SNC·LAVALIN

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Interim Consolidated Financial Statements (unaudited)

As at and for three-month period ended
March 31, 2009 and 2008

SNC-LAVALIN GROUP INC.

Consolidated Statements of Income

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE AND SHARES)		THREE MONTHS ENDED MARCH 31	
	Note	**2009**	2008
Revenues by activity:			
Services		**$ 559,841**	$ 477,494
Packages		**566,826**	863,689
Operations and Maintenance		**409,375**	355,480
Infrastructure Concession Investments		**89,703**	78,428
		1,625,745	1,775,091
Direct costs of activities		**1,357,935**	1,534,399
Gross margin		**267,810**	240,692
Selling, general and administrative expenses		**136,962**	120,295
Interest and capital taxes	5	**26,643**	25,196
Income before income taxes and non-controlling interest		**104,205**	95,201
Income taxes		**24,746**	22,958
Non-controlling interest		**1,974**	1,391
Net income		**$ 77,485**	$ 70,852
Earnings per share ($)	7		
Basic		**$ 0.51**	$ 0.47
Diluted		**$ 0.51**	$ 0.47
Weighted average number of outstanding shares (in thousands)	7		
Basic		**150,983**	150,946
Diluted		**151,471**	152,365

See accompanying notes to interim consolidated financial statements.

SNC-LAVALIN GROUP INC.

Consolidated Statements of Shareholders' Equity

(UNAUDITED)

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT COMMON SHARES)

2009

	SHARE CAPITAL					
	COMMON SHARES (IN THOUSANDS)	AMOUNT	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (1) (NOTE 4)	RETAINED EARNINGS (1)	TOTAL SHAREHOLDERS' EQUITY
Balance at beginning of period (Note 1C)	**151,033**	**$ 385,651**	**$ 24,247**	**$ (101,467)**	**$ 780,722**	**$ 1,089,153**
Comprehensive income:						
Net income	**–**	**–**	**–**	**–**	**77,485**	**77,485**
Currency translation adjustment on self-sustaining foreign operations	**–**	**–**	**–**	**738**	**–**	**738**
Net unrealized gain on available-for-sale financial assets (2)	**–**	**–**	**–**	**3,904**	**–**	**3,904**
Net unrealized gain on derivative financial instruments designated as cash flow hedges (3)	**–**	**–**	**–**	**6,890**	**–**	**6,890**
Total comprehensive income						**89,017**
Dividends declared	**–**	**–**	**–**	**–**	**(22,649)**	**(22,649)**
Stock option compensation (Note 8)	**–**	**–**	**4,095**	**–**	**–**	**4,095**
Shares issued under stock option plans	**91**	**1,887**	**(367)**	**–**	**–**	**1,520**
Shares redeemed and cancelled	**(99)**	**(254)**	**–**	**–**	**(3,200)**	**(3,454)**
Balance at end of period	**151,025**	**$ 387,284**	**$ 27,975**	**$ (89,935)**	**$ 832,358**	**$ 1,157,682**

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT COMMON SHARES)

2008

	SHARE CAPITAL					
	COMMON SHARES (IN THOUSANDS)	AMOUNT	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (1) (NOTE 4)	RETAINED EARNINGS (1)	TOTAL SHAREHOLDERS' EQUITY
Balance at beginning of period	151,038	$ 367,273	$ 18,634	$ (48,958)	$ 591,340	$ 928,289
Transitional adjustment on adoption of new accounting standards (Note 1C)	–	–	–	–	(5,854)	(5,854)
Adjusted balance at beginning of period	151,038	367,273	18,634	(48,958)	585,486	922,435
Comprehensive income:						
Net income	–	–	–	–	70,852	70,852
Currency translation adjustment on self-sustaining foreign operations	–	–	–	21,406	–	21,406
Net unrealized loss on available-for-sale financial assets (2)	–	–	–	(2,928)	–	(2,928)
Net unrealized loss on derivative financial instruments designated as cash flow hedges (3)	–	–	–	(52,952)	–	(52,952)
Total comprehensive income						36,378
Dividends declared	–	–	–	–	(18,117)	(18,117)
Stock option compensation (Note 8)	–	–	4,495	–	–	4,495
Shares issued under stock option plans	91	2,944	(548)	–	–	2,396
Shares redeemed and cancelled	(167)	(409)	–	–	(6,700)	(7,109)
Balance at end of period	150,962	$ 369,808	$ 22,581	$ (83,432)	$ 631,521	$ 940,478

(1) Total of accumulated other comprehensive income (loss) and retained earnings was $742.4 million at March 31, 2009 (March 31, 2008: $548.1 million).

(2) Net of income taxes of $nil in the first three months of 2009 (first three months of 2008: $nil).

(3) Net of income taxes of $0.5 million in the first three months of 2009 (first three months of 2008: $2.6 million).

See accompanying notes to interim consolidated financial statements.

SNC-LAVALIN GROUP INC.

Consolidated Balance Sheets

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)	Note	MARCH 31 2009	DECEMBER 31 2008
Assets			
Current			
Cash and cash equivalents		**$ 872,251**	$ 988,236
Restricted cash		**120,416**	59,997
Trade and other receivables		**1,678,254**	1,675,170
Contracts in progress		**748,070**	707,994
Future income tax asset		**121,007**	121,026
Total current assets		**3,539,998**	3,552,423
Property and equipment:			
From infrastructure concession investments	3	**1,921,862**	1,750,690
From other activities		**118,168**	123,356
Goodwill		**504,397**	496,147
Infrastructure concession investments accounted for by the equity or cost methods	3	**349,997**	343,379
Future income tax asset		**68,615**	81,095
Other long-term assets		**460,790**	424,448
Total assets		**$ 6,963,827**	$ 6,771,538
Liabilities			
Current			
Trade and other payables		**$ 2,172,965**	$ 2,260,670
Downpayments on contracts		**418,145**	473,199
Deferred revenues		**537,452**	536,394
Current portion of non-recourse long-term debt		**72,914**	5,764
Total current liabilities		**3,201,476**	3,276,027
Long-term debt:			
Recourse		**104,749**	104,709
Non-recourse from infrastructure concession investments	3	**2,030,622**	2,003,303
Other long-term liabilities		**399,344**	230,614
Total liabilities		**5,736,191**	5,614,653
Non-controlling interest		**69,954**	67,732
Shareholders' equity		**1,157,682**	1,089,153
Total liabilities, non-controlling interest and shareholders' equity		**$ 6,963,827**	$ 6,771,538

Certain figures at December 31, 2008 have been restated following the adoption of new accounting standards (Note 1C).

See accompanying notes to interim consolidated financial statements.

SNC-LAVALIN GROUP INC.

Consolidated Statements of Cash Flows

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)		THREE MONTHS ENDED MARCH 31	
	Note	**2009**	2008
Operating activities			
Net income		**$ 77,485**	$ 70,852
Items not involving a movement of cash:			
Depreciation of property and equipment and amortization of other long-term assets:			
From infrastructure concession investments		**22,706**	19,014
From other activities		**10,015**	10,608
Future income taxes		**12,807**	4,551
Accrued interest expense on non-recourse long-term debt from infrastructure concession investments		**1,838**	6,725
Stock option compensation	8	**4,095**	4,495
Loss from infrastructure concession investments accounted for by the equity method		**2,516**	2,424
Non-controlling interest		**1,974**	1,391
Other		**1,973**	(94)
		135,409	119,966
Net change in non-cash working capital items	6	**(174,500)**	(61,798)
		(39,091)	58,168
Investing activities			
Acquisition of property and equipment:			
From infrastructure concession investments		**(44,081)**	(49,710)
From other activities		**(8,571)**	(8,340)
Payments for infrastructure concession investments		**(32,241)**	(2,625)
Acquisition of businesses		**(5,158)**	(9,639)
Change in restricted cash position		**(65,875)**	6,580
Other		**(5,404)**	(12,968)
		(161,330)	(76,702)
Financing activities			
Repayment of non-recourse long-term debt:			
From infrastructure concession investments		**(1,112)**	(88,284)
From other activities		**–**	(25,812)
Increase in non-recourse long-term debt from infrastructure concession investments		**93,012**	92,157
Proceeds from exercise of stock options		**1,520**	2,396
Redemption of shares		**(3,454)**	(7,109)
Other		**(2,207)**	(13,733)
		87,759	(40,385)
Foreign currency translation gain (loss) on cash and cash equivalents held in self-sustaining operations		**(3,323)**	7,170
Net decrease in cash and cash equivalents		**(115,985)**	(51,749)
Cash and cash equivalents at beginning of period		**988,236**	1,088,616
Cash and cash equivalents at end of period		**$ 872,251**	$ 1,036,867
Supplementary cash flow information	6		

See accompanying notes to interim consolidated financial statements.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SNC-Lavalin Group Inc. (the "Company") is incorporated under the Canada Business Corporations Act. "SNC-Lavalin" means, as the context may require, the Company and all or some of its subsidiaries or joint ventures, or the Company or one or more of its subsidiaries or joint ventures.

A) BASIS OF PRESENTATION

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and use the same accounting policies and methods used in the preparation of the Company's 2008 annual audited consolidated financial statements, except as described below under Note 1C "Recent Changes in Accounting Standards for 2009". All disclosures required for annual audited consolidated financial statements have not been included in these interim unaudited consolidated financial statements. Therefore, these interim unaudited consolidated financial statements should be read in conjunction with the Company's most recent audited annual consolidated financial statements.

In these financial statements, activities from Services, Packages, and Operations and Maintenance are collectively referred to as "from other activities" or "excluding ICI" to distinguish them from Infrastructure Concession Investments ("ICI").

B) PRINCIPLES OF CONSOLIDATION

The interim unaudited consolidated financial statements include the accounts of the Company, its subsidiaries and its pro-rata share of each of the assets, liabilities, revenues and expenses of its joint ventures. The portion of the net assets of an entity that is fully consolidated but not wholly-owned by SNC-Lavalin is presented as non-controlling interest on the consolidated balance sheet, while the portion of net income attributable to such non-controlling interest is also shown separately on the consolidated statement of income. Investments in entities in which SNC-Lavalin has significant influence, but does not exercise control or joint control, are accounted for by the equity method. Investments in entities in which SNC-Lavalin does not have significant influence are accounted for by the cost method.

C) RECENT CHANGES IN ACCOUNTING STANDARDS FOR 2009

GOODWILL AND INTANGIBLE ASSETS

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new section replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs", and, concurrently, EIC-27, "Revenues and Expenditures in the Pre-operating Period" has been withdrawn, while Accounting Guideline 11, "Enterprises in the Development Stage" and Section 1000, "Financial Statements Concepts", have been amended. These new accounting standards were effective January 1, 2009 for SNC-Lavalin and were required to be adopted retroactively, with restatement of comparative figures.

The adoption of these new accounting standards resulted in a transitional adjustment reducing the Company's retained earnings at January 1, 2008 by $5.9 million, representing the cumulative net income impact of applying the new standards up to that date. The transitional adjustment also resulted in the following changes to the Company's consolidated balance sheet at the same date: i) a decrease of $6.7 million in infrastructure concession investments accounted for by the equity method; ii) a decrease of $0.7 million in other long-term assets; and iii) an increase of $1.5 million in long-term future income tax asset. These changes relate mainly to pre-operating expenditures that were incurred and capitalized by infrastructure concession investments that are no longer capitalized under the new accounting standards.The adoption of the new accounting standards did not have any impact on the Company's 2008 consolidated net income and, accordingly, the transitional adjustments are limited to those described above.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RATE-REGULATED OPERATIONS

On January 1, 2009, the removal of the temporary exemption granted to rate-regulated enterprises from applying Section 1100 of the CICA Handbook, "Generally Accepted Accounting Principles" took effect. The temporary exemption permitted rate-regulated entities to apply industry practice as a primary source of Canadian GAAP. Accordingly, based on industry practice, AltaLink was recording the portion of the amount collected for future removal and site restoration as a reduction to its property and equipment. The removal of the temporary exemption of Section 1100 requires AltaLink to present such amount as a liability, with such change being made prospectively. As such, the removal of the temporary exemption resulted in a $145.4 million increase in property and equipment, with a corresponding increase in other long-term liabilities at January 1, 2009. This accounting change had no impact on SNC-Lavalin's 2008 consolidated net income.

2. SEGMENT DISCLOSURES

	THREE MONTHS ENDED MARCH 31			
	2009		2008	
	REVENUES	OPERATING INCOME (LOSS)	REVENUES	OPERATING INCOME
Services and Packages				
Infrastructure and Environment	**$ 405,070**	**$ 55,496**	$ 349,035	$ 551
Chemicals and Petroleum	**236,767**	**(10,011)**	414,957	46,645
Power	**212,798**	**14,365**	273,752	21,118
Mining and Metallurgy	**199,373**	**26,254**	211,269	14,179
Other Industries	**72,659**	**7,438**	92,170	7,199
Operations and Maintenance	**409,375**	**10,354**	355,480	10,557
Infrastructure Concession Investments ("ICI")	**89,703**	**4,384**	78,428	436
	$ 1,625,745	**108,280**	$ 1,775,091	100,685
Reversal of items included above:				
Imputed interest benefit		**(7,299)**		(12,017)
Net interest expense and capital taxes from ICI		**26,284**		29,268
Income taxes from ICI		**1,563**		1,132
Non-controlling interest before income taxes		**2,020**		1,329
Income before interest, taxes and non-controlling interest		**130,848**		120,397
Interest and capital taxes (Note 5)		**26,643**		25,196
Income before income taxes and non-controlling interest		**104,205**		95,201
Income taxes		**24,746**		22,958
Non-controlling interest		**1,974**		1,391
Net income		**$ 77,485**		$ 70,852

	THREE MONTHS ENDED MARCH 31	
	2009	2008
Supplementary information:		
SNC-Lavalin's net income (loss) from ICI		
From Highway 407	**$ 1,348**	$ (1,991)
From other ICI	**3,036**	2,427
Net income excluding ICI	**73,101**	70,416
Net income	**$ 77,485**	$ 70,852

The Company discloses its 16.77% proportionate share of Highway 407's net income (loss) as well as its net income from other ICI as shown above, as this information is useful in assessing the value of the Company's share price.

3. INFRASTRUCTURE CONCESSION INVESTMENTS

SNC-Lavalin makes equity investments in infrastructure concessions in certain industry sectors, such as airports, bridges, power, mass transit systems, roads and water. In accordance with Canadian GAAP, SNC-Lavalin's investments are accounted for by either the cost, equity, proportionate consolidation or full consolidation methods depending on whether SNC-Lavalin exercises, or not, significant influence, joint control or control.

When making equity investments in infrastructure concessions, SNC-Lavalin ensures that the debt included in these concessions is non-recourse to the general credit of the Company. Also, when making such equity investments, SNC-Lavalin may not be required to make its equity contribution immediately but instead may commit to making its equity contribution over time.

The infrastructure concession investments have a significant impact on the Company's consolidated balance sheet. Specifically, these investments have significant property and equipment, and long-term debt, which is non-recourse to the general credit of the Company. In order to assist the reader in understanding the impact of the infrastructure concession investments, additional information is provided in the table below on the assets, liabilities and non-controlling interest of infrastructure concession investments accounted for by the full or proportionate consolidation methods and on the net book value of the Company's infrastructure concession investments.

	MARCH 31 2009	DECEMBER 31 2008
Cash and cash equivalents	**$ 40,049**	$ 28,920
Restricted cash	**109,144**	48,751
Trade and other receivables and current future income tax asset	**47,926**	50,039
Property and equipment	**1,921,862**	1,750,690
Goodwill	**203,786**	203,786
Other long-term assets and long-term future income tax asset	**429,756**	403,335
Total assets	**2,752,523**	2,485,521
Trade and other payables	**76,466**	75,524
Current portion of non-recourse long-term debt	**72,914**	5,764
Non-recourse long-term debt	**2,030,622**	2,003,303
Other long-term liabilities	**303,069**	132,976
Non-controlling interest	**65,721**	63,761
Total liabilities and non-controlling interest	**2,548,792**	2,281,328
Net book value of ICI accounted for by the full or proportionate consolidation methods	**203,731**	204,193
Net book value of ICI accounted for by the equity method	**113,737**	110,420
Net book value of ICI accounted for by the cost method	**236,260**	232,959
Net book value of ICI accounted for by the equity or cost methods as shown on balance sheet	**349,997**	343,379
Net book value of total ICI	**$ 553,728**	$ 547,572

3. INFRASTRUCTURE CONCESSION INVESTMENTS (CONTINUED)

The $203.7 million net book value of ICI accounted for by the full or proportionate consolidation methods as at March 31, 2009 (December 31, 2008: $204.2 million) is net of the negative carrying amount resulting from the proportionate consolidation of Highway 407. Under Canadian GAAP, the proportionate consolidation method requires the venturer to recognize its proportionate share of the joint venture cumulative losses irrespective of the carrying amount of its investment in such joint venture. Consistent with this requirement, the net book value of the Company's investment in Highway 407 resulted in a negative balance of $44.5 million as at March 31, 2009 (December 31, 2008: negative balance of $37.9 million). The negative balance of this investment, which varies depending on SNC-Lavalin's proportionate share of Highway 407's accounting losses and income and dividends received, does not represent a liability or any future obligation that SNC-Lavalin has relative to Highway 407 or any other party.

As at March 31, 2009, Highway 407, which is accounted for by the proportionate consolidation method, held a $153.3 million principal amount of long-term notes (December 31, 2008: $147.0 million of Asset-Backed Commercial Paper, converted to notes in 2009, and $6.3 million of non-bank notes, collectively referred to as "Notes" in 2009). The market for the Notes is not liquid and therefore they have been valued using best available market data, resulting in a carrying value of $91.5 million at March 31, 2009 (December 31, 2008: $92.0 million). The decrease in the carrying value in the first three months of 2009 was primarily due to accrued interest received of $5.7 million, partially offset by a fair value adjustment recovery of $5.2 million. SNC-Lavalin's proportionate share in the revised carrying value of the Notes held by Highway 407 represented approximately $15.3 million at March 31, 2009 (December 31, 2008: $15.4 million) and is presented in "Other long-term assets". SNC-Lavalin's proportionate share in the fair value recovery of the Notes in the first three months of 2009, which amounted to $0.9 million (first three months of 2008: $2.3 million proportionate share of the fair value adjustment expense), has been recorded as part of "Interest and capital taxes". While some uncertainties exist about the amount and timing of cash flows relating to the Notes, they will not have a significant impact on SNC-Lavalin's financial position. On a consolidated basis, SNC-Lavalin has no other direct or indirect investment in such Notes.

4. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table provides the balances of the components of accumulated other comprehensive income (loss) as at:

		MARCH 31 2009		DECEMBER 31 2008
Accumulated currency translation adjustment on self-sustaining foreign operations	**$**	**11,436**	$	10,698
Accumulated net unrealized loss on available-for-sale financial assets		**(9,747)**		(13,651)
Accumulated net unrealized loss on derivative financial instruments designated as cash flow hedges		**(91,624)**		(98,514)
Accumulated other comprehensive loss	**$**	**(89,935)**	$	(101,467)

For the three-month periods ended March 31, 2009 and 2008, no amount was reclassified to net income for accumulated currency translation adjustment on self-sustaining foreign operations and for available-for-sale financial assets. For derivative financial instruments designated as cash flow hedges, any amount of the accumulated other comprehensive income (loss) that is reclassified to net income offsets the gain or loss recognized in net income on the underlying hedged items, since the Company's cash flow hedges are highly effective.

5. INTEREST AND CAPITAL TAXES

	THREE MONTHS ENDED MARCH 31	
	2009	2008
Interest revenues:		
From infrastructure concession investments	**$ (571)**	$ (1,140)
From other activities	**(1,952)**	(8,296)
Interest on long-term debt:		
Recourse	**2,045**	2,059
Non-recourse:		
From infrastructure concession investments	**27,587**	27,850
From other activities	**–**	444
Capital taxes and other:		
From infrastructure concession investments	**(732)**	2,558
From other activities	**266**	1,721
Interest and capital taxes	**$ 26,643**	$ 25,196

6. SUPPLEMENTARY CASH FLOW INFORMATION

A) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the items included in the net change in non-cash working capital related to operating activities presented in the statements of cash flows:

	THREE MONTHS ENDED MARCH 31	
	2009	2008
Decrease (increase) in trade and other receivables	**$ (14,734)**	$ 124,057
Increase in contracts in progress	**(38,905)**	(213,909)
Increase (decrease) in trade and other payables	**(71,355)**	7,043
Increase (decrease) in downpayments on contracts	**(53,747)**	50,088
Increase (decrease) in deferred revenues	**4,241**	(29,077)
Net change in non-cash working capital items	**$ (174,500)**	$ (61,798)

B) INTEREST PAID AND INCOME TAXES PAID

The following table presents the interest paid and income taxes paid:

	THREE MONTHS ENDED MARCH 31	
	2009	2008
Interest paid:		
From infrastructure concession investments	**$ 20,236**	$ 18,810
From other activities	**4,246**	4,805
	$ 24,482	$ 23,615
Income taxes paid	**$ 27,734**	$ 114,914

7. EARNINGS PER SHARE

Basic and diluted earnings per share have been determined by dividing the consolidated net income for the period by the basic and diluted weighted average number of shares for the period, respectively.

The diluted weighted average number of shares outstanding is calculated as if all dilutive options had been exercised at the later of the beginning of the reporting period or date of grant, using the treasury stock method, with deemed proceeds from the exercise of such dilutive options used to repurchase common shares at the average market price for the period.

(IN THOUSANDS)	THREE MONTHS ENDED MARCH 31	
	2009	2008
Weighted average number of outstanding shares – basic	**150,983**	150,946
Dilutive effect of stock options	**488**	1,419
Weighted average number of outstanding shares – diluted	**151,471**	152,365

In the three-month period ended March 31, 2009, 2,440,950 outstanding stock options were not included in the computation of diluted earnings per share because they were anti-dilutive (three-month period ended March 31, 2008: nil).

8. STOCK OPTION COMPENSATION

The stock option compensation cost recorded as an expense in the first three months of 2009 was $4.1 million (first three months of 2008: $4.5 million). The following table presents the weighted average assumptions used to determine the stock option compensation cost, using the Black-Scholes option pricing model:

	THREE MONTHS ENDED MARCH 31	
	2009	2008
Risk-free interest rate	**1.73%**	2.80%
Expected stock price volatility	**35.15%**	25.81%
Expected option life	**4 years**	4 years
Expected dividend yield	**1.00%**	1.00%

During the first three months of 2009, 1,051,437 stock options (first three months of 2008: 1,366,500) were granted to employees with a weighted average fair value of $8.70 per stock option (first three months of 2008: $10.33 per stock option). The exercise price of all options granted in 2009 and 2008 was determined on the sixth trading day (the "measurement date") following the award, as the greater of i) the average closing price for the five trading days preceding the measurement date; and ii) the closing price on the first trading day immediately preceding the measurement date. Based on such provision, the exercise price of all options granted in the first three months of 2009 was greater than the share's market price at the date of the award, which was also the case in the first three months of 2008.

As at March 31, 2009, 5,222,687 stock options were outstanding (December 31, 2008: 4,319,100), while 7,613 stock options remained available for future grants (December 31, 2008: 1,037,800) under the Company's 2007 Stock Option Plan. On March 6, 2009, the Company's Board of Directors adopted the 2009 Stock Option Plan, subject to approval required from certain regulatory authorities as well as from the Company's shareholders, under which 2,000,000 stock options will be available for future grants to key employees.

9. PENSION PLANS

SNC-Lavalin has defined contribution pension plans for which its contributions are recorded as an expense in the period in which they are incurred, as well as defined benefit pension plans which provide pension benefits based on length of service and final pensionable earnings.

SNC-Lavalin's total defined benefit charges for its defined benefit pension plans were $3.2 million for the first three months of 2009 (first three months of 2008: $2.8 million).

10. **RELATED PARTY TRANSACTIONS**

In the normal course of operations, SNC-Lavalin enters into related party transactions with certain of its infrastructure concession investments. Revenues from operations with fully consolidated investments are eliminated upon consolidation, as are SNC-Lavalin's proportionate share of revenues from operations with joint ventures. Investments in which SNC-Lavalin does not have control, joint control or significant influence are accounted for by the cost method and are not considered related parties. Investments in which SNC-Lavalin has significant influence are accounted for by the equity method and are considered related parties.

For the first three months of 2009, SNC-Lavalin recognized revenues of $116.6 million (first three months of 2008: $180.8 million) mainly from contracts with the following infrastructure concession investments accounted for by the equity method:

i) Astoria Project Partners II LLC and its subsidiary (collectively called "Astoria II"), which is currently developing a new 500 MW thermal power plant in Queens, New York, following the signing of a 20-year firm Power Purchase Agreement ("PPA") with the New York Power Authority ("NYPA") in 2008. In addition to being an investor with an 18.5% ownership interest, SNC-Lavalin is currently involved in providing engineering and procurement management services to construct the power plant.

ii) InTransit BC L.P., an entity that signed in 2005 a 35-year concession agreement with Richmond-Airport-Vancouver Project Management Ltd. ("RAVCO") and the Greater Vancouver Transportation Authority ("GVTA") to design, build, partially finance, operate and maintain the Canada Line, a 19 km rapid transit line connecting the cities of Vancouver and Richmond with Vancouver International Airport, in the Province of British Columbia. SNC-Lavalin, which holds a 33.3% ownership interest in this entity, was awarded in 2005 an engineering, procurement and construction ("EPC") contract, as well as an operations and maintenance ("O&M") contract for this project.

iii) Myah Tipaza S.p.A., an entity established to build, own and operate a 120,000 m^3/day seawater desalination plant located in Fouka, province (wilaya) of Tipaza, Algeria. SNC-Lavalin, which holds a 25.5% indirect ownership interest in this entity, was also awarded an EPC contract, through a joint venture, by Myah Tipaza, as well as an O&M contract for this project.

iv) Shariket Kahraba Hadjret En Nouss S.p.A., an entity established to build, own and operate a 1,227 MW gas-fired power plant in Algeria. SNC-Lavalin, which holds a 26.0% indirect ownership interest in this entity, was awarded an EPC contract in 2006, as well as an O&M contract for this project.

Total trade receivables from these ICI amounted to $16.1 million as at March 31, 2009 (December 31, 2008: $95.8 million) and the notes receivable from Astoria II totalled $39.9 million (US$32.6 million) at March 31, 2009 (December 31, 2008: $21.0 million (US$17.2 million)), while SNC-Lavalin's remaining commitment to invest in these ICI was $45.0 million at March 31, 2009 (December 31, 2008: $50.3 million). All of these transactions are measured at the exchange amount agreed upon by the related parties, which corresponds to fair value.

In addition to the notes receivable provided to Astoria II, SNC-Lavalin provided letters of credit to third parties to support some of Astoria II's contractual obligations in relation to its project. As at March 31, 2009, $32.4 million (US$26.4 million) of letters of credit have been provided (December 31, 2008: $28.5 million (US$23.4 million)).

11. **COMPARATIVE FIGURES**

Certain 2008 figures have been reclassified to conform to the presentation adopted in 2009.

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