the fifth (5^{th}) year following the Date of Effect (the "**Option Exercise Period**"). Each option may be exercised during the Option Exercise Period in accordance with the following schedule (i) during the first year of the Option Exercise Period, an optionee may exercise up to 33.33% of the number of options initially granted; (ii) during the second year of the Option Exercise Period, the optionee may exercise up to 33.33% of the number of options initially granted, plus the number of options with respect to which he/she has not exercised the option during the first year of the Option Exercise Period; and (iii) during the third year of the Option Exercise Period, the optionee may exercise the options up to the balance (including all) of the options initially granted.

The 2004 Stock Option Plan provided for 100% vesting of options granted two years from the date of grant. Under the 2007 and 2009 Stock Option Plans, vesting over four years from the date of grant was introduced to increase the time horizon associated with decisions made by key employees for the long-term success of the Corporation and to add a retention element to the Plan.

2004 Stock Option Plan

— No options have been granted under this Stock Option Plan since the adoption of the 2007 Stock Option Plan and all options that had not been granted at that date were cancelled.

— As at December 31^{st}, 2010, there were 580,980 options outstanding under the 2004 Plan, varying in price from $24.2667 to $32.50 per Common Share. At the close of business on February 23^{rd}, 2007, the effective date of the 2007 Stock Option Plan, no additional options could be granted under the 2004 Plan.

2007 Stock Option Plan

— No options have been granted under this Stock Option Plan since the adoption of the 2009 Stock Option Plan and all options that had not been granted at that date were cancelled.

— As at December 31^{st}, 2010, there were 3,093,653 options outstanding under the 2007 Plan, varying in price from $31.59 to $55.10 per Common Share. At the close of business on March 6^{th}, 2009, the effective date of the 2009 Stock Option Plan, no additional options could be granted under the 2007 Plan.

2009 Stock Option Plan

— 1,110,500 options were granted in 2010 as shown in the following table.

— 548,516 options remained available to be granted as at December 31^{st}, 2010. This amount includes options granted in May 2009 and March 2010 under the 2009 Plan which were cancelled due to employees having left the Corporation. Such options were added back to the pool of options available to be granted.

2011 Stock Option Plan

— On March 4^{th}, 2011, subject to the approval required from certain regulatory authorities and from the Corporation's shareholders, the Board of Directors of the Corporation adopted the 2011 Stock Option Plan (the "**2011 Plan**"). Under the 2011 Plan a double-trigger change of control provision was introduced. The 2011 Plan is outlined in section 2.5 of this Management Proxy Circular.

The following table presents information concerning the stock options granted over the last five years, totalling 6,414,145.

	2006	2007	2008	2009	2010
Number of Stock Options Granted	1,232,150	1,262,200	1,382,500	1,426,795	1,110,500
Number of Employees who were Granted Stock Options	329	425	537	566	279
Number of Stock Options Outstanding as of Year-End	4,094,850	4,036,670	4,319,100	5,073,954	5,126,117
Average Weighted Exercise Price of Stock Options Outstanding	$19.28	$26.92	$34.48	$35.57	$40.61
Number of Stock Options Granted as a % of Outstanding Shares	0.82%	0.84%	0.92%	0.94%	0.74%
Number of Stock Options Exercised	702,800	1,231,930	827,920	538,393	902,465

The number of stock options awarded in 2010 was less than in previous years as a result of the introduction of a RSUP in 2010. Employees who were awarded RSUs in 2010 were below the executive level. In 2010, a total of 632 employees received either stock options or RSUs. These Plans reflect the Corporation's desire to reward the contribution of key employees to the long-term performance of the Corporation and create an incentive to enhance shareholder value. The number of stock options granted to the NEOs over the past five years is virtually unchanged.

Specifically, the number of options granted by the Board of Directors in 2010, under the 2009 Stock Option Plans, can be broken down as follows:

OPTIONS GRANTED IN 2010			
Date of Grant	**Number of Employees Granted Options**	**Number of Options Granted**	**Exercise Price at which Options were Granted**
March 5th, 2010 (2009 Stock Option Plan)	278	1,098,500	$52.40 per Common Share
December 13th, 2010 (2009 Stock Option Plan)	1	12,000	$57.07 per Common Share
TOTAL	279	1,110,500	

The total number of options exercised in 2010 under the 2007 and 2004 Stock Option Plans is as follows:

OPTIONS EXERCISED IN 2010		
Number of Optionees Having Exercised Options	**Number of Stock Options Exercised**	**Exercise Price**
2007 Plan		
105 employees	136,891	$37.64
2004 Plan		
38 employees	135,500	$16.66
6 employees	196,220	$20.92
47 employees	152,350	$24.27
1 employee	3,000	$24.33
39 employees	192,750	$29.20
36 employees	35,700	$32.50
2 employees	5,000	$37.17
61 employees	45,054	$46.29
Total	**765,574**	
GRAND TOTAL	**902,465**	

8.8.3 Management Share Ownership Program ("MSOP") (long-term)

The MSOP offers key executives an additional opportunity to increase their participation in the shareholding of the Corporation and thereby align their interests with those of shareholders. Through the MSOP, the Board encourages its executives to develop and implement business strategies that will increase shareholder value. In addition, the MSOP aims to retain those executives who make an important contribution to the success of the Corporation.

In a calendar year, the MSOP allows selected participants to contribute 25% of their gross bonus payment under the MIP towards the purchase of Common Shares of the Corporation. The Corporation will make, in equal installments over a period of five years, a total contribution equal to the participant's contribution, which will be used to purchase Common Shares of the Corporation, provided that, during this time, the participant remains an employee of the Corporation and does not sell the underlying Common Shares. A participant can sell shares in the MSOP at any time; however, if this occurs prior to the five equal installments having been made by the Corporation, these future employer contributions are forfeited.

In 2010, ten members of the Office of the President, including the NEOs, participated in the MSOP.

8.8.4 Deferred Share Unit Plan ("DSUP") for Executive Employees (long-term)

The Corporation's DSUP is intended to increase the alignment between the interests of participants and shareholders as the redemption price for vested units is based on the Corporation's share price. The plan also includes a retention component as units granted do not fully vest until five years from the date of grant. The following describes the main provisions of the DSUP.

Grant date value

➢ 37.5% of annual base salary, 75% of annual base salary for the President and CEO.

➢ For the purposes of determining the number of DSUs granted, each DSU is attributed the notional value equivalent to the greater of either the average closing price of the Corporation's shares over the five business days following the DSU grant date, or the closing price of the Corporation's shares on the fifth business day following the DSU grant date. This methodology is consistent with the approach used when granting stock options and Performance Share Units.

Vesting schedule	➢	DSUs vest at a rate of 20% per year in respect of each grant and on each anniversary of such grant.
Value of vested units	➢	For the purpose of redemption, the value of a DSU is equivalent to the average of the closing price per share on the date one year following the participant's last day of employment, and on the last trading day of each of the twelve weeks preceding one year following the participant's last day of employment. A twelve-week average is used to lessen the impact of potential share price fluctuations.
Termination provisions	➢	In the event of death, retirement, voluntary termination due to long-term disability, or termination without cause by the Corporation, all DSUs vest immediately.
	➢	In the event of voluntary termination of employment, unvested DSUs expire on the date of termination. In the event of termination of employment with cause, vested and unvested DSUs expire on the date of termination.
	➢	Vested DSUs will be redeemed for cash within thirty (30) days after one year following the participant's last day of employment. In the event the participant's last day of employment was in December, the deemed date of termination of employment shall be December 1st.
	➢	In the event of termination of employment by the Corporation or resignation by the participant due to a change of control, all DSUs vest immediately.

For 2010, the Board approved the granting of DSUs to eleven members of the Office of the President, including the NEOs who received DSUs valued at 37.5% of base salary; 75% in the case of the President and CEO.

8.8.5 Performance Share Unit Plan ("PSUP") (long-term)

The Performance Share Unit Plan ("PSUP") objective is to align executive compensation to the long-term objectives of the Corporation. The value of units paid out is a function of the Corporation's share price and the number of units granted is adjusted on the vesting date by a multiplier that is based on three-year cumulative Earnings Per Share ("**EPS**") growth. No cash payment is made before the vesting date, which increases the level of compensation directly linked to long-term (three-year) performance.

Grant date value	➢	37.5% of annual base salary, 75% of annual base salary for the President and CEO.
	➢	For the purposes of determining the number of PSUs granted, each PSU is attributed the notional value equivalent to the greater of either the average closing price of the Corporation's shares for the five business days following the date of grant, or the closing price of the Corporation's shares on the fifth business day following the date of grant. This methodology is consistent with the approach used when granting stock options and Deferred Share Units.
Vesting date	➢	PSUs fully vest at the end of the third calendar year following the date of grant.
Value of vested units	➢	At the vesting date, the number of units granted shall be adjusted by a payout multiplier based on the three year cumulative growth of EPS.
	➢	The redemption price is based on the average closing price per share at the vesting date and the four trading days preceding such date.
Conversion option	➢	Participants have the option to convert their PSUs to DSUs at the time of redemption. PSUs converted into DSUs will be payable as set forth in the DSUP for Executive Employees, as if they were all vested on the redemption date.
Termination provisions	➢	In the event of death, retirement (defined as age 55 with ten years of service), long-term disability, or termination without cause by the Corporation, all granted PSUs vest immediately. However, no payment shall be made until the vesting date.
	➢	In the event of voluntary termination of employment by the participant, or in the event of termination with cause, PSUs will expire immediately on the date of termination.

➢ In the event of termination of employment by the Corporation or resignation by the participant related to a change of control, PSUs fully vest and the maximum payout multiplier shall apply.

For 2010, the Board approved the granting of PSUs to eleven members of the Office of the President, including the NEOs who received PSUs valued at 37.5% of base salary; 75% in the case of the President and CEO.

8.9 President and Chief Executive Officer Succession Planning

The Governance Committee gives full consideration to succession planning in the course of its work for the President and CEO. This process, more fully described below, takes into consideration the challenges and opportunities facing the Corporation and the evolving skills and expertise needed from the President and CEO.

1 **Review**	2 **Assess**	3 **Meet**	4 **Recommend**
Review by the Governance Committee of the qualifications required for President and CEO's position Review of the capabilities of the Corporation's executive officers Review of Evergreen List for potential outside successor candidates	Assess whether there is a readiness to fill potential vacancy with qualified person	Chairman and CEO meet with short listed candidates	Governance Committee reconvenes to finalize a recommendation to the Board as to the selected candidates Board approves the Governance Committee recommendation

SECTION 9: Executive Compensation Disclosure

Highlights

- ➢ The HR Committee reviews and recommends to the Board all base salary changes, bonus awards and long-term incentive grants for the President and CEO; and
- ➢ The President and CEO establishes objectives and recommends compensation changes for each Named Executive Officer ("**NEO**") which are submitted to the Board for approval.

- ➢ Four of the five NEOs meet the share ownership requirement.

- ➢ In 2010, NEOs were granted the same number of stock options as in 2009, except for Mr. Pierre Duhaime who was in his first full year as President and CEO;
- ➢ Deferred Share Units were granted based on 75% of annual base salary (President and CEO) and 37.5% of annual base salary (other NEOs); and
- ➢ Performance Share Units were granted based on 75% of base salary (President and CEO) and 37.5% of base salary (other NEOs).

- ➢ Three of the NEOs participate in the Executive Management Retirement Income Plan ("**EMRIP**"), a defined benefit plan closed to new entrants since 2002; and
- ➢ Two of the NEOs participate in the Harvest Plus, which provides benefits on a defined contribution basis and was implemented in 2002.

- ➢ An individual employment agreement is in place for the President and CEO, but not for the other NEOs.

- ➢ Change of control provisions are in place for each of the NEOs.

SECTION 9: Executive Compensation Disclosure

9.1 Compensation of Named Executive Officers

9.1.1 President and CEO Compensation

The HR Committee reviews and recommends to the Board all base salary changes, bonus awards and long-term incentive grants for the President and CEO.

In 2010, Mr. Pierre Duhaime, in his capacity as President and CEO, received an annual base salary of $800,000.

The compensation package for Mr. Duhaime has both fixed and variable components. For 2010, the pay mix is approximately 16.1% base salary, 1.7% benefits and perquisites, 6.6% pension and 75.6% variable (performance-based).

The President and CEO participates in the MIP (described in section 8.8.1 of this Management Proxy Circular) provided to other executives. His short-term incentive target is 90% of his base salary, ranging to a maximum of 180% of salary for exceeding financial and individual performance objectives. To determine the actual award payable under the MIP, two thirds of the bonus is based on financial performance (to which a performance factor of 1.82 was applied) and one third on the attainment of personal objectives (to which an individual performance factor of 1.8 was applied, based on the Board's assessment of the President and CEO's performance). To attain the maximum incentive opportunity of 180% of base salary, a combined factor of two must be attained, which is applied to the target of 90% of base salary.

The HR Committee recommended that the Board approve an annual bonus of $1,300,000 for the performance of Mr. Duhaime in 2010. This recommendation was based on Mr. Duhaime having attained performance objectives approved by the Board.

For 2010, Mr. Duhaime received DSUs of $600,000 in value under the DSUP (described in section 8.8.4 of this Management Proxy Circular), PSUs of $600,000 in value under the PSUP (described in section 8.8.5 of this Management Proxy Circular) and 75,000 stock options (described in section 8.8.2 of this Management Proxy Circular).

Mr. Duhaime's total compensation for the last three years can be found in section 9.8 of this Management Proxy Circular.

9.1.2 President and CEO Employment Agreement

Mr. Duhaime entered into an Executive Employment Agreement with the Corporation when he became President and CEO on May 7th, 2009. The Agreement covers the various aspects of the function, including interaction with the Board. It covers more specifically subjects such as: compensation components, termination of employment, non-solicitation and confidentiality.

9.1.3 Other Named Executive Officers ("NEOs")

The other NEOs are responsible for one or more business units or have a senior corporate role as is the case of the Executive Vice-President and Chief Financial Officer. They report directly to Mr. Duhaime who approves their annual objectives and assesses their performance. These objectives are also reviewed and approved by the Board. Other NEOs are not covered by an employment agreement.

All the NEOs participated in the Management Incentive Program (described in section 8.8.1 of this Management Proxy Circular), the Deferred Share Unit Plan (described in section 8.8.4), the Performance Share Unit Plan (described in section 8.8.5 of this Management Proxy Circular) and received stock options under the 2009 Stock Option Plan (described in section 8.8.2 of this Management Proxy Circular).

The President and CEO recommended that the Board approve annual bonuses for each NEO. The amounts for each individual NEO can be found in the Summary Compensation Table in section 9.7 and the Total Compensation Tables in section 9.8 of this Management Proxy Circular. In assessing the performance of each NEO, the level of attainment of his performance objectives, as approved by the President and CEO and by the Board, was considered.

9.2 Share Ownership

The following table summarizes the required ownership levels of each NEO. Each one satisfies the applicable share ownership requirement with the exception of Mr. Patrick Lamarre. As he was appointed to the Office of the President in 2008, Mr. Lamarre has until 2013 to attain his shareholding requirement.

Name	Required Ownership Levels	Ownership Requirement ($)	Shares Held(1)	Value as at December 31, 2010(2)	Meets Requirements
Pierre Duhaime	6 x annual base salary	$4,800,000	138,693	$ 8,289,681	Yes
Gilles Laramée	3 x annual base salary	$1,260,000	366,766	$21,921,604	Yes
Jean Beaudoin	3 x annual base salary	$1,215,000	94,672	$ 5,658,545	Yes
Riadh Ben Aïssa	3 x annual base salary	$1,260,000	27,711	$ 1,656,286	Yes
Patrick Lamarre	3 x annual base salary	$ 990,000	14,715	$ 879,516	In process

Notes:

(1) Shares held include: privately held, Employee Share Ownership Plan (ESOP), Management Share Ownership Program (MSOP) and vested Share Units not redeemed under the DSUP and former PSUP.

(2) The value as at December 31st, 2010 was based on a closing share price of $59.77.

9.3 Option-based and Share-based Awards

9.3.1 Stock Options Granted in 2010

The following table contains information concerning the stock options granted, under the Corporation's 2009 Stock Option Plan, to NEOs during the 2010 fiscal year. The number of options granted is unchanged from 2009, except for Mr. Duhaime.

Name	Number of Securities Under Options Granted	Date of Grant	% of Total Options Granted to Employees in Financial year	Exercise or Base Price ($/Security)	Expiration Date
Pierre Duhaime	75,000	March 5, 2010	6.8%	$52.40	March 15, 2015
Gilles Laramée	24,000	March 5, 2010	2.2%	$52.40	March 15, 2015
Jean Beaudoin	24,000	March 5, 2010	2.2%	$52.40	March 15, 2015
Riadh Ben Aïssa	24,000	March 5, 2010	2.2%	$52.40	March 15, 2015
Patrick Lamarre	24,000	March 5, 2010	2.2%	$52.40	March 15, 2015

9.3.2 Deferred Share Units and Performance Share Units Granted for 2010

On March 4th, 2011, DSUs and PSUs were granted to NEOs for the 2010 fiscal year under the Corporation's DSUP and PSUP.

Name	Value(1)(2)	
	DSU	PSU
Pierre Duhaime	$600,000	$600,000
Gilles Laramée	$157,500	$157,500
Jean Beaudoin	$151,875	$151,875
Riadh Ben Aïssa	$157,500	$157,500
Patrick Lamarre	$123,750	$123,750

Notes:

(1) For the purposes of determining the number of DSUs and PSUs granted, each DSU and PSU is attributed the notional value equivalent to the greater of either the average closing price of the Corporation's Common Shares over the five business days following the DSU and PSU grant date or the closing price of the Corporation's Common Shares on the fifth business day following the DSU and PSU grant date.

(2) The value of the DSUs and PSUs granted is calculated based on a maximum of up to 37.5% of the participant's annual base salary (75% in the case of the President and CEO) with respect to the calendar year preceding the date of grant.

9.3.3 *Incentive Plan Awards — Value Vested or Earned During the Year*

The following table provides the dollar value which would have been realized had stock options granted to NEOs on May 4th, 2007 and on March 6th, 2008 under the 2007 Plan, and which vested during the 2010 fiscal year, been exercised on the vesting date. It also provides the dollar value of the portion of DSUs and PSUs granted in 2009 as at the date they vested during the 2010 fiscal year and the MIP award paid relative to 2010 performance.

Name	Option-based Awards – Value Vested During the Year[1] ($)	Share-based Awards – Value Vested During the Year[2] ($)	Non-equity Incentive Plan Compensation – Value Vested During the Year[3] ($)
Pierre Duhaime	$124,160	$365,929	$1,300,000
Gilles Laramée	$124,160	$242,439	$ 473,800
Jean Beaudoin	$124,160	$168,520	$ 211,500
Riadh Ben Aïssa	$124,160	$207,751	$ 488,900
Patrick Lamarre	$102,988	$ 92,575	$ 368,300

Notes:

(1) Based on a closing share price of $52.40 for options that vested on March 15th, 2010 and $47.05 for options that vested on May 15th, 2010.

(2) Based on a closing share price, on the vesting date, of $52.35 for PSUs that vested on March 5th, 2010 and $59.77 for DSUs that vested on December 31st, 2010.

(3) Bonus earned in the year under the Management Incentive Program (described in section 8.8.1 of this Management Proxy Circular).

9.3.4 *Outstanding Share-based Awards and Option-based Awards*

The following table sets forth information with respect to the NEOs, concerning unexercised Stock Options, PSUs and DSUs held as at December 31st, 2010.

Option-based Awards						Share-based Awards	
Name	Date of Grant	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-money Options[1] ($)	Number of Performance and Deferred Share Units that have not Vested (#)	Market Value of Share-based Awards that have not Vested[2] ($)
Pierre Duhaime	February 24, 2006	24,000	$ 29.20	February 25, 2012	$ 733,680	25,488	$1,523,417
	May 4, 2007	24,000	$ 37.64	May 15, 2012	$ 531,120		
	March 6, 2008	24,000	$ 46.29	March 15, 2013	$ 323,520		
	March 6, 2009	18,000	$ 31.59	March 16, 2014	$ 507,240		
	May 7, 2009	56,000	$ 37.53	May 15, 2014	$1,245,440		
	March 5, 2010	75,000	$ 52.40	March 15, 2015	$ 552,750		
Total		**221,000**			**$3,893,750**	**25,488**	**$1,523,417**

Option-based Awards						Share-based Awards	
Name	Date of Grant	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-the-money Options(1) ($)	Number of Performance and Deferred Share Units that have not Vested (#)	Market Value of Share-based Awards that have not Vested(2) ($)
Gilles Laramée	February 24, 2006	24,000	$ 29.20	February 25, 2012	$ 733,680	12,191	$ 728,656
	May 4, 2007	24,000	$ 37.64	May 15, 2012	$ 531,120		
	March 6, 2008	24,000	$ 46.29	March 15, 2013	$ 323,520		
	March 6, 2009	18,000	$ 31.59	March 16, 2014	$ 507,240		
	May 7, 2009	6,000	$ 37.53	May 15, 2014	$ 133,440		
	March 5, 2010	24,000	$ 52.40	March 15, 2015	$ 176,880		
Total		**120,000**			**$2,405,880**	**12,191**	**$ 728,656**
Jean Beaudoin	May 4, 2007	8,000	$ 37.64	May 15, 2012	$ 177,040	12,926	$ 772,587
	March 6, 2008	16,000	$ 46.29	March 15, 2013	$ 215,680		
	March 6, 2009	18,000	$ 31.59	March 16, 2014	$ 507,240		
	May 7, 2009	6,000	$ 37.53	May 15, 2014	$ 133,440		
	March 5, 2010	24,000	$ 52.40	March 15, 2015	$ 176,880		
Total		**72,000**			**$1,210,280**	**12,926**	**$ 772,587**
Riadh Ben Aïssa	May 5, 2005	7,500	$24.2667	May 6, 2011	$ 266,275	16,890	$1,009,515
	February 24, 2006	6,000	$ 29.20	February 25, 2012	$ 183,420		
	May 4, 2007	24,000	$ 37.64	May 15, 2012	$ 531,120		
	March 6, 2008	24,000	$ 46.29	March 15, 2013	$ 323,520		
	March 6, 2009	18,000	$ 31.59	March 16, 2014	$ 507,240		
	May 7, 2009	6,000	$ 37.53	May 15, 2014	$ 133,440		
	March 5, 2010	24,000	$ 52.40	March 15, 2015	$ 176,880		
Total		**109,500**			**$2,121,895**	**16,890**	**$1,009,515**
Patrick Lamarre	May 5, 2005	7,500	$24.2667	May 6, 2011	$ 266,275	8,955	$ 535,240
	February 24, 2006	15,000	$ 29.20	February 25, 2012	$ 458,550		
	May 4, 2007	17,250	$ 37.64	May 15, 2012	$ 381,743		
	March 6, 2008	24,000	$ 46.29	March 15, 2013	$ 323,520		
	March 6, 2009	18,000	$ 31.59	March 16, 2014	$ 507,240		
	May 7, 2009	6,000	$ 37.53	May 15, 2014	$ 133,440		
	March 5, 2010	24,000	$ 52.40	March 15, 2015	$ 176,880		
Total		**111,750**			**$2,247,648**	**8,955**	**$ 535,240**

Notes:

(1) This amount is calculated based on the difference between the closing share price of $59.77 on December 31st, 2010 and the option exercise price.

(2) This amount is calculated based on the closing share price of $59.77 on December 31st, 2010.

9.4 Retirement Plans

9.4.1 Executive Management Retirement Income Plan (EMRIP)

The credited years of service under the EMRIP as of December 31st, 2010 (and projected to age 65) for the NEOs are as follows: Mr. Duhaime 11.8 (20.3) years, Mr. Laramée 19.8 (32.6) years and Mr. Beaudoin 13.0 (26.2) years. Certain NEOs also have credited years of service in prior plans.

DEFINED BENEFIT PLAN TABLE(1)							
Name	Number of Years of Credited Service (#)	Annual Benefits Payable(2) $ (c)		Accrued Obligation at Start of Year(3) $	Compensatory Change(4) $	Non-compensatory Changes(5) $	Accrued Obligation at Year End(6) $
		At Year End	At Age 65				
(a)	(b)	(c1)	(c2)	(d)	(e)	(f)	(g)
Pierre Duhaime	11.8	$128,800	$298,600	$1,651,100	$329,400	$275,500	$2,256,000
Gilles Laramée	19.8	$131,500	$252,000	$1,565,600	$171,700	$314,000	$2,051,300
Jean Beaudoin	13.0	$ 78,800	$190,500	$ 893,100	$105,500	$170,100	$1,168,700

Notes:

(1) The amounts shown include pension benefits payable under the EMRIP and the Supplemental Plan.

(2) The amounts shown are based on current compensation and credited service to the earlier of December 31st, 2010 or age 65.

(3) The accrued obligation is the present value of the projected pension earned for service up to December 31st, 2010.

(4) The compensatory change is the current service cost and the value of the projected pension earned for the period from January 1st, 2010 to December 31st, 2010, including any differences between actual and estimated earnings.

(5) Non-compensatory change in the obligation in 2010 includes the impact of changes in actuarial assumptions and other experienced gains and losses.

(6) The accrued obligation is the present value of the projected pension earned for service up to December 31st, 2010. This amount increases with age and is significantly impacted by changes in the discount interest rate. The following assumptions were used to calculate the accrued obligation as at December 31st, 2010: interest rate of 5.25% for the EMRIP and 5.00% for the Supplemental Plan; future salary increases of 6.00% per year; increase in the maximum defined benefit limit at a rate of 3.25%; post-retirement indexation rate of 2.50%; and the UP94 mortality table with a 26-year projection.

9.4.2 Harvest Plus Retirement Savings Program (Harvest Plus)

The EMRIP has been closed to new participants since 2002. The following NEOs currently participate in the Harvest Plus:

DEFINED CONTRIBUTION PLAN TABLE				
Name	Accumulated Value at Start of Year $	Compensatory Change(1) $	Non-compensatory Change(2) $	Accumulated Value at Year End $
Riadh Ben Aïssa	$516,700	$83,700	$43,100	$643,500
Patrick Lamarre	$286,500	$65,700	$23,400	$375,600

Notes:

(1) Includes the Corporation's contributions to Mr. Ben Aïssa's and Mr. Lamarre's notional accounts under the Harvest Plus and contributions to their Harvest accounts.

(2) Includes investment earnings (losses) under the notional account under the Harvest Plus and under the Harvest account.

9.5 Termination of Employment

An individual employment agreement is in place for the President and CEO. In the event of termination of employment initiated by the Corporation for reasons other than cause, the agreement stipulates that any amounts payable will be determined in accordance with applicable legal requirements and jurisprudence.

No specific arrangements cover the other NEOs. In the event of termination of their employment initiated by the Corporation for reasons other than cause, any amounts payable will be determined in accordance with applicable legal requirements and jurisprudence.

9.6 Change of Control and Retirement

- ➢ Change of Control

The Corporation has a double-trigger change of control agreement in place for the President and CEO and members of the Office of the President. In the event of involuntary termination of employment within the twenty-four month period following a change of control of the Corporation, the following conditions will apply to the President and CEO and the other NEOs. The tables which follow describe and set out the incremental amounts which would have been payable had a change of control of the Corporation occurred on December 31st, 2010 and resulted in involuntary termination of employment initiated by the Corporation.

Severance	Benefits and Perquisites	MIP	Stock Options	MSOP	ESOP	PSUP (Former Plan)	PSUP and DSUP
2 times the sum of the annual base salary plus the average of the last 2 bonuses paid under the MIP.	Pension benefits continue to accrue for 2 years plus a lump sum payment representing the value of perquisites for a 2-year severance period.	The target annual bonus for the year will be paid as a lump sum, prorated for the period of employment in that year.	All granted, unvested options fully vest and can be exercised in accordance with the terms of the respective stock option plan. Any stock ownership requirements are suspended.	Future contributions required to be made under the terms of the Program, but not yet made, are accelerated in order for all outstanding matching contributions to be paid by the Corporation.	Future contributions required to be made under the terms of the Plan, but not yet made, are accelerated in order for all outstanding matching contributions to be paid by the Corporation.	All granted PSUs fully vest and are redeemable for cash within 3 months at the redemption price in accordance with the Plan provisions. Any stock ownership requirements are suspended.	All granted PSUs and DSUs fully vest and are redeemable for cash in accordance with the plan provisions. For purpose of the PSUP, the maximum payout multiplier is used.

Change of Control	Pierre Duhaime	Gilles Laramée	Jean Beaudoin	Riadh Ben Aïssa	Patrick Lamarre
Severance	$2,602,000	$1,580,000	$1,365,000	$1,578,000	$1,053,000
Benefits and Perquisites	$ 542,100	$ 296,400	$ 283,600	$ 233,400	$ 194,100
MIP	$ 720,000	$ 252,000	$ 243,000	$ 252,000	$ 198,000
Non-vested Stock Options(1)	$2,698,150	$1,210,280	$1,210,280	$1,210,280	$1,160,488
MSOP	$ 234,150	$ 154,000	$ 127,250	$ 139,350	$ 89,350
ESOP	$ 39,539	$ 22,231	$ 8,735	$ 19,555	$ 5,235
Value of Non-vested PSUs	$1,044,301	$ 598,596	$ 642,527	$ 750,831	$ 433,631
Value of Non-vested DSUs	$ 479,116	$ 130,060	$ 130,060	$ 258,685	$ 101,609
Total Incremental Payments	$8,359,356	$4,243,567	$4,010,452	$4,442,101	$3,235,413

Note:

(1) This amount is calculated based on the difference between the closing share price of $59.77 on December 31st, 2010 and the option exercise price ($37.64 in the case of stock options granted in 2007, $46.29 in the case of stock options granted in 2008, $31.59 in the case of stock options granted in March 2009, $37.53 in the case of stock options granted in May 2009 and $52.40 in the case of Stock Options granted in March 2010.)

➢ Retirement

In the event of retirement, all granted Performance Share Units fully vest and are redeemable for cash within 3 months from the date of retirement at the redemption price in accordance with the Plan provisions. The following table sets out the incremental amounts which would have been payable under the Plan had retirement occurred on December 31st, 2010.

Retirement	Pierre Duhaime	Gilles Laramée	Jean Beaudoin	Riadh Ben Aïssa	Patrick Lamarre
Value of non-vested PSUs	$1,044,301	$598,596	$642,527	$ 750,831	$433,631
Value of Non-vested DSUs	$ 479,116	$130,060	$130,060	$ 258,685	$101,609
Total Incremental Payment	$1,523,417	$728,656	$772,587	$1,009,516	$535,240

9.7 Summary Compensation Table

For Summary Compensation Tables related to previous years, please refer to the Corporation's Management Proxy Circulars filed with the Canadian securities commissions and available on SEDAR (**www.sedar.com**).

The following table sets forth, for the fiscal years ended December 31st, 2010, December 31st, 2009 and December 31st, 2008, the compensation paid by the Corporation to the NEOs for services rendered in all capacities.

2010 SUMMARY COMPENSATION TABLE(1)

Name and principal position	Year	Salary ($)	Share-based Awards ($) DSUP(2)	PSUP(3)	MSOP	Option-based Awards(4) ($)	Non-equity Incentive Plan Compensation ($) Annual Incentive Plans(5)	Long-term Incentive Plans	Pension Value(6) ($)	All Other Compensation(7) ($)	Total Compensation ($)
(a)	(b)	(c)	(d)	(d)	(d)	(e)	(f1)	(f2)	(g)	(h)	(i)
Pierre Duhaime	2010	$800,000	$600,000	$600,000	$95,350	$1,161,750	$1,300,000	–	$329,400	$85,695	$4,972,195
President and CEO	2009	$583,662	$525,000	$525,000	$69,500	$ 751,880	$ 767,000	–	$737,000	$72,438	$4,031,480
	2008	$375,000	N/A	$281,250	$68,535	$ 247,920	$ 235,000	–	$103,100	$11,202	$1,322,007
Gilles Laramée	2010	$420,000	$157,500	$157,500	$73,250	$ 371,760	$ 473,800	–	$171,700	$13,299	$1,838,809
Executive Vice-	2009	$380,000	$142,500	$142,500	$69,250	$ 220,380	$ 380,000	–	$ 83,900	$12,396	$1,430,926
President/CFO	2008	$360,000	N/A	$270,000	$64,490	$ 247,920	$ 360,000	–	$ 94,400	$11,470	$1,408,280
Jean Beaudoin	2010	$405,000	$151,875	$151,875	$61,250	$ 371,760	$ 211,500	–	$105,500	$ 5,394	$1,464,154
Executive Vice-President	2009	$380,000	$142,500	$142,500	$51,750	$ 220,380	$ 190,000	–	$ 77,700	$ 4,992	$1,209,822
	2008	$365,000	N/A	$273,750	$33,500	$ 247,920	$ 365,000	–	$103,600	$ 4,046	$1,392,816
Riadh Ben Aïssa	2010	$420,000	$157,500	$157,500	$45,650	$ 371,760	$ 488,900	–	$ 83,700	$14,463	$1,739,473
Executive Vice-President	2009	$378,000	$283,500	$141,750	$28,380	$ 220,380	$ 378,000	–	$ 75,400	$ 9,707	$1,515,117
	2008	$350,000	N/A	$262,500	$10,380	$ 247,920	$ 360,000	–	$ 72,540	$ 6,680	$1,310,020
Patrick Lamarre	2010	$330,000	$123,750	$123,750	$34,400	$ 371,760	$ 368,300	–	$ 65,700	$ 3,034	$1,420,694
Executive Vice-President	2009	$297,000	$111,375	$111,375	$24,400	$ 220,380	$ 248,000	–	$ 59,200	$ 2,740	$1,074,470
	2008	$270,000	N/A	$202,500	$17,150	$ 247,920	$ 145,000	–	$ 55,200	$ 3,256	$ 941,026

Notes:

(1) Reconciliation Table

Column	Terms Used in Securities Legislation and in the Table Above	Terms Used in this Circular
(c)	Salary	Base Salary
(d)	Share-based awards	Deferred Share Units, Performance Share Units, Management Share Ownership Program
(e)	Option-based awards	Stock Options
(f1)	Annual Incentive plans	Management Incentive Program
(f2)	Long-term incentive plans	Not applicable
(g)	Pension value	Compensatory change as defined in section 9.4.1 "Executive Management Retirement Income Plan" and 9.4.2 "Harvest Plus Retirement Savings Program" of this Management Proxy Circular
(h)	All other compensation	Benefits and perquisites (where the aggregate value exceeds the lower of $50,000 or 10% of base salary) and employer contribution to the Employee Share Ownership Plan

(2) This amount represents the value of DSUs received as units. The number of units is established by using the greater of the average price of the Corporation's Common Shares over the five business days following the grant date or the closing price of the Corporation's Common Shares on the fifth business day following the grant date.

(3) This amount represents the value of PSUs granted under the new Plan. The number of units is established by using the greater of the average price of the Corporation's common shares over the five business days following the grant date or the closing price of the Corporation's Common Shares on the fifth business day following the grant date.

(4) This amount is the weighted average fair value (the weighted average fair value is $15.49 per stock option) of stock options granted pursuant to the 2009 Stock Option Plan of the Corporation (described in section 8.8.2 "Stock Options" of this Management Proxy Circular), calculated using the Black-Scholes option pricing model (non-amortized) in accordance with the accounting treatment. The weighted average assumptions used to determine the stock option compensation cost, for the year ended December 31st, 2010 were as follows: Risk-free interest rate 2.47%, expected stock price volatility 36.31%, expected option life four years and expected dividend yield 1.0%.

(5) Bonus amounts earned in 2010 and paid in 2011 under the MIP described in section 8.8.1 “Management Incentive Program” of this Management Proxy Circular.

(6) Prior to 2009, the value of defined benefit pension was expressed as the annual service cost. In 2009, the valuation methodology was changed to show the compensatory change. For comparison purpose, the value of the annual service cost for each NEO in 2009 and 2010 was respectively: Pierre Duhaime ($92,100 and $183,000), Gilles Laramée ($88,200 and $101,200), Jean Beaudoin ($89,500 and $100,300).

(7) This amount reflects the amounts received as executive benefits and perquisites. In 2010, each of the NEOs received benefits and perquisites of which the aggregate value was less than the lower of $50,000 or 10% of their respective base salary, with the exception of Mr. Duhaime who received, in 2010, a total of $69,011 in perquisites ($20,500 as an automobile allowance, $20,101 for club memberships, $4,006 for medical services and $9,312 for financial services) and executive benefits valued at $15,092. This column also includes employer contributions to the ESOP (described in section 8.7.3 “Employee Share Ownership Plan” of this Management Proxy Circular).

9.8 Total Compensation Tables (2008 – 2010)

The following tables show the total direct compensation for Mr. Duhaime and for the other NEOs in the last three calendar years (2008, 2009 and 2010).

Pierre Duhaime
President and CEO

Age: 56
Joined SNC-Lavalin: 1989
Responsibilities: President and CEO

Pierre Duhaime has over 30 years of engineering, construction and project management experience, primarily in the fields of industrial process plants and non-ferrous metals. Born in Quebec in 1954, Mr. Duhaime holds a Bachelor of Engineering in Metallurgy from the École Polytechnique de Montréal, Quebec, Canada and an MBA in Production and Finance from the École des Hautes Études Commerciales, Montreal, Quebec, Canada. Mr. Duhaime began his career at Noranda in 1975 as a metallurgist working on research and development programs. Through the 1980s, he quickly advanced to the level of Project Manager at Canadian Electrolytic Zinc and the American Iron and Metal Company, managing projects involving modernization, relocation and greenfield construction.

Joining SNC-Lavalin's Industrial Division in 1989 as a Project Manager, Mr. Duhaime was promoted to Director of Technology for the Division in 1991 and appointed its Vice-President of Projects and Technology in 1997. In both senior positions, he was involved in major mining and industrial projects, such as the engineering and construction of the Troilus Gold Mine in northern Quebec, and the Magnola Magnesium Plant, also in Quebec.

Mr. Duhaime assumed increasingly senior positions in the Industrial Division, as well as responsibility for the Corporation's Aluminum Division. In 2003, he was appointed Executive Vice-President responsible for SNC-Lavalin's Mining and Metallurgy activities worldwide. Mr. Duhaime has been instrumental in securing some of SNC-Lavalin's most prestigious mining projects and overseeing their progress in locations as widespread as Canada's High Arctic, the Namibian Desert, Madagascar, Abu Dhabi and New Caledonia. Mr. Duhaime has strengthened SNC-Lavalin's global position in the Mining and Metallurgy industry. In May 2009, Mr. Duhaime was named President and CEO of SNC-Lavalin Group Inc.

Mr. Duhaime is a member of the Canadian Institute of Mining and Metallurgy, the Commonwealth Business Council and l'Ordre des ingénieurs du Québec.

Three-Year Compensation 2008 – 2010

Fixed Compensation

Year	Base Salary (short-term)	Employee Share Ownership Plan (long-term)	Benefits and Perquisites (short-term)(1)	Pension Value (long-term)(2)	Total Fixed
2010	$800,000	$16,684	$69,011	$329,400	$1,215,095
2009	$583,662	$12,804	$59,634	$737,000	$1,393,100
2008	$375,000	$11,202	$33,499	$ 94,100	$ 513,801

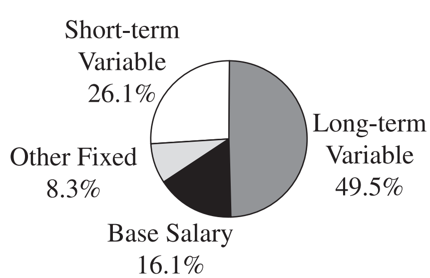
Variable (Performance-Based) Compensation

Year	Stock Options (long-term)(3)	MIP (short-term)(4)	MSOP (long-term)(5)	DSUP (long-term)(6)	PSUP(7) Cash Award (short-term)	PSUP(7) Value of Granted Units (long-term)	Total Variable	Total Compensation
2010	$1,161,750	$1,300,000	$95,350	$600,000	N/A	$600,000	$3,757,100	$4,972,195
2009	$751,880	$767,000	$69,500	$525,000	N/A	$525,000	$2,638,380	$4,031,480
2008	$247,920	$235,000	$68,535	N/A	$0	$281,250	$ 832,705	$1,346,506

Aggregate Holding of DSUs, PSUs and Stock Options

DSUs(8)				PSUs (Prior to 2010)(9)			
Vested		Non-Vested		Vested		Non-Vested	
Number	Value	Number	Value	Number	Value	Number	Value
2,004	$119,779	8,016	$479,116	44,207	$2,642,252	7,452	$445,406

PSUs (Since 2010)(10)				Stock Options(11)			
Vested		Non-Vested		Exercisable		Unexercisable	
Number	Value	Number	Value	Number	Value	Number	Value
0	$0	10,020	$598,895	48,000	$1,195,600	173,000	$2,698,150



*For the notes to this table see « **Notes** » on p.131*

Gilles Laramée
Executive Vice-President
and Chief Financial Officer

Age: 49
Joined SNC-Lavalin: 1986
Responsibilities: Administration, Finance, Insurance, Internal Audit, Investor Relations, Legal Affairs, Taxation, Investment and Treasury

Mr. Laramée is a chartered accountant with more than 25 years experience in business acquisitions, corporate and project financing, financial reporting and controls, independent auditing, investment, and asset management and taxation. He has a Bachelor of Business Administration, with a major in Public Accounting from the University of Montreal's School of Business Administration, HEC, and has completed the Advanced Management Program at Harvard University. He is also a Fellow of the Order of Chartered Accountants of Quebec.

In his 24 years with SNC-Lavalin, Mr. Laramée has occupied increasingly senior positions including Senior Accountant; Analyst, Reporting and Control; Chief Accountant; Assistant Treasurer; Treasurer; Senior Vice-President; Controller; and as of 1999, Executive Vice-President and CFO. As such, he has played a key role in many aspects of the Corporation's financial operations. Included under Mr. Laramée's responsibilities are Infrastructure Concession Investments, Administration, Finance, Internal Audit, Investor Relations, Legal, Mergers & Acquisitions, Risk & Insurance, Taxation and Treasury.

Three-Year Compensation 2008 – 2010

Fixed Compensation

Year	Base Salary (short-term)	Employee Share Ownership Plan (long-term)	Benefits and Perquisites (short-term)[1]	Pension Value (long-term)[2]	Total Fixed
2010	$420,000	$13,299	$31,324	$171,700	$636,323
2009	$380,000	$12,396	$29,100	$83,900	$505,396
2008	$360,000	$11,470	$35,870	$94,500	$501,840

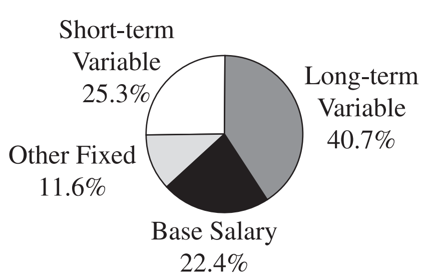
Variable (Performance-Based) Compensation

Year	Stock Options (long-term)[3]	MIP (short-term)[4]	MSOP (long-term)[5]	DSUP (long-term)[6]	PSUP[7] Cash Award (short-term)	PSUP[7] Value of Granted Units (long-term)	Total Variable	Total Compensation
2010	$371,760	$473,800	$73,250	$157,500	N/A	$157,500	$1,233,810	$1,870,133
2009	$220,380	$380,000	$69,250	$142,500	N/A	$142,500	$954,630	$1,460,026
2008	$247,920	$360,000	$64,490	N/A	$0	$270,000	$942,410	$1,444,250

Aggregate Holding of DSUs, PSUs and Stock Options

DSUs[8]				PSUs (Prior to 2010)[9]			
Vested		Non-Vested		Vested		Non-Vested	
Number	Value	Number	Value	Number	Value	Number	Value
544	$32,515	2,176	$130,060	86,323	$5,159,526	7,295	$436,022

PSUs (Since 2010)[10]				Stock Options[11]			
Vested		Non-Vested		Exercisable		Unexercisable	
Number	Value	Number	Value	Number	Value	Number	Value
0	$0	2,720	$162,574	48,000	$1,195,600	72,000	$1,210,280



*For the notes to this table see « **Notes** » on p.131*

Jean Beaudoin
Executive Vice-President

Age: 51
Joined SNC-Lavalin: 1984
Responsibilities: Chemicals & Petroleum worldwide, Offshore Oil & Gas, Pipelines, Industrial-Quebec
Geographical responsibilities: Alberta, Newfoundland and Labrador, Saudi Arabia, U.S. Gulf Coast, UK, and SNC-Lavalin's engineering office in Mumbai, India

Jean Beaudoin has over 25 years of construction, consulting engineering and project management experience, primarily in the fields of infrastructure, bio-pharmaceutical, Industrial and Chemicals and Petroleum sectors for projects executed in North America, in the Middle-East, Russia, India and South America.

He holds a B. Eng., Mechanical Engineering degree from the École Polytechnique de Montréal, and a degree in Advanced Management from Harvard Business School.

Since joining SNC-Lavalin in 1984, he has assumed positions of increasing responsibility, including Senior Vice-President and General Manager of Pellemon Inc. in 1998, Senior Vice-President and General Manager of the Quebec Industrial Division in 2002, Senior Vice-President and General Manager of the Chemicals and Petroleum Business unit in Calgary in 2005. In 2006, he was named Executive Vice-President, and assumed leadership of SNC-Lavalin's activities worldwide in the Chemicals and Petroleum, Offshore Oil and Gas and Pipeline sectors.

Mr. Beaudoin is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, and l'Ordre des ingénieurs du Québec.

Three-Year Compensation 2008 – 2010

Fixed Compensation					
Year	Base Salary (short-term)	Employee Share Ownership Plan (long-term)	Benefits and Perquisites (short-term)(1)	Pension Value (long-term)(2)	Total Fixed
2010	$405,000	$5,394	$29,477	$105,500	$545,371
2009	$380,000	$4,992	$26,962	$77,700	$489,654
2008	$365,000	$4,046	$27,417	$93,600	$490,063

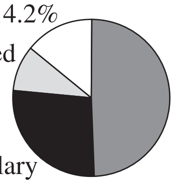
Variable (Performance-Based) Compensation

Year	Stock Options (long-term)(3)	MIP (short-term)(4)	MSOP (long-term)(5)	DSUP (long-term)(6)	PSUP(7)		Total Variable	Total Compensation
					Cash Award (short-term)	Value of Granted Units (long-term)		
2010	$371,760	$211,500	$61,250	$151,875	N/A	$151,875	$948,260	$1,493,631
2009	$220,380	$190,000	$51,750	$142,500	N/A	$142,500	$747,130	$1,236,784
2008	$247,920	$365,000	$33,500	N/A	$0	$273,750	$920,170	$1,410,233

Aggregate Holding of DSUs, PSUs and Stock Options

DSUs(8)				PSUs (Prior to 2010)(9)			
Vested		Non-Vested		Vested		Non-Vested	
Number	Value	Number	Value	Number	Value	Number	Value
544	$32,515	2,176	$130,060	9,292	$555,383	8,030	$479,953

PSUs (Since 2010)(10)				Stock Options(11)			
Vested		Non-Vested		Exercisable		Unexercisable	
Number	Value	Number	Value	Number	Value	Number	Value
0	$0	2,720	$162,574	–	–	72,000	$1,210,280



*For the notes to this table see « **Notes** »* on p.131

Riadh Ben Aïssa
Executive Vice-President
Age: 52
Joined SNC-Lavalin: 1985
Responsibilities: Infrastructure, Water, Geotechnical & Laboratories, Construction and Defence Contractors
Geographical responsibilities: Quebec, Latin America (Venezuela, Colombia, Dominican Republic, Haiti), North Africa (Algeria, Egypt, Libya, Morocco, Mauritania, Tunisia), Middle East (United Arab Emirates)

Riadh Ben Aïssa has more than 20 years of executive-level experience in the development and implementation of large engineering construction projects in the Middle East.

He obtained a Master in Business Administration (MBA) from the University of Ottawa, Canada in 1985, and joined SNC-Lavalin the same year.

He held positions of increasing responsibility in strategic planning and development prior to being named Senior Vice-President, SNC-Lavalin International. He has since been responsible for managing some of the Corporation's largest turnkey projects in North Africa and the Middle East, including clients such as ARAMCO, SAMAREC and SCECO in Saudi Arabia. In Libya, he was responsible for projects for AGIP Gas, the Civil Aviation Authority and, notably, the Great Man Made River Authority (GMRA), where he developed and executed major lump sum turnkey contracts for the drilling of deep water wells in Tazerbo, the drilling of exploratory wells in Giaghbub, the repairs of the PCCP Conveyance Lines (Tazerbo Ajdabya Benghazi) and the manufacture of 60,000 Pre-stressed Concrete Pipes, four metres in diameter, at the Sarir Factory.

In 2007, Mr. Ben Aïssa was promoted to Executive Vice-President in charge of worldwide water concessions and infrastructure projects, construction, Defence Contractors and Geotechnical & Laboratories.

Three-Year Compensation 2008 – 2010

Fixed Compensation

Year	Base Salary (short-term)	Employee Share Ownership Plan (long-term)	Benefits and Perquisites (short-term)(1)	Pension Value (long-term)(2)	Total Fixed
2010	$420,000	$14,463	$31,617	$83,700	$549,780
2009	$378,000	$9,707	$30,787	$75,400	$493,894
2008	$350,000	$6,680	$29,494	$72,540	$458,714

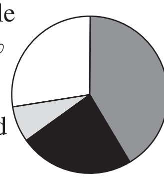
Variable (Performance-Based) Compensation

Year	Stock Options (long-term)(3)	MIP (short-term)(4)	MSOP (long-term)(5)	DSUP (long-term)(6)	PSUP(7) Cash Award (short-term)	PSUP(7) Value of Granted Units (long-term)	Total Variable	Total Compensation
2010	$371,760	$488,900	$45,650	$157,500	N/A	$157,500	$1,221,310	$1,771,090
2009	$220,380	$378,000	$28,380	$283,500	N/A	$141,750	$1,052,010	$1,545,904
2008	$247,920	$360,000	$10,380	N/A	$0	$262,500	$880,800	$1,339,514

Aggregate Holding of DSUs, PSUs and Stock Options

DSUs(8)				PSUs (Prior to 2010)(9)			
Vested		Non-Vested		Vested		Non-Vested	
Number	Value	Number	Value	Number	Value	Number	Value
1,083	$64,731	4,328	$258,685	3,801	$227,186	9,856	$589,093

PSUs (Since 2010)(10)				Stock Options(11)			
Vested		Non-Vested		Exercisable		Unexercisable	
Number	Value	Number	Value	Number	Value	Number	Value
0	$0	2,706	$161,738	37,500	$911,615	72,000	$1,210,280



*For the notes to this table see « **Notes** » on p.131*

Patrick Lamarre
Executive Vice-President

Age: 39
Joined SNC-Lavalin: 1995
Responsibilities: Aboriginal Affairs, Industrial – Ontario, US, Infrastructure – Ontario, Power Generation, Transmission and Distribution
Geographical Responsibilities: Manitoba and India

Patrick Lamarre has more than 16 years of experience in project financing, operations management, project design, engineering and on all aspects of mega projects.

Mr. Lamarre graduated in 1995 with a Bachelor of Applied Science degree in Chemical Engineering from the University of Waterloo. He is also a graduate of the Advanced Management Program at the Harvard School of Business.

Since joining SNC-Lavalin in 1995, Mr. Lamarre has worked in Montreal and Toronto, Canada and on projects in Chile, Cuba, Venezuela and Australia. Mr. Lamarre assumed the position of President and CEO of SNC-Lavalin Nuclear in 2004 and was responsible for SNC-Lavalin's global nuclear and power operations, as well as for all SNC-Lavalin's industrial and infrastructure operations in Ontario, Manitoba, Saskatchewan, Pittsburgh and Chicago. In 2008, Mr. Lamarre was appointed Executive Vice-President in charge of global power generation which includes nuclear, coal, gas, thermal, hydro, and the transmission and distribution of electricity, as well as SNC-Lavalin's industrial and infrastructure operations in Ontario, Manitoba and Saskatchewan.

Mr. Lamarre is a director on the Board of the Canadian Nuclear Association and a member of the Professional Order of Engineers for both Ontario and Quebec. In 2007, Mr. Lamarre was named one of Canada's "Top 40 under 40".

Three-Year Compensation 2008 – 2010

Fixed Compensation

Year	Base Salary (short-term)	Employee Share Ownership Plan (long-term)	Benefits and Perquisites (short-term)[1]	Pension Value (long-term)[2]	Total Fixed
2010	$330,000	$3,034	$31,649	$65,700	$430,383
2009	$297,000	$2,740	$27,879	$59,200	$386,819
2008	$270,000	$3,256	$27,512	$55,200	$355,968

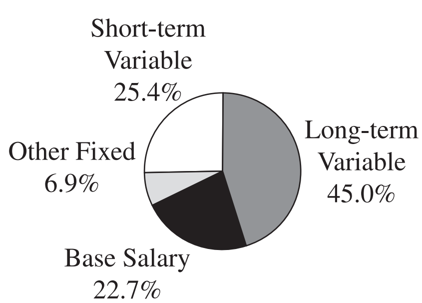
Variable (Performance-Based) Compensation

Year	Stock Options (long-term)[3]	MIP (short-term)[4]	MSOP (long-term)[5]	DSUP (long-term)[6]	PSUP[7] Cash Award (short-term)	PSUP[7] Value of Granted Units (long-term)	Total Variable	Total Compensation
2010	$371,760	$368,300	$34,400	$123,750	N/A	$123,750	$1,021,960	$1,452,343
2009	$220,380	$248,000	$24,400	$111,375	N/A	$111,375	$715,530	$1,102,349
2008	$247,920	$145,000	$17,150	N/A	N/A	$202,500	$612,570	$968,538

Aggregate Holding of DSUs, PSUs and Stock Options

DSUs[8] Vested Number	DSUs[8] Vested Value	DSUs[8] Non-Vested Number	DSUs[8] Non-Vested Value	PSUs (Prior to 2010)[9] Vested Number	PSUs (Prior to 2010)[9] Vested Value	PSUs (Prior to 2010)[9] Non-Vested Number	PSUs (Prior to 2010)[9] Non-Vested Value
426	$25,462	1,700	$101,609	1,282	$76,625	5,129	$306,560

PSUs (Since 2010)[10] Vested Number	PSUs (Since 2010)[10] Vested Value	PSUs (Since 2010)[10] Non-Vested Number	PSUs (Since 2010)[10] Non-Vested Value	Stock Options[11] Exercisable Number	Stock Options[11] Exercisable Value	Stock Options[11] Unexercisable Number	Stock Options[11] Unexercisable Value
0	$0	2,126	$127,071	42,000	$1,087,161	69,750	$1,160,488



Notes:
(1) This amount represents the employer contribution with respect to executive benefit programs and perquisites.
(2) This amount represents the compensatory change as calculated for the purpose of the summary compensation table in section 9.7 of this Management Proxy Circular. Please refer to note 6 of section 9.7 of this Management Proxy Circular for the calculation of defined benefit pension value prior to 2009.
(3) This amount represents the value of the stock options at the time of grant, using the Black-Scholes option-pricing model (non-amortized) in accordance with the accounting treatment.
(4) The MIP is described in section 8.8.1 "Management Incentive Program" of this Management Proxy Circular.
(5) The MSOP is described in section 8.8.3 "Management Share Ownership Program" of this Management Proxy Circular.
(6) The DSUP is described in section 8.8.4 "Deferred Share Unit Plan for Executive Employees" of this Management Proxy Circular.
(7) The PSUP is described in section 8.8.5 "Performance Share Unit Plan" of this Management Proxy Circular.
(8) The DSUs were valued using the price of $59.77 for a Common Share of the Corporation as at December 31st, 2010.
(9) The PSUs granted prior to 2010 were valued using the price of $59.77 for a Common Share of the Corporation as at December 31st, 2010.
(10) The PSUs granted since 2010 were valued using the price of $59.77 for a Common Share of the Corporation as at December 31st, 2010.
(11) The stock options were valued using the difference between the closing share price of $59.77 on December 31st, 2010 and the option exercise price.

The following table indicates the total compensation for the Named Executive Officers, as well as the total compensation as a percentage of operating income before taxes and as a percentage of shareholder equity.

	Total Compensation(1) for Named Executive Officers(2)	Total Compensation for Named Executive Officers as a % of Operating Income Before Taxes	Total Compensation for Named Executive Officers as a % of Shareholder Equity
2010	$ 11,447,245	2.0%	0.7%
2009	$ 12,917,436	2.7%	0.9%
Change	($1,470,191)	(0.7%)	(0.2%)

Notes:
(1) Total compensation consists of fixed and variable compensation as shown in the tables in section 9.8 "Total Compensation Tables (2008-2010)" of this Management Proxy Circular.
(2) For each year shown, compensation for NEOs is based on the compensation of the NEOs as reported in the Corporation's Management Proxy Circular filed with the Canadian Securities Commissions and available on SEDAR (**www.sedar.com**).

9.9 Approval of the Report on Executive Compensation

It is the responsibility and duty of the HR Committee to determine, in accordance with the Executive Compensation Policy and program noted above, the principles for establishing specific compensation levels for the Named Executive Officers and other key executives. In carrying out these duties, the Committee reviews the compensation plans, programs and policies, approves objectives for the President and CEO and members of the Office of the President, monitors their performance and compensation and makes appropriate recommendations to the Board of Directors.

The HR Committee, whose members' names are set out below, has reviewed and approved the remuneration of executive officers as described under section 8 and section 9 of this Management Proxy Circular. The HR Committee was appointed by the Board of Directors and is composed of Directors who meet the legislative and regulatory standards governing independence, and none of whom have any indebtedness towards the Corporation.

The following is the list of the members of the HR Committee:

Patricia A. Hammick
Pierre H. Lessard
Lorna R. Marsden
Hon. Hugh D. Segal
Lawrence N. Stevenson (Chairman)

SECTION 10: General and Additional Information

10.1 Directors' and Officers' Insurance

The Corporation maintains liability insurance, for a total amount of $70,000,000 for all Directors and officers of the Corporation and its subsidiaries. Under the terms of this insurance, the cost incurred in 2010 was $396,080 (tax included) and was fully paid by the Corporation.

10.2 Indebtedness of Directors and Officers

As of December 31st, 2010 there was no indebtedness of current and former Directors and officers and employees of the Corporation and its subsidiaries, whether entered into in connection with the purchase of Common Shares of the Corporation or otherwise.

10.3 Additional Information

Financial information is provided in the Corporation's annual and quarterly financial statements and annual and quarterly Management's Discussion and Analysis ("**MD&A**"). The Corporation is a reporting issuer under the securities acts of all provinces of Canada and complies with the requirement to file annual and quarterly financial statements, annual and quarterly MD&A, as well as its annual Management Proxy Circular and Annual Information Form ("**AIF**") with the various securities commissions in such provinces. The Corporation's most recent AIF, audited financial statements, MD&A, quarterly financial statements and quarterly MD&A subsequent to the audited financial statements, and Management Proxy Circular may be viewed on the Corporation's website (**www.snclavalin.com**) and on SEDAR (**www.sedar.com**) under the name of SNC-Lavalin Group Inc., and paper copies may be obtained on request from the Vice-President and Corporate Secretary of the Corporation. The Corporation may require the payment of a reasonable charge when the request for copies is made by a person other than a holder of securities of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short form prospectus, in which case such paper copies will be provided free of charge.

10.4 Approval of Directors

The contents and mailing of this Management Proxy Circular have been approved by the Directors of the Corporation.

10.5 Website References

Information contained in or otherwise accessible through any website mentioned in this Management Proxy Circular does not form part of this Circular. Any reference in this Circular to any website is an inactive textual reference only.

YVES LAVERDIÈRE (signed)
Vice-President and Corporate Secretary

Montreal, Quebec, March 7th, 2011

SCHEDULE "A"

MANDATE OF THE BOARD OF DIRECTORS,
RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management of the Corporation's business and its affairs. It has the statutory authority and obligation to protect and enhance the assets of the Corporation in the interest of all of its shareholders.

Although Directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interest of the Corporation must be paramount at all times.

The involvement and commitment of Directors is evidenced by regular Board and Committee attendance, preparation and active participation in setting goals, and requiring performance in the interest of shareholders.

Management of the Corporation's business is done through the President and Chief Executive Officer (**CEO**), who is charged with the day-to-day management of the Corporation. The Board approves the goals of the business, the objectives and policies within which it is managed, and then steps back and evaluates management performance. Reciprocally, management keeps the Board fully informed of the progress of the Corporation towards the achievement of its established goals and of all material deviations from the goals or objectives and policies established by the Board in a timely and candid manner.

The Board may delegate certain tasks to its Committees. The Board's principal duties fall into the following eight (8) categories.

1. BOARD ORGANIZATION AND SELECTION, RETENTION AND SUCCESSION OF MANAGEMENT

(a) Subject to the Articles and By-Laws of the Corporation, the Board manages its own affairs, including planning its composition, selecting its Chairman, who shall not be the CEO, nominating candidates for election to the Board, appointing the members of its Committees, establishing the terms of reference and duties of its Committees, determining Board compensation and assessing the performance of the Board, Board Committees, Chairman of the Board and individual Directors.

(b) The Board has responsibility for the appointment and replacement of the CEO, for monitoring CEO performance, and for determining CEO compensation.

(c) The Board has the responsibility for approving the appointment and remuneration of all corporate officers, acting upon the advice of the CEO, and for ensuring that adequate provision has been made for management succession.

(d) The Board shall provide an orientation and induction program for new Directors and shall encourage and provide opportunities for all Directors to continually update their skills as well as their knowledge of the Corporation, its business and its senior management.

2. STRATEGY DETERMINATION

(a) The Board has the responsibility to participate directly or through its Committees, in developing and approving the mission of the Corporation's business, its objectives and goals, and the strategy for their achievement. The Board shall, among other assessment processes, evaluate management's analysis of the strategies of the Corporation's competitors or of companies of a scale similar to that of the Corporation.

(b) The Board has the responsibility to ensure congruence between shareholders' expectations, the Corporation's plans and management performance.

(c) The Board holds a special meeting with management to review the Corporation's annual strategic plan with senior management prior to the commencement of each year and to approve the plan. The plan shall take into account, among other things, the opportunities and risks of the Corporation's business.

3. RISK EVALUATION

The Board has the responsibility to identify the principal risks of the Corporation's business and ensure the implementation of appropriate systems to manage such risks.

4. MONITORING AND ACTING

(a) The Board has the responsibility to monitor the Corporation's progress towards its goals, and to revise and alter its direction in light of changing circumstances. At every regularly scheduled meeting, the Board shall review recent developments, if any, that impact upon the Corporation's strategy. The Board shall, as part of its annual strategic planning process, conduct a review of human, technological and capital resources required to implement the Corporation's strategy and of the regulatory, cultural or governmental constraints on the Corporation's business.

(b) The Board has the responsibility to provide advice and counsel to the CEO, and to take action when performance falls short of its goals or other special circumstances warrant.

(c) The Board monitors the general application of the corporate governance practices described in the Corporation's Corporate Governance Handbook and reviews the updates that may be required to be made from time to time to the main mandates, policies and procedures contained in such Handbook.

5. POLICIES AND PROCEDURES

(a) The Board has the responsibility to approve and monitor compliance with all significant policies and procedures by which the Corporation is operated, including the Environmental Policy and the Occupational Health and Safety Policy. In particular, the Environmental Committee and the Occupational Health and Safety Committee, which have been established by management, shall report to the Health, Safety and Environment Committee of the Board of Directors on their respective activities once a year.

(b) The Board has the particular responsibility to ensure that the Corporation operates at all times within applicable laws and regulations, and ethical and moral standards.

(c) The Board has responsibility for monitoring compliance with the Corporation's written Code of Ethics and Business Conduct, granting any waivers from compliance for Directors and officers and causing disclosure of any such waivers to be made in the Corporation's next quarterly report, including the circumstances and rationale for granting the waiver.

6. DISCLOSURE TO SHAREHOLDERS AND OTHERS

(a) The Board has responsibility for ensuring that the performance of the Corporation is adequately reported to its shareholders, its other security holders, the investment community, the relevant regulators and the public on a timely and regular basis.

(b) The Board has responsibility for ensuring that timely disclosure is made by press release of any development that results in, or may reasonably be expected to result in, a significant change in the value or market price of the Corporation's listed securities.

(c) The Board is responsible for reviewing and approving the Corporation's annual information forms and management proxy circulars.

(d) In relation to communications with shareholders, the Board is responsible for approving resolutions to call meetings of shareholders, renewing the normal course issuer bid, and reviewing and approving the general content of the documents disclosed or filed by the Corporation in relation to such meetings of shareholders.

(e) The Board reviews the Corporation's communication policy governing the Corporation's communications with analysts, investors and the public.

7. FINANCIAL MATTERS AND INTERNAL CONTROLS

(a) The Board is responsible for (i) reviewing and approving the Corporation's unaudited quarterly financial statements and accompanying notes, together with the related management's discussion and analysis and press release, and (ii) ensuring that the Corporation's audited annual financial statements are presented fairly and in accordance with generally accepted accounting standards and reviewing and approving such financial statements and accompanying notes, together with the related management's discussion and analysis and press release.

(b) The Board approves the annual budget and the issuance of securities.

(c) The Board approves the declaration of dividends.

8. GENERAL LEGAL OBLIGATIONS

(a) To supervise the management of the business and affairs of the Corporation.

(b) To act honestly and in good faith with a view to the best interest of the Corporation.

(c) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(d) To act in accordance with the *Canada Business Corporations Act,* securities, environmental and other relevant legislation and the Corporation's Articles and By-Laws.

(e) To consider as the full Board and not delegate to a Committee:

- **(i)** any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- **(ii)** the filling of a vacancy among the Directors;
- **(iii)** the manner and the terms of the issuance of securities;
- **(iv)** the declaration of dividends;
- **(v)** the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
- **(vi)** the approval of a management proxy circular;
- **(vii)** the approval of any take-over bid circular or Directors' circular;
- **(viii)** the approval of the annual financial statements of the Corporation; or
- **(ix)** the adoption, amendment or repeal of By-Laws of the Corporation.

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**BOARD COMPOSITION, MEETING ARRANGEMENTS,
REMUNERATION AND INDEMNIFICATION**

1. COMPOSITION

The election of Directors occurs at the annual general meeting and is for a term of one (1) year. The foregoing notwithstanding, the Board may unanimously appoint Directors during the year, for a term ending at the next annual general meeting. The Corporation's practice with respect to the election of its Directors is not to use slate voting, but rather to allow every shareholder to vote for each Director individually or withhold his/her vote from each Director individually.

A majority of Directors must be "independent", as determined by the Board on the basis of the applicable regulatory criteria for "independence" set out at the end of this mandate. Furthermore, no more than two (2) of the Directors may sit on one same outside board of directors.

The articles of the Corporation provide that the Board of Directors shall consist of a minimum number of eight (8) and a maximum number of twenty (20) Directors to be elected annually.

The only officer who is currently a member of the Board is the President and Chief Executive Officer.

The Corporation is committed to building a skilled, diverse Board of Directors reflective of Canadian society and consisting of a cross-section of highly professional and competent members with the necessary disciplines to facilitate the Corporation meeting its legal, financial, operational and societal objectives.

2. MEETINGS

(a) The Chairman shall solicit from the members of the Board recommendations as to matters to be brought before the Board and shall ensure that such matters receive a fair hearing. The Board will meet at least five (5) times per year. Meetings will not normally exceed one (1) day in duration. A quorum for meetings is a majority of Directors. The Board sets the schedule of the Board and Board Committee meetings to be held in any given calendar year, a year or more in advance.

(b) The Chairman of the Board and the President and Chief Executive Officer shall, in consultation with the Vice-President and Corporate Secretary, set the agenda. Such agenda and background material on agenda items will be provided to Board members prior to each meeting so that they have an opportunity for advance review of relevant materials. Senior management will be made accessible to Board members at Board and Committee meetings to help them to fulfill their obligations.

(c) A Director may participate in a meeting of the Board or of a Committee by means of telephone or other communications facilities which permit all persons participating in the meeting to hear each other, and a Director participating in such a meeting by such means is deemed to be present at the meeting. If a regular meeting has been convened, telephone participation in the meeting by individual Board members is discouraged, except in special circumstances.

(d) At each of the five (5) regularly scheduled meetings of the Board, the Chairman of the Board shall hold an in camera session of the outside (non-management) Directors and shall, in any event, hold an in camera session of the outside Directors when compensation issues are discussed.

(e) At each of the five (5) regularly scheduled meetings of the Board, management shall report on the Corporation's investor relations, and the President and Chief Executive Officer shall report on key prospects, principal matters reviewed by the Bid and Investment Approval Committee and such other business as the Board deems appropriate and timely for discussion at the meeting.

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Applicable Regulatory Criteria for "Independence"

(1) An individual is independent if he/she has no direct or indirect material relationship with the Corporation.

(2) For the purposes of subsection (1), a "**material relationship**" is a relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with the Corporation:

(a) an individual who is, or has been within the last three (3) years, an employee or executive officer of the Corporation;

(b) an individual whose immediate family member is, or has been within the last three (3) years, an executive officer of the Corporation;

(c) an individual who:

(i) is a partner of a firm that is the Corporation's internal or independent auditor,

(ii) is an employee of that firm, or

(iii) was within the last three (3) years a partner or employee of that firm and personally worked on the Corporation's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the Corporation's internal or independent auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three (3) years a partner or employee of that firm and personally worked on the Corporation's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three (3) years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than $75,000 in direct compensation from the Corporation during any twelve (12) month period within the last three (3) years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the Corporation solely because:

(a) he/she had a relationship identified in subsection (3) if that relationship ended before March 30th, 2004; or

(b) he/she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30th, 2005.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or independent auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the Board of Directors or of any Board Committee of the Corporation, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the Corporation solely because the individual or his/her immediate family member:

(a) has previously acted as an interim chief executive officer of the Corporation, or

(b) acts, or has previously acted, as a chair or vice-chair of the Board of Directors or of any Board Committee of the Corporation on a part-time basis.

(8) For the purposes of determining whether a person is "independent" in accordance with the above provisions, "the Corporation" includes a subsidiary entity of the Corporation and a parent of the Corporation.

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

(1) Despite any determination made under the above independence criteria, an individual who:

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his/her capacity as a member of the Board of Directors or any Board Committee, or as a part-time chair or vice-chair of the Board or any Board Committee; or

(b) is an affiliated entity of the Corporation or any of its subsidiary entities,

is considered to have a material relationship with the Corporation.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

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SCHEDULE "B"

MANDATE OF THE AUDIT COMMITTEE

1. COMPOSITION

The Audit Committee shall be composed entirely of Directors who are "independent" (as this word is defined at Tab 3, Section 1 above). In addition, an individual who or an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal auditor or current or former independent auditor of the Corporation may not be a member of the Committee, unless three (3) years have elapsed since the person's relationship with the internal auditor or the independent auditor, or the auditing relationship, has ended. It is the Board that shall determine whether a Director who is to be appointed as member of the Committee satisfies the above criteria for independence.

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

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

2. TERMS OF REFERENCE

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

Primary Accountability

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

Financial Reporting

(b) review and recommend approval by the Board of the Corporation's unaudited quarterly financial statements, its audited annual financial statements and its press releases relating thereto;

(c) review before publication the Corporation's Management's Discussion and Analysis with particular attention to the presentation of unusual or sensitive matters such as disclosure of related party transactions, of significant non-recurring events, of significant risks, of changes in accounting principles, and of estimates or reserves, and all significant variances between comparative reporting periods;

(d) review all financial information to be included in annual information forms, annual reports, management proxy circulars, prospectuses, other offering memoranda and other documents containing similar financial information requiring approval by the Board of Directors before their public disclosure or filing with regulatory authorities;

(e) review the statement of management's responsibility for the financial statements as signed by senior management and to be included in any published document;

Accounting Policies

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

Risk and Uncertainty

(g) review any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and ensure appropriate disclosure thereof;

Controls and Control Deviations

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

Relationship with Independent Auditor

(i) 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' opinion or a qualification thereof or a comment by the auditor;

(j) recommend to the Board of Directors an independent auditor, which the Committee shall have established is independent, for approval by the shareholders of the Corporation; review and approve the terms of its engagement; review and approve the fee, scope and timing of its reviews of the unaudited quarterly financial statements and of its annual audit.

The Committee shall also be informed of and pre-approve, which pre-approval may be given by a designated "independent" (as this word is defined at Tab 3, Section 1 above) member of the Committee, certain **audit-related services** and **taxation services** as specified in paragraph (ii) below to be provided by the independent auditor and the costs thereof and consider any impact of the provision of any such **audit-related** services and **taxation services** on its independence; and determine appropriate funding for payment of the independent auditor. If any such services are pre-approved by a designated, "independent" member of the Committee, such pre-approval shall be presented to the Committee at its first scheduled meeting following such pre-approval.

For greater clarity, the independent auditor:

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

- examination of the Corporation's annual consolidated financial statements;
- examination of the annual financial statements of certain related entities or groups (such as, among others, Expertech Network Installation Inc., The Equinox Indemnity Co. Ltd., In Transit British Columbia GP Ltd., Okanagan Lake Concession Limited, S.A. SNC-Lavalin Europe N.V., SNC-Lavalin Nuclear Inc., SNC-Lavalin PAE Inc., SNC-Lavalin SAS, 407 International Inc.);
- 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**);

(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 their professional independence:

- examination of the annual financial statements of the employee pension plan(s);
- preparation of special reports to third parties required to comply with various contractual or other obligations of the Corporation or any of its business units;

- special audits on control procedures;
- due diligence services to assist management in the context of business investment or divestiture decisions;
- discrete audit services in support of the internal auditor, as required;
- advisory services in preparation for compliance under Bill 198 (*An Act to Implement Budget Measures and Other Initiatives of the Government, Ontario 2002*);
- translation services relating to financial information and statutory filings referred to under paragraph (j)(i) above;
- preparation and/or review of income or other tax returns of the Corporation's domestic or foreign business units;
- consultations with respect to income tax compliance or planning with domestic or foreign jurisdictions, including federal, provincial, state and capital taxes; international tax financing, structuring and repatriation strategies; loss utilization strategies; advice with respect to research and development expenditures;
- consultations with respect to transfer pricing risk and assessment;
- executive compensation plans, including pensions, stock options and deferred compensation plans;
- expatriate tax compliance and planning, including tax return preparation services with respect thereto;
- foreign office tax advice regarding international tax projects and co-ordination thereof;
- discussions regarding new tax developments and responses to tax queries as they arise;
- support regarding tax authority audits; and
- consumption tax advice.

(iii) shall be **prohibited** from providing the following **non-audit services** that are incompatible with the objective of preserving their 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).

(k) 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 representatives of the Corporation's shareholders) and perform an annual review of the terms of reference, organization, staffing, independence, performance and effectiveness of the independent auditor;

(l) review with the independent auditor the contents of the annual audit report and review any significant recommendations from the independent auditor to strengthen the internal controls of the Corporation;

(m) 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;

(n) review any unresolved significant issues between management and the independent auditor that could affect the financial reporting or internal controls of the Corporation;

(o) 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;

(p) ensure the respect of applicable requirements regarding the rotation of applicable partners of the independent auditor, on a regular basis;

(q) ensure that the independent auditor reports directly to the Committee.

(r) oversee the work of the independent auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditor regarding financial reporting.

Relationship with Internal Auditor

(s) establish with the internal auditor the Committee's expectations of him/her;

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

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

Other Responsibilities and Issues

(v) assist the Board of Directors in the discharge of its fiduciary responsibilities relating to the Corporation's accounting policies, reporting practices and internal controls;

(w) maintain a direct line of communications with the Chief Financial Officer, the Vice-President, Internal Audit and the independent auditor, and monitor the scope and costs of their audit activity and assess their performance;

(x) review and recommend approval by the Board of the Corporation's Disclosure Policy (included in this Handbook at Tab 19), which addresses the disclosure of financial results, declarations of dividends and material change information to its shareholders, the securities commissions, the Toronto Stock Exchange, financial analysts and stockbrokers and the general public, periodically review such Policy to ensure that it conforms with applicable legal and regulatory requirements and make recommendations to the Board regarding any required changes;

(y) monitor the application of the procedures established by the Committee for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; periodically review the text of these procedures and make recommendations to the Board regarding any required changes;

(z) monitor the application of the Corporation's security and disaster recovery plan, periodically review this plan and make recommendations to the Board regarding any required changes;

(aa) annually obtain from the Vice-President, SNC-Lavalin Risk & Insurance his/her report on the Corporation's captive insurance, review such report and make recommendations to the Board regarding any required changes;

(bb) without limiting the provisions of paragraph 3(e) of Tab 4 of this Handbook, engage independent counsel and other advisors as the Committee determines necessary to carry out its duties, and set and pay the compensation for any such advisors employed by the Committee; and

(cc) receive reports on and review any other items deriving from the foregoing, either in respect of the Corporation or a subsidiary or any other entity in which the Corporation has a significant interest, as requested by the Board.

3. ORGANIZATION AND PROCEDURES

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

(b) The Chairman of the Board and the Chairman of the Committee shall, in consultation with the Chief Financial Officer and the Vice-President, Internal Audit, set the agenda, which shall then be circulated among the Committee members and all other Board members.

(c) The Chief Financial Officer shall have direct access to the Committee and shall receive notice of and attend all meetings of the Committee, except private sessions.

(d) The independent auditor and the Vice-President, Internal Audit shall receive notice of and be invited to attend all meetings of the Committee, except private sessions.

(e) The independent auditor and one or more representatives of senior management shall each meet separately with the Committee, in private sessions, at least four (4) times per year.

(f) The Committee has the authority to communicate directly with the independent auditor and may also communicate directly with any employee of the Corporation and with the Vice-President, Internal Audit, as it deems necessary.

(g) The members of the Committee shall, at least once per year, meet with the Chief Financial Officer to enhance their financial literacy in respect of the Corporation's financial statements.

(h) The Committee shall annually evaluate its own performance, establish its forward agenda (a copy of which shall be provided to all Board members) and make recommendations to the Board as may be required in the circumstances.

(i) The Committee shall annually review its own terms of reference to ensure they continue to be appropriate, and make recommendations to the Governance Committee as required.

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ATTACHMENT "A"

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

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

The Corporation and its subsidiaries shah 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 film 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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SCHEDULE “C”

RESOLUTION ADOPTING A NON BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

“RESOLVED:

THAT, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the Corporation’s Management Proxy Circular delivered in advance of the 2011 annual meeting of shareholders of the Corporation”.

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SCHEDULE "D"

RESOLUTION RECONFIRMING AND APPROVING THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

"RESOLVED THAT:

1. the continuation of the Corporation's shareholder rights plan and its amendment and restatement as provided for in the Amended and Restated Shareholder Rights Plan Agreement dated as of March 4th, 2011 between the Corporation and Computershare Investor Services Inc., as Rights Agent, be and they are hereby ratified, confirmed and approved; and

2. any officer or director of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to do all such things and to execute all such documents or instruments as may be necessary or desirable to give effect to this resolution."

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SCHEDULE “E”

RESOLUTION APPROVING
THE ADOPTION OF THE 2011 STOCK OPTION PLAN

“RESOLVED:

THAT the Corporation be and is hereby authorized to adopt the 2011 Stock Option Plan (the **“2011 Plan”**) of the Corporation in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest, which plan is described in the Management Proxy Circular of the Corporation dated March 7th, 2011; and

THAT any officer of the Corporation be, and each is hereby authorized and directed, for and on behalf of the Corporation, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution and to the 2011 Plan”.

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SCHEDULE "F"

SUMMARY OF 2004 STOCK OPTION PLAN

On March 5th, 2004, subject to the approvals from certain regulatory authorities and from the Corporation's shareholders, which approvals were subsequently obtained, the Board of Directors of the Corporation adopted the 2004 Stock Option Plan (the "**2004 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The 2004 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2004 Plan is equal to 3,651,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 19th, 2004 under previous stock option plans, totals less than 5% of the Common Shares of the Corporation outstanding as at the same date. The Board of Directors of the Corporation shall select the optionees and will establish the number of Common Shares under each option. The option price is equal to the closing price of a board lot of Common Shares (100 Common Shares) traded on the Toronto Stock Exchange on the trading day immediately preceding the date on which the option is granted. The option price is payable in full at the time of exercise of the option. Each option may be exercised only during a period commencing on the first day of the third year and expiring on the last day of the sixth year following the date of granting the option (the "**Option Period**"). The 2004 Plan prohibits any modification of the option exercise price and of the number of unexercised options, except in the limited circumstances of a declaration of a stock dividend or of a cash dividend other than in the ordinary course of business, or a subdivision, consolidation, reclassification or other change with respect to the Common Shares. In these limited circumstances, the Board may make the modifications that it deems appropriate to the exercise price and to the number of unexercised options, subject always to the approval of the Toronto Stock Exchange.

An optionee may exercise his/her options, in whole or in part, at any time during the Option Period. An optionee who is a member of the Management Committee when he/she receives options, however, is required, in order to exercise his/her options, to have owned, throughout the one-year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least twice his/her annual base salary and, in the case of the President and/or Chief Executive Officer, the required value is at least three times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the optionee by the closing price per Common Share for a board lot (100 Common Shares) of the Common Shares traded on the Toronto Stock Exchange, on the trading day immediately preceding the date on which such option is exercised.

At its meeting of August 6th, 2004, the Board approved certain non-material changes to the 2004 Plan, which have been reviewed and approved by the Toronto Stock Exchange. Further to these changes, the optionees can henceforth exercise their options before having fulfilled the above-mentioned shareholding requirements providing, however, that the following conditions are met: the after-tax benefit of the exercise (as determined by the Corporation on the basis of the difference between the sale price and the exercise price, less applicable taxes) must immediately be remitted to a custodian, who will use the amount of the benefit to purchase shares on behalf of the optionee; these shares must be held in a separate account for the optionee and cannot be sold or transferred until the optionee's shareholding requirements are met.

An optionee who retires must exercise his/her options within a period of two years of his/her retirement or before the expiration of the 2004 Plan Option Period, whichever comes first. The Board has created a specific Retiree category. A "Retiree" means an optionee who, upon his/her last day of work as a full-time regular employee, has reached 55 years of age and has completed a minimum of ten years of continuous service with the Corporation. For the calculation of the value of the Common Shares, which a Retiree is required to hold when he/she wishes to exercise his/her options, his/her annual base salary in effect at the time of his/her retirement shall be deemed to be his/her annual base salary at the time of such exercise.

On March 7th, 2011, there were 498,580 options outstanding under the 2004 Plan, representing 0.33%of the total number of Common Shares of the Corporation outstanding (i.e. 150,943,873) on that date.

Under the 2004 Plan, (i) the number of Shares reserved for issuance pursuant to options granted to insiders under the 2004 Plan and other share compensation arrangements of the Corporation shall be less than 5% of the issued shares, and (ii) the number of Shares which may be issued under the 2004 Plan and other share compensation plans of the Corporation in a one-year period shall be less than (a) 5% of the issued Shares, and (b) to any one insider and such insider's associates, 2.5% of the issued Shares.

Under the 2004 Plan, an Optionee may exercise all or any portion of his/her options at anytime after the occurrence of any of the following events: (i) a person or a group of persons acting jointly or in concert holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Corporation; (ii) a person or a group of persons acting jointly or in concert launches a take-over bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Corporation; (iii) the persons who are directors of the Corporation cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

Under the 2004 Plan, the Board may at any time and from time to time by resolution amend, subject to prior regulatory approval where required, or terminate the 2004 Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned, respectively, affect the terms and conditions of options previously granted under the 2004 Plan to the extent that they have not then been exercised, unless the rights of such Optionees shall then have terminated in accordance with the 2004 Plan.

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SCHEDULE "G"

SUMMARY OF 2007 STOCK OPTION PLAN

On February 23rd, 2007, subject to the approvals from certain regulatory authorities and from the Corporation's shareholders, which approvals were subsequently obtained, the Board of Directors of the Corporation adopted the 2007 Stock Option Plan (the "**2007 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The 2007 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2007 Plan is equal to 3,500,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 5th, 2007 under previous stock option plans, totaled less than 5% of the Common Shares of the Corporation outstanding as at the same date. The Board of Directors of the Corporation shall select the optionees (the "Optionees") and shall establish the number of Common Shares under each option. The grant of options under the 2007 Plan shall take effect on the sixth (6th) trading day (the "**Date of Effect**") following the date of such grant. The exercise price per Common Share, in respect of any option granted under the 2007 Plan, shall be the greater of: (i) the average closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX for the five (5) trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the first (1st) trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the first (1st) day of the third year following the Date of Effect of the option and expiring on the last day of the fifth (5th) year following the Date of Effect (the "**Option Period**"). Each option may be exercised during the Option Period in accordance with the following schedule (i) during the first year of the Option Period, an Optionee may exercise up to 33.33% of the number of Common Shares initially under option; (ii) during the second year of the Option Period, the Optionee may exercise up to 33.33% of the number of Common Shares initially under option, plus the number of Common Shares with respect to which he/she has not exercised the option during the first year of the Option Period; and (iii) during the third year of the Option Period, the Optionee may exercise the option up to the balance (including all) of the Common Shares initially under option. The 2007 Plan prohibits any modification of the option exercise price and of the number of unexercised options, except in the limited circumstances of a declaration of a stock dividend or of a cash dividend other than in the ordinary course of business, or a subdivision, consolidation, reclassification or other change with respect to the Common Shares. In these limited circumstances, the Board may make the modifications that it deems appropriate to the exercise price and to the number of unexercised options, subject always to the approval of the TSX.

An Optionee who is a member of the Management Committee when he/she receives options is required, in order to exercise his/her options, to have owned, throughout the one (1) year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least three (3) times his/her annual base salary and, in the case of the President and/or Chief Executive Officer, the required value is at least six (6) times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the Optionee by the closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX, on the trading day immediately preceding the date on which such option is exercised.

Under the 2007 Plan, the Optionees can exercise their options before having fulfilled the above-mentioned shareholding requirements providing, however, that the following conditions are met: the after-tax benefit of the exercise (as determined by the Corporation on the basis of the difference between the sale price and the exercise price, less applicable taxes) must immediately be remitted to a custodian, who will use the amount of the benefit to purchase shares on behalf of the Optionee; these shares must be held in a separate account for the Optionee and cannot be sold or transferred until the Optionee's shareholding requirements are met.

The 2007 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2007 Plan and other share compensation arrangements of the Corporation must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2007 and other share compensation arrangements of the Corporation (a) to insiders, within any one year period, must be less than 5% of the issued Common Shares; and (b) to any one insider and such insider's associates, within any one year period, must be less than 2.5% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one person under the 2007 Plan must be less than 2.5% of the issued Common Shares.

An Optionee who becomes a Retiree before the expiration of the Option Period may exercise his/her options as per any other Optionee, in accordance with the Plan. A "Retiree" means an Optionee who, upon his/her last day of work as a full-time regular employee, has voluntarily terminated his/her employment and has completed a minimum of ten (10) years of continuous service with the Corporation. For the calculation of the value of the Common Shares, which a Retiree is required to hold when he/she wishes to exercise his/her options, his/her annual base salary in effect at the time of his/her retirement shall be deemed to be his/her annual base salary at the time of such exercise(1). If an Optionee becomes a Retiree before the expiration of the Option Period but he/she engages in certain activities competing with those of the Corporation, as more fully described in the 2007 Plan, his/her options will end, effective upon his/her last day of work as a full-time regular employee of the Corporation.

If an Optionee is granted authorized leave of absence for sickness or other reasons, the Optionee will be entitled to exercise his/her options during his/her leave of absence according to the provisions of the 2007 Plan. Similarly, if an Optionee dies before the expiration of the Option Period, his/her legal representatives will be entitled to exercise his/her options according to such provisions.

Under the 2007 Plan, an Optionee may exercise all or any portion of his/her options at any time after the occurrence of any of the following events: (i) a person or a group of persons holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Corporation; (ii) a person or a group of persons launches a take-over-bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Corporation; or (iii) the persons who are directors of the Corporation cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

The 2007 Plan includes an amendment procedure pursuant to which the Board may amend the 2007 Plan or amend the terms of any then outstanding award of options under the 2007 Plan, provided, however, that the Corporation shall obtain shareholder approval for: (i) any amendment to the number of Common Shares issuable under the 2007 Plan, except for certain adjustments in the case of changes affecting the Common Shares ("**Shares Adjustment**"); (ii) any change which would allow non-employee directors to participate under the 2007 Plan; (iii) any amendment which would permit any option granted under the 2007 Plan to be transferable or assignable other than by will or pursuant to the laws of succession; (iv) the addition of a cashless exercise feature, payable in cash or Common Shares, which does not provide for a full deduction of the number of underlying securities from the 2007 Plan reserve; (v) the addition of provisions which results in employees receiving Common Shares while no cash consideration is received by the Corporation; (vi) any reduction in the exercise price of an option after the option has been granted, except in the case of Shares Adjustment; (vii) any extension to the term of an option beyond the original expiry date; (viii) any increase to the number of Common Shares that may be granted to insiders under the 2007 Plan and other share compensation arrangements of the Corporation, except in the case of Shares Adjustment; (ix) the addition of any form of financial assistance for Optionees in the 2007 Plan; and (x) a change to the vesting provisions of an option or of the 2007 Plan.

On March 7th, 2011, there were 3,055,323 options outstanding under the 2007 Plan, representing 2.0% of the total number of Common Shares of the Corporation outstanding (i.e. 159,943,873) on that date.

The Board may, in its sole discretion, make all other amendments to the 2007 Plan, including: (i) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the 2007 Plan; (ii) a change to the termination provisions of an option or the 2007 Plan which does not entail an extension beyond the original expiry date; (iii) any Shares Adjustment; and (iv) suspending or terminating the 2007 Plan.

(1) Given the fact that the vesting of stock options continues after retirement it is, therefore, not necessary to include a hold period within the stock option plan as this hold period is implicit

SCHEDULE "H"

SUMMARY OF 2009 STOCK OPTION PLAN

On March 6th, 2009, subject to the approvals from certain regulatory authorities and from the Corporation's shareholders, which approvals were subsequently obtained, the Board of Directors of the Corporation adopted the 2009 Stock Option Plan (the "**2009 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The 2009 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2009 Plan is equal to 2,000,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 6th, 2009 under previous stock option plans, totaled less than 5% of the Common Shares of the Corporation outstanding as at the same date. The Board of Directors of the Corporation shall select the optionees (the "Optionees") and shall establish the number of Common Shares under each option. The grant of options under the 2009 Plan shall take effect on the sixth (6th) trading day (the "**Date of Effect**") following the date of such grant. The exercise price per Common Share, in respect of any option granted under the 2009 Plan, shall be the greater of: (i) the average closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX for the five (5) trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the first (1st) trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the first (1st) day of the third year following the Date of Effect of the option and expiring on the last day of the fifth (5th) year following the Date of Effect (the "**Option Period**"). Each option may be exercised during the Option Period in accordance with the following schedule (i) during the first year of the Option Period, an Optionee may exercise up to 33.33% of the number of Common Shares initially under option; (ii) during the second year of the Option Period, the Optionee may exercise up to 33.33% of the number of Common Shares initially under option, plus the number of Common Shares with respect to which he/she has not exercised the option during the first year of the Option Period; and (iii) during the third year of the Option Period, the Optionee may exercise the option up to the balance (including all) of the Common Shares initially under option. The 2009 Plan prohibits any modification of the option exercise price and of the number of unexercised options, except in the limited circumstances of a declaration of a stock dividend or a subdivision, consolidation or reclassification, other change or action affecting the Common Shares. In these limited circumstances, the Board may make the modifications that it deems appropriate to the exercise price and to the number of unexercised options, subject always to the approval of the TSX.

An Optionee who is a member of the Management Committee when he/she receives options is required, in order to exercise his/her options, to have owned, throughout the one (1) year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least three (3) times his/her annual base salary and, in the case of the President and/or Chief Executive Officer, the required value is at least six (6) times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the Optionee by the closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX, on the trading day immediately preceding the date on which such option is exercised.

Under the 2009 Plan, the Optionees are precluded from exercising any options until their minimum shareholding requirements have been met.

The 2009 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2009 Plan and other share compensation arrangements of the Corporation must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2009 and other share compensation arrangements of the Corporation (a) to insiders, within any one year period, must be less than 5% of the issued Common Shares; and (b) to any one insider and such insider's associates, within any one year period, must be less than 2.5% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one person under the 2009 Plan must be less than 2.5% of the issued Common Shares.

An Optionee who becomes a Retiree before the expiration of the Option Period may exercise his/her options as per any other Optionee, in accordance with the Plan. A "Retiree" means an Optionee who, upon his/her last day of work as a full-time regular employee, has voluntarily terminated his/her employment and has completed a minimum of ten (10) years of continuous service with the Corporation and is 55 years of age or older. For the calculation of the value of the Common Shares, which a Retiree is required to hold when he/she wishes to exercise his/her options, his/her annual base salary in effect at the time of his/her retirement shall be deemed to be his/her annual base salary at the time of such exercise[1]. If an Optionee becomes a Retiree before the expiration of the Option Period but he/she engages in certain activities competing with those of the Corporation, as more fully described in the 2009 Plan, his/her options will end, effective upon his/her last day of work as a full-time regular employee of the Corporation.

If an Optionee is granted authorized leave of absence for sickness or other reasons, the Optionee will be entitled to exercise his/her options during his/her leave of absence according to the provisions of the 2009 Plan. Similarly, if an Optionee dies before the expiration of the Option Period, his/her legal representatives will be entitled to exercise his/her options according to such provisions.

Under the 2009 Plan, an Optionee may exercise all or any portion of his/her options at any time after the occurrence of any of the following events: (i) a person or a group of persons holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Corporation; (ii) a person or a group of persons launches a take-over-bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Corporation; or (iii) the persons who are directors of the Corporation cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

The 2009 Plan includes an amendment procedure pursuant to which the Board may amend any of the provisions of the 2009 Plan or amend the terms of any then outstanding award of options under the 2009 Plan, provided, however, that the Corporation shall obtain shareholder approval for: (i) any amendment to the number of Common Shares issuable under the 2009 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation, reclassification, issue of rights or changes affecting the Common Shares ("**Shares Adjustment**"); (ii) any change which would allow non-employee directors to participate under the 2009 Plan; (iii) any amendment which would permit any option granted under the 2009 Plan to be transferable or assignable other than by will or pursuant to the laws of succession; (iv) the addition of a cashless exercise feature, payable in cash or Common Shares, which does not provide for a full deduction of the number of underlying securities from the 2009 Plan reserve; (v) the addition of deferred or restricted share unit provisions or any other provisions which results in employees receiving Common Shares while no cash consideration is received by the Corporation; (vi) any reduction in the exercise price of an option after the option has been granted, or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, except in the case of Shares Adjustment; (vii) any extension to the term of an option beyond the Option Period, unless the end of the Option Period falls within a period during which insiders are prohibited from trading, in which case the Option Period shall be extended by ten (10) trading days following the end of the period during which insiders are prohibited from trading. However, such ten (10) trading day extension shall not apply in cases where the Option Period ends:

(a) during a pre-determined, regularly scheduled period during which insiders of the Corporation are prohibited from trading; or
(b) during a cease trade order;

(viii) any increase to the number of Common Shares that may be granted to (1) insiders under the 2009 Plan and other share compensation arrangements of the Corporation or (2) any one insider and such insider's associates in any one-year period, except in the case of Shares Adjustment; (ix) the addition in the 2009 Plan of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to Optionees; and (x) a change to the vesting provisions of an option or of the 2009 Plan.

No amendment, suspension or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under the 2009 Plan, to the extent that such options have not then been exercised, unless the rights of the Optionees shall then have terminated in accordance with the 2009 Plan.

On March 7th, 2011, there were 1,451,359 options outstanding under the 2009 Plan, representing 0.96% of the total number of Common Shares of the Corporation outstanding (i.e. 150,943,873) on that date.

The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion, make all other amendments to the 2009 Plan that are not contemplated above, including without limitation, the following: (i) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the 2009 Plan; (ii) a change to the termination provisions of an option or the 2009 Plan which does not entail an extension beyond the Option Period, as extended pursuant to item (vii) above, if applicable; (iii) any Shares Adjustment; and (iv) suspending or terminating the 2009 Plan.

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(1) Given the fact that the vesting of stock options continues after retirement it is, therefore, not necessary to include a hold period within the stock option plan as this hold period is implicit.

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