# Management's Discussion and Analysis

First Quarter of 2011 versus
First Quarter of 2010

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May 5th, 2011

All financial information in Canadian dollars, unless otherwise indicated

# 1 – HIGHLIGHTS OF THE FIRST THREE MONTHS OF 2011

## LOWER NET INCOME

> Net income attributable to the Company's shareholders for the first quarter ended March 31, 2011 was $73.9 million ($0.49 per share on a diluted basis), compared to $84.1 million ($0.55 per share on a diluted basis) for the first quarter of 2010.

- Net income attributable to the Company's shareholders excluding Infrastructure Concession Investments ("ICI") was $49.5 million for the first quarter of 2011, compared to $64.6 million for the corresponding period in 2010, reflecting lower contributions from Infrastructure & Environment, mainly due to the impact of the Libyan events, and from Mining & Metallurgy, primarily due to additional costs on one project, partially offset by better contributions from all other segments.
- Net income attributable to the Company's shareholders from ICI was $24.4 million for the first three months of 2011, compared to $19.5 million for the same period last year, mainly due to higher dividend revenues from Highway 407.

## HIGHER REVENUES

> For the first quarter of 2011, revenues increased to $1.6 billion, compared to $1.3 billion for the corresponding period in 2010, reflecting higher revenues in all the Company's segments of activity and in all revenue categories, but particularly in Packages.

## STRONG FINANCIAL POSITION

> The Company's financial position remains solid with cash and cash equivalents of $1,181.9 million at March 31, 2011, compared to $1,235.1 million at December 31, 2010.

> Net cash position (cash and cash equivalents, less cash and cash equivalents from ICI and recourse debt) remained strong at $828.7 million at March 31, 2011 and $870.1 million at December 31, 2010.

## STRONG REVENUE BACKLOG

| (IN MILLIONS OF CANADIAN DOLLARS) | | March 31 2011 | | December 31 2010 |
|---|---|---|---|---|
| Services | **$** | **1,396.0** | $ | 1,410.7 |
| Packages | | **5,544.5** | | 5,556.0 |
| Operations & Maintenance ("O&M") | | **2,429.2** | | 2,732.8 |
| **Total** | **$** | **9,369.7** | $ | 9,699.5 |

> As previously announced, the Company no longer includes its ICI revenue backlog. The Company's ICI revenue backlog disclosed in the Company's 2010 Financial Report 2010, under "Management's Discussion and Analysis", was $2.9 billion at December 31, 2010.

> The backlog at the end of March, 2011 and December, 2010 does not include any Libyan projects. Until such time as the Libyan situation is clarified, the Company is maintaining its decision to exclude all of its Libyan projects from its revenue backlog as a precautionary measure.

## NOTABLE EVENT RELATED TO ICI

The following notable event related to ICI took place since January 1, 2011:

> On February 25, 2011, SNC-Lavalin entered into an agreement to acquire a 23.08% ownership interest in AltaLink from Macquarie Essential Assets Partnership ("MEAP") for $213 million. The agreement was concluded following the acceptance by SNC-Lavalin of an offer from MEAP to make the acquisition. The offer was presented to SNC-Lavalin in response to a binding offer received by MEAP from a third party and pursuant to a right of first refusal held by SNC-Lavalin to acquire MEAP's ownership interest in AltaLink. The closing of the transaction is subject to customary closing conditions and regulatory approval, including approval from the *Alberta Utilities Commission*, and would bring SNC-Lavalin's ownership in AltaLink to 100%.

## RETURN ON AVERAGE SHAREHOLDERS' EQUITY ("ROASE")

> ROASE was 27.3% for the 12-month period ended March 31, 2011, compared to 27.2% for the same period last year, and significantly higher than the Company's performance objective of 600 basis points above the long-term Canada Bond Yield for the period, totalling 9.7%.

## 2011 OUTLOOK

> Based on the Company's revenue backlog and prospects list, the Company continues to expect its 2011 net income to remain in line with 2010, when we exclude the gains from the disposals of certain assets and investments recognized in 2010.

Unless otherwise indicated, all financial information presented in this Management's Discussion and Analysis ("MD&A"), including tabular amounts, is in **Canadian dollars**, and prepared in accordance with **International Financial Reporting Standards ("IFRS")**.

This is the first period in which financial statements have been prepared under IFRS. Previously, the Company applied Canadian generally accepted accounting principles ("GAAP"). The 2010 comparative figures and the January 1, 2010 ("Date of Transition") opening statement of financial position have been restated as per the guidance provided in IFRS 1, *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1"). See Note 23 to the Company's unaudited interim condensed consolidated financial statements for the first quarter of 2011 for quantitative reconciliations between Canadian GAAP and IFRS.

Management's Discussion and Analysis is designed to provide the reader with a greater understanding of the Company's business, the Company's business strategy and performance, the Company's expectations of the future, and how the Company manages risk and capital resources. It is intended to enhance the understanding of the unaudited interim condensed consolidated financial statements for the first quarter of 2011 and accompanying notes, and should therefore be read in conjunction with these documents and with the Financial Report for the year ended December 31, 2010. Reference in this MD&A to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint ventures, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint ventures.

## 2 – CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this Management's Discussion and Analysis that describe the Company's or management's budgets, estimates, expectations, forecasts, objectives, predictions or projections of the future may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the negative thereof or other variations thereon. The Company cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes.

For more information on risks and uncertainties, and assumptions that would cause the Company's actual results to differ from current expectations, please refer to the section "Risks and Uncertainties" and the section "How We Analyze and Report Our Results", respectively, in the Company's 2010 Financial Report under "Management's Discussion and Analysis". The forward-looking statements in this document reflect the Company's expectations as at the date of this report and are subject to change after this date. The Company does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

## 3 – OUR BUSINESS

SNC-Lavalin, which celebrates its 100th anniversary in 2011, provides its clients with engineering and construction, and O&M expertise. The Company has a network of offices located across Canada and in over 35 other countries around the world, and is currently working on projects in some 100 countries, making it a leading international engineering and construction company, and a leader in O&M in Canada. SNC-Lavalin also makes select investments in infrastructure concessions.

### 3.1 – ENGINEERING AND CONSTRUCTION EXPERTISE PROVIDED VIA SERVICES AND PACKAGES ACTIVITIES

Engineering and construction expertise is provided by the Company's employees as either Services or Packages activities:

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

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

Services and Packages activities are offered to clients in multiple industries including, among others, Infrastructure & Environment, Chemicals & Petroleum, Mining & Metallurgy, and Power. Refer to section 7 of this report for a review of the Company's operating results by segment.

### 3.2 – OPERATIONS AND MAINTENANCE ("O&M") ACTIVITIES

O&M activities are provided by the Company's employees to clients in multiple lines of business and include project, facility and property management, industrial assets, transportation systems, water treatment and distribution, and defence and remote camp logistics. SNC-Lavalin's expertise in O&M activities, in addition to obtaining stand-alone O&M contracts, allows the Company to expand on its

Services, Packages, and ICI activities by offering all-inclusive expertise that meets client's needs and complements its ICI.

### 3.3 – INFRASTRUCTURE CONCESSION INVESTMENTS ("ICI")

SNC-Lavalin makes select investments in infrastructure concessions for which its technical, engineering and construction, project management, and O&M expertise, along with its experience in arranging project financing, represent a distinct advantage.

## 4 – HOW WE ANALYZE AND REPORT OUR RESULTS

The Company reports its results under **four categories of activity**, which are **Services** and **Packages** (together these regroup activities from engineering and construction), **O&M,** and **ICI**. The Company regularly analyzes the results of these categories independently as they generate different gross margin yields and have different risk profiles. The Company also analyzes results by segments, which regroup related activities within SNC-Lavalin **consistent with the way management performance is evaluated**. Services and Packages activities relate to engineering and construction operations and are presented in the way management performance is evaluated by regrouping its projects within the industries they are executed for, which are as follows: **Infrastructure & Environment, Chemicals & Petroleum, Mining & Metallurgy, Power,** and **Other Industries**. The **O&M** and **ICI** segments correspond to the categories of activity of the same name.

### 4.1 – NON-IFRS FINANCIAL MEASURES

Some of the indicators used by the Company to analyze and evaluate its results represent non-IFRS financial measures. Consequently, they do not have a standard meaning as prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other issuers. Management believes that these indicators nevertheless provide useful information because they allow for the evaluation of the performance of the Company and its components based on various aspects, such as past, current and expected profitability and financial position. These non-IFRS financial measures include the following Company indicators:

| NON-IFRS FINANCIAL MEASURE | REFERENCE |
|---|---|
| **Performance** | |
| Revenue backlog | Section 6 |
| Operating income by segment | Section 7 |
| ROASE | Section 8.4 |

| NON-IFRS FINANCIAL MEASURE | REFERENCE |
|---|---|
| **Liquidity** | |
| Net cash position | Section 8.1 |
| Freehold cash | Section 8.1 |

Definitions of all non-IFRS financial measures are provided in the sections referenced previously to give the reader a better understanding of the indicators used by management, and when applicable, the

Company provides a clear quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS.

# 5 – BREAKDOWN OF INCOME STATEMENT

FIRST QUARTER ENDED MARCH 31
(IN MILLIONS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE)

| | 2011 | 2010 |
|---|---|---|
| **Revenues by activity:** | | |
| Services | **$ 480.1** | $ 457.2 |
| Packages | **632.1** | 384.1 |
| O&M | **426.8** | 383.1 |
| ICI | **101.8** | 86.9 |
| | **$ 1,640.8** | $ 1,311.3 |
| **Gross margin** | **$ 273.4** | $ 263.5 |
| **Selling, general and administrative expenses** | **153.0** | 130.3 |
| **Net financial expenses:** | | |
| From ICI | **23.2** | 18.1 |
| From other activities | **4.0** | 7.5 |
| | **27.2** | 25.6 |
| **Income before income tax expense** | **93.2** | 107.6 |
| **Income tax expense** | **16.6** | 20.9 |
| **Net income for the period** | **$ 76.6** | $ 86.7 |
| **Net income attributable to:** | | |
| The Company's shareholders | **$ 73.9** | $ 84.1 |
| Non-controlling interests | **2.7** | 2.6 |
| **Net income for the period** | **$ 76.6** | $ 86.7 |
| **Earnings per share ($)** | | |
| Basic | **$ 0.49** | $ 0.56 |
| Diluted | **$ 0.49** | $ 0.55 |
| **Supplementary information:** | | |
| SNC-Lavalin's net income attributable to the Company's shareholders from ICI | | |
| From Highway 407 | **$ 13.8** | $ 9.2 |
| From other ICI | **10.6** | 10.3 |
| Net income attributable to the Company's shareholders excluding ICI | **49.5** | 64.6 |
| **Net income attributable to the Company's shareholders for the period** | **$ 73.9** | $ 84.1 |

## 5.1 – NET INCOME

**Net income attributable to the Company’s shareholders for the three-month period ended March 31, 2011 was $73.9 million ($0.49 per share on a diluted basis)**, compared to $84.1 million ($0.55 per share on a diluted basis) in the first quarter of 2010.

**Net income attributable to the Company’s shareholders excluding ICI was $49.5 million for the first quarter of 2011**, compared to $64.6 million for the corresponding period in 2010, reflecting lower contributions from Infrastructure & Environment, mainly due to the impact of the Libyan events, and from Mining & Metallurgy, primarily due to additional costs on one project, partially offset by better contributions from all other segments.

**Net income attributable to the Company's shareholders from ICI for the first quarter of 2011 amounted to $24.4 million**, compared to $19.5 million in the first quarter of 2010, mainly due to higher dividend revenues from Highway 407.

## 5.2 – REVENUE ANALYSIS

**For the first quarter of 2011, revenues amounted to $1,640.8 million** compared to $1,311.3 million for the corresponding period in 2010, reflecting higher revenues from all segments, mainly from Chemicals & Petroleum, Infrastructure & Environment, and O&M.

**Services revenues in the first quarter of 2011 were $480.1 million,** compared to $457.2 million for the corresponding quarter in 2010, mainly reflecting a higher level of activity in Mining & Metallurgy, and Chemicals & Petroleum.

**Packages revenues in the first quarter of 2011 increased to $632.1 million,** compared to $384.1 million in the first quarter of 2010, mainly reflecting a higher level of activity, primarily from Infrastructure & Environment, Chemicals & Petroleum, and Power.

**O&M revenues in the first quarter of 2011 were $426.8 million**, compared to $383.1 million in the first quarter of 2010, mainly due to a higher level of activity in Canada.

**ICI revenues in the first quarter of 2011 increased to $101.8 million**, from $86.9 million in the first quarter of 2010, mainly reflecting higher revenues from AltaLink, as well as higher dividend revenues from Highway 407.

The Company **expects its revenues to increase in 2011** compared to 2010, reflecting a higher level of activity, with most of the increase being in Packages and Services.

## 5.3 – GROSS MARGIN ANALYSIS

**Gross margin for the first quarter of 2011 was $273.4 million,** compared to $263.5 million for the same period last year. **Gross margin excluding ICI was $218.3 million for the first quarter of 2011,** in line with the first quarter of 2010. The gross margin excluding ICI for the first three months of 2011 reflected lower gross margin-to-revenue ratios from Infrastructure & Environment, mainly due to the impact of the Libyan events, and from Mining & Metallurgy, primarily reflecting additional costs of one project, offset by higher gross margins from all other segments of the Company, mainly

Chemicals & Petroleum. **Gross margin from ICI was $55.1 million for the first quarter of 2011,** compared to $44.7 million in the first quarter of 2010, mainly due to higher dividend revenues from Highway 407, as well as a higher gross margin from AltaLink.

## 5.4 – SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ANALYSIS

**Selling, general and administrative expenses were $153.0 million in the first quarter of 2011,** compared to $130.3 million for the corresponding quarter in 2010, mainly reflecting an increase in selling expenses.

## 5.5 – NET FINANCIAL EXPENSES ANALYSIS

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | FROM ICI | FROM OTHER ACTIVITIES | TOTAL | FROM ICI | FROM OTHER ACTIVITIES | TOTAL |
| Interest revenues | **$ –** | **$ (2.6)** | **$ (2.6)** | $ – | $ (0.8) | $ (0.8) |
| Interest on long-term debt: | | | | | | |
| Recourse | **–** | **5.4** | **5.4** | – | 7.5 | 7.5 |
| Non-recourse: | | | | | | |
| AltaLink | **19.7** | **–** | **19.7** | 15.8 | – | 15.8 |
| Other | **2.0** | **–** | **2.0** | 2.2 | – | 2.2 |
| Other | **1.5** | **1.2** | **2.7** | 0.1 | 0.8 | 0.9 |
| Net financial expenses | **$ 23.2** | **$ 4.0** | **$ 27.2** | $ 18.1 | $ 7.5 | $ 25.6 |

**Net financial expenses amounted to $27.2 million for the first quarter of 2011,** compared to $25.6 million for the corresponding quarter last year. Net financial expenses from ICI and from other activities are analyzed separately.

**Net financial expenses from ICI increased to $23.2 million in the first quarter of 2011,** from $18.1 million for the comparable period in 2010, mainly due to a higher interest expense from AltaLink, due to additional non-recourse long-term debt.

**Net financial expenses from other activities were $4.0 million in the first quarter of 2011,** compared to $7.5 million for the comparable period in 2010, mainly due to higher interest revenues, resulting from higher effective yields, combined with lower interest expense, mainly due to the repayment at maturity of the $105 million recourse debt in September 2010.

### 5.6 – INCOME TAXES ANALYSIS

**Income tax expense was $16.6 million in the first quarter of 2011**, compared to $20.9 million in the corresponding period in 2010, reflecting mainly a decrease in the Company's net income.

## 6 – REVENUE BACKLOG

The Company reports revenue backlog, which is a non-IFRS financial measure, for the following **categories of activity**: i) **Services**; ii) **Packages**; and iii) **O&M**. Revenue backlog is a **forward-looking indicator of anticipated revenues** that will be recognized by the Company. In the case of **O&M** activities, the Company **limits** the revenue backlog to **the earlier of**: i) **the contract term awarded**; and ii) **the next five years**.

The Company aims to provide a revenue backlog that is both meaningful and current. As such, the Company regularly reviews its backlog to ensure that it reflects any modifications, which include awards of new projects, changes of scope on current projects, and project cancellations, if any.

Considering the impact of IFRIC Interpretation 12, *Service Concession Arrangements*, ("IFRIC 12"), and IAS 31, *Interests in Joint Ventures*, on its ICI, the **Company decided to no longer include** its revenue backlog for ICI activities when reporting its financial results under IFRS. The Company's ICI revenue backlog disclosed in the Company's 2010 Financial Report 2010, under "Management's Discussion and Analysis", was $2.9 billion at December 31, 2010.

The following table provides a breakdown of the Company's revenue backlog by category of activity and by segment:

| AT MARCH 31<br>(IN MILLIONS OF CANADIAN DOLLARS) | 2011 | | | |
|---|---|---|---|---|
| BY SEGMENT | SERVICES | PACKAGES | O&M | TOTAL |
| **Services and Packages** | | | | |
| Infrastructure & Environment | $ 662.4 | $ 2,620.1 | $ – | $ 3,282.5 |
| Chemicals & Petroleum | 140.2 | 701.0 | – | 841.2 |
| Mining & Metallurgy | 291.6 | 140.6 | – | 432.2 |
| Power | 214.4 | 1,575.1 | – | 1,789.5 |
| Other Industries | 87.4 | 507.7 | – | 595.1 |
| **O&M** | – | – | 2,429.2 | 2,429.2 |
| **Total** | $ 1,396.0 | $ 5,544.5 | $ 2,429.2 | $ 9,369.7 |

| AT DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS) | 2010 | | | |
|---|---|---|---|---|
| BY SEGMENT | SERVICES | PACKAGES | O&M | TOTAL |
| **Services and Packages** | | | | |
| Infrastructure & Environment | $ 665.1 | $ 2,820.6 | $ – | $ 3,485.7 |
| Chemicals & Petroleum | 165.8 | 907.4 | – | 1,073.2 |
| Mining & Metallurgy | 273.6 | 167.1 | – | 440.7 |
| Power | 219.6 | 1,340.4 | – | 1,560.0 |
| Other Industries | 86.6 | 320.5 | – | 407.1 |
| **O&M** | – | – | 2,732.8 | 2,732.8 |
| **Total** | $ 1,410.7 | $ 5,556.0 | $ 2,732.8 | $ 9,699.5 |

**At March 31, 2011, revenue backlog decreased to $9,369.7 million,** compared to $9,699.5 million at December 31, 2010. The decrease from December 2010 mainly reflects a decrease in O&M, and Chemicals & Petroleum, partially offset by an increase in Power.

## 6.1 – SERVICES BACKLOG

**Services backlog was $1,396.0 million at the end of March 2011,** in line with the level at the end of December 2010.

## 6.2 – PACKAGES BACKLOG

**Packages backlog was $5,544.5 million at the end of March 2011,** compared to $5,556.0 million at the end of December 2010, mainly reflecting an increase in Power, offset by a decrease in Chemicals & Petroleum, and Infrastructure & Environment.

The backlog at the end of March 2011 and December 2010 does not include any Libyan projects. Until such time as the Libyan situation is clarified, the Company is maintaining its decision to exclude all of its Libyan projects from its revenue backlog as a precautionary measure.

## 6.3 – O&M BACKLOG

**O&M backlog was $2,429.2 million at the end of March 2011,** compared to $2,732.8 million at the end of December 2010. The decrease since December 2010 is mainly due to normal fluctuations in the timing of long-term contracts, primarily in Canada.

# 7 – OPERATING RESULTS BY SEGMENT

As mentioned previously, the Company's results are analyzed by segment. The segments regroup related activities within SNC-Lavalin consistent with the way management performance is evaluated. The Company presents the information in the way management performance is evaluated, and regroups its projects within the industries they are executed for.

With the exception of the ICI segment, the Company evaluates segment performance using operating income net of imputed interest, and corporate general and administrative costs. Imputed interest is calculated on non-cash working capital position and allocated monthly to these segments at a rate of 10% per year resulting in a cost or revenue depending on whether the segment's current assets exceed current liabilities or vice versa, while corporate general and administrative costs are allocated based on the gross margin of each of these segments. Corporate income taxes are not allocated to segments except for the ICI segment.

SNC-Lavalin makes investments in infrastructure concessions in certain infrastructure for public services, which are accounted for by either the cost, equity or full consolidation methods depending on whether SNC-Lavalin exercises, or not, significant influence, joint control or control. Such investments are grouped into the ICI segment wherein the performance of this segment is evaluated using: i) dividends or distributions received from investments accounted for by the cost method; ii) SNC-Lavalin's share of the net results of its investments, or dividends from ICI for which the carrying amount is $nil (i.e. Highway 407), for investments accounted for by the equity method; and iii) net income from investments accounted for by the full consolidation method, less the portion attributable to non-controlling interests. In the case of ICI for which income taxes are payable by the investors, such as investments in limited partnerships in Canada, corporate income taxes are allocated based on SNC-Lavalin's tax rate for such investments. Accordingly, the operating income of the ICI segment is reported net of income taxes and represents SNC-Lavalin's net income from its ICI.

The table below summarizes the revenues of the Company's segments:

| FIRST QUARTER ENDED MARCH 31<br>(IN MILLIONS OF CANADIAN DOLLARS) | | |
|---|---|---|
| BY SEGMENT | **2011** | 2010 |
| **Services and Packages** | | |
| Infrastructure & Environment | **$ 420.5** | $ 326.0 |
| Chemicals & Petroleum | **300.0** | 193.8 |
| Mining & Metallurgy | **177.3** | 149.4 |
| Power | **137.2** | 106.2 |
| Other Industries | **77.2** | 65.9 |
| **O&M** | **426.8** | 383.1 |
| **ICI** | **101.8** | 86.9 |
| **Total** | **$ 1,640.8** | $ 1,311.3 |

The following table summarizes the Company's operating income by segment:

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | | |
|---|---|---|
| BY SEGMENT | **2011** | 2010 |
| **Services and Packages** | | |
| Infrastructure & Environment | **$ 6.1** | $ 43.3 |
| Chemicals & Petroleum | **15.1** | 12.6 |
| Mining & Metallurgy | **1.4** | 12.0 |
| Power | **25.0** | 15.8 |
| Other Industries | **10.5** | 5.1 |
| **O&M** | **17.8** | 11.6 |
| **ICI** | **24.4** | 19.5 |
| **Total** | **$ 100.3** | $ 119.9 |

## 7.1 – SERVICES AND PACKAGES ACTIVITIES

Engineering and construction expertise is provided by the Company's employees as either Services or Packages activities.

### 7.1.1 – INFRASTRUCTURE & ENVIRONMENT

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | | |
|---|---|---|
| | **2011** | 2010 |
| Revenues from Infrastructure & Environment | | |
| Services | **$ 133.5** | $ 140.2 |
| Packages | **287.0** | 185.8 |
| **Total** | **$ 420.5** | $ 326.0 |
| Operating income from Infrastructure & Environment | **$ 6.1** | $ 43.3 |
| Operating income over revenues from Infrastructure & Environment (%) | **1.4%** | 13.3% |
| Revenue backlog | **$ 3,282.5** | $ 2,816.2 |

**Infrastructure & Environment revenues for the first quarter of 2011 increased to $420.5 million,** compared to $326.0 million for the corresponding period in 2010, mainly reflecting a higher level of Packages activities.

**For the first quarter of 2011, operating income totalled $6.1 million,** compared to $43.3 million for the corresponding quarter in 2010, mainly due to the impact of the Libyan events in 2011 and favourable cost reforecasts on certain major Packages projects in 2010.

### 7.1.2 – CHEMICALS & PETROLEUM

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | | |
|---|---|---|
| | **2011** | 2010 |
| Revenues from Chemicals & Petroleum | | |
| Services | **$ 92.7** | $ 77.0 |
| Packages | **207.3** | 116.8 |
| **Total** | **$ 300.0** | $ 193.8 |
| Operating income from Chemicals & Petroleum | **$ 15.1** | $ 12.6 |
| Operating income over revenues from Chemicals & Petroleum (%) | **5.0%** | 6.5% |
| Revenue backlog | **$ 841.2** | $ 1,595.3 |

**Revenues from Chemicals & Petroleum were $300.0 million in the first quarter of 2011,** compared to $193.8 million in the first quarter of 2010, mainly reflecting a higher level of Packages activities.

**In the first quarter of 2011, the operating income from Chemicals & Petroleum was $15.1 million,** compared to $12.6 million in the first quarter of 2010, mainly reflecting a higher level of activity, partially offset by a higher level of selling, general and administrative expenses.

### 7.1.3 – MINING & METALLURGY

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | **2011** | 2010 |
|---|---|---|
| Revenues from Mining & Metallurgy | | |
| Services | **$ 164.3** | $ 142.1 |
| Packages | **13.0** | 7.3 |
| **Total** | **$ 177.3** | $ 149.4 |
| Operating income from Mining & Metallurgy | **$ 1.4** | $ 12.0 |
| Operating income over revenues from Mining & Metallurgy (%) | **0.8%** | 8.1% |
| Revenue backlog | **$ 432.2** | $ 262.0 |

**Mining & Metallurgy revenues in the first quarter of 2011 were $177.3 million,** compared to $149.4 million for the corresponding period in 2010, due primarily to a higher level of Services activities.

**Operating income was $1.4 million in the first quarter of 2011,** compared to $12.0 million for the corresponding period in 2010, mainly due to additional costs on one project, partially offset by an increased volume of activity.

### 7.1.4 – POWER

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | **2011** | 2010 |
|---|---|---|
| Revenues from Power | | |
| Services | **$ 53.1** | $ 72.8 |
| Packages | **84.1** | 33.4 |
| **Total** | **$ 137.2** | $ 106.2 |
| Operating income from Power | **$ 25.0** | $ 15.8 |
| Operating income over revenues from Power (%) | **18.3%** | 14.8% |
| Revenue backlog | **$ 1,789.5** | $ 794.1 |

**Power revenues were $137.2 million in the first quarter of 2011,** compared to $106.2 million in the first quarter of 2010, mainly reflecting a higher level of Packages activities.

**The first quarter of 2011 operating income amounted to $25.0 million,** compared to $15.8 million for the corresponding quarter in 2010, mainly reflecting favourable reforecasts on certain major projects, resulting in a higher gross margin-to-revenue ratio in Packages.

### 7.1.5 – OTHER INDUSTRIES

**Other Industries** combines projects in several industry sectors, namely agrifood, pharmaceuticals and biotechnology, sulphuric acid as well as projects related to other industrial facilities not already identified as part of any other preceding segments.

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | 2011 | 2010 |
|---|---|---|
| Revenues from Other Industries | | |
| Services | **$ 36.5** | $ 25.1 |
| Packages | **40.7** | 40.8 |
| **Total** | **$ 77.2** | $ 65.9 |
| Operating income from Other Industries | **$ 10.5** | $ 5.1 |
| Operating income over revenues from Other Industries (%) | **13.6%** | 7.8% |
| Revenue backlog | **$ 595.1** | $ 233.7 |

**Other Industries revenues were $77.2 million in the first quarter of 2011**, compared to $65.9 million in the corresponding quarter of 2010, mainly due to a higher level of Services activities.

**Operating income for the first quarter of 2011 was $10.5 million,** compared to $5.1 million for the corresponding period in 2010, reflecting a higher level of Services activities, combined with a higher gross margin-to-revenue ratio in the same category of activity.

## 7.2 – O&M

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | 2011 | 2010 |
|---|---|---|
| Revenues from O&M | **$ 426.8** | $ 383.1 |
| Operating income from O&M | **$ 17.8** | $ 11.6 |
| Operating income over revenues from O&M (%) | **4.2%** | 3.0% |
| Revenue backlog | **$ 2,429.2** | $ 2,914.5 |

**O&M revenues in the first quarter of 2011 were $426.8 million**, compared to $383.1 million for the first quarter in 2010, mainly due to a higher level of activity in Canada.

**Operating income amounted to $17.8 million in the first quarter of 2011,** compared to $11.6 million for the first quarter in 2010, mainly due to a higher gross margin-to-revenue ratio, combined with a higher volume of activity.

## 7.3 – ICI

SNC-Lavalin makes investments in infrastructure concessions in certain infrastructure for public services, such as airports, bridges, cultural and public service buildings, power, mass transit systems, roads and water, which are grouped into the ICI segment and described in section 9.3 of the Company's 2010 Financial Report under "Management's Discussion and Analysis".

### 7.3.1 – NET BOOK VALUE OF ICI

Given the significant effect of ICI on the Company's consolidated statement of financial position, the Company provides additional information in Note 5 to its unaudited interim condensed consolidated financial statements for the first quarter of 2011 regarding the net book value of its ICI in accordance with the method accounted for in SNC-Lavalin's consolidated statement of financial position.

| (IN MILLIONS OF CANADIAN DOLLARS) | March 31 2011 | December 31 2010 |
|---|---|---|
| Investments accounted for by the full consolidation method | **$ 478.0** | $ 441.5 |
| Investments accounted for by the equity method | **400.3** | 392.5 |
| Investments accounted for by the cost method | **237.6** | 234.4 |
| Net book value of ICI | **$ 1,115.9** | $ 1,068.4 |

The Company estimates the fair value of its ICI to be significantly greater than their net book value as at March 31, 2011, and as at December 31, 2010, as reflected by the following events:

> In the fourth quarter of 2010, Cintra Infraestructuras S.A. ("Cintra"), one of SNC-Lavalin's co-shareholders in Highway 407, sold its ownership interest of 10% of the total issued and outstanding shares of Highway 407 to a subsidiary of Canada Pension Plan Investment Board ("CPPIB") for $894.3 million. The value of the transaction between Cintra and CPPIB for Cintra's shares in Highway 407, when applied to the 16.77% share owned by the Company, would represent approximately $1.5 billion, while the net book value of the Company's investment was $nil as at March 31, 2011.

> On February 25, 2011, SNC-Lavalin entered into an agreement to acquire a 23.08% ownership interest in AltaLink from Macquarie Essential Assets Partnership ("MEAP") for $213 million. The agreement was concluded following the acceptance by SNC-Lavalin of an offer from MEAP to make the acquisition. The offer was presented to SNC-Lavalin in response to a binding offer received by MEAP from a third party and pursuant to a right of first refusal held by SNC-Lavalin to acquire MEAP's ownership interest in AltaLink. The closing of the transaction is subject to customary closing conditions and regulatory approval, including approval from the *Alberta Utilities Commission*, and would bring SNC-Lavalin's ownership in

AltaLink to 100%. The value of the offer for the 23.08% ownership interest in AltaLink, when applied to the 76.92% share owned by SNC-Lavalin, would represent approximately $710 million, while its net book value of the Company's investment was $344.7 million as at March 31, 2011.

### 7.3.2 – OPERATING RESULTS OF THE ICI SEGMENT

| FIRST QUARTER ENDED MARCH 31 (IN MILLIONS OF CANADIAN DOLLARS) | | |
|---|---|---|
| | **2011** | 2010 |
| Revenues from ICI | **$ 101.8** | $ 86.9 |
| Operating income | | |
| From Highway 407 | **$ 13.8** | $ 9.2 |
| From other ICI | **10.6** | 10.3 |
| Operating income from ICI | **$ 24.4** | $ 19.5 |

The Company's investments are accounted for by either the cost, equity or full consolidation methods depending on whether SNC-Lavalin exercises, or not, significant influence, joint control or control. In evaluating the performance of the segment, the relationship between revenues and operating income, which equals net income for ICI, is not meaningful, as a significant portion of the investments are accounted for by the cost and equity methods, which do not reflect the line by line items of the individual ICI's financial results.

**The ICI segment generated an operating income of $24.4 million in the first quarter of 2011**, compared to $19.5 million for the corresponding quarter in 2010. The segment's increase in operating income was mainly due to higher dividend revenues from Highway 407, as well as better contributions from Astoria II and Astoria I, partially offset by the contributions in the first quarter of 2010 of Valener Inc. and Trencap Limited Partnership, which were sold in the fourth quarter of 2010.

## 8 – LIQUIDITY AND CAPITAL RESOURCES

This section has been prepared to provide the reader with a better understanding of the Company's financial position and has been structured as follows:

> A review of the Company's **net cash position** and **freehold cash**;

> A **cash flow analysis**, providing details on how the Company generated and used cash and cash equivalents; and

> An assessment of the Company's **Return on Average Shareholders' Equity ("ROASE")**.

## 8.1 – NET CASH POSITION AND FREEHOLD CASH

Maintaining a strong statement of financial position with a net cash position sufficient to meet expected operating, investing and financing plans is a key financial objective.

The Company's **net cash position**, which is a non-IFRS financial measure, is arrived at by excluding from its cash and cash equivalents, cash and cash equivalents from ICI and its recourse debt, and was as follows at:

| (IN MILLIONS OF CANADIAN DOLLARS) | **March 31 2011** | December 31 2010 |
|---|---|---|
| Cash and cash equivalents | **$ 1,181.9** | $ 1,235.1 |
| Less: | | |
| Cash and cash equivalents from ICI (1) | **5.0** | 16.8 |
| Recourse debt | **348.2** | 348.2 |
| **Net cash position** | **$ 828.7** | $ 870.1 |

(1) ICI accounted for by the full consolidation method.

**The net cash position at March 31, 2011 was $828.7 million**, compared to $870.1 million at December 31, 2010.

In addition to determining its net cash position, the Company estimates its **freehold cash**, a non-IFRS financial measure defined as the amount of cash and cash equivalents that is not committed for its operations, investments in ICI and balance of payment for past business acquisitions. As such, the freehold cash is derived from the cash and cash equivalents, excluding cash and cash equivalents from fully consolidated ICI at the end of the period, adjusted for estimated cash requirements to complete existing projects and the estimated net cash inflows from major ongoing projects upon their completion, as well as deducting the remaining commitments to invest in ICI, and the balance of payment for past business acquisitions.

**The freehold cash was approximately $650 million as at March 31, 2011**, compared to approximately $900 million as at December 31, 2010. The decrease mainly reflected cash and cash equivalents that will be required for the acquisition of a 23.08% ownership interest in AltaLink, upon customary closing conditions and regulatory approval, including approval from the *Alberta Utilities Commission*.

## 8.2 – CASH FLOW ANALYSIS

| FIRST QUARTER ENDED MARCH 31<br>(IN MILLIONS OF CANADIAN DOLLARS) | 2011 | 2010 |
|---|---|---|
| Cash flows generated from (used for): | | |
| Operating activities | $ 119.6 | $ 105.7 |
| Investing activities | (201.2) | (148.9) |
| Financing activities | 28.0 | 69.5 |
| Increase (decrease) in exchange differences on translating cash and cash equivalents held in foreign operations | 0.4 | (9.3) |
| Net increase (decrease) in cash and cash equivalents | (53.2) | 17.0 |
| Cash and cash equivalents at beginning of period | 1,235.1 | 1,191.4 |
| Cash and cash equivalents at end of period | $ 1,181.9 | $ 1,208.4 |

**Cash and cash equivalents were $1,181.9 million at March 31, 2011**, compared to $1,235.1 million at December 31, 2010, as discussed further below.

### 8.2.1 – CASH FLOWS RELATED TO OPERATING ACTIVITIES

**Cash generated from operating activities was $119.6 million for the first three months of 2011,** compared to $105.7 million for the corresponding period in 2010. The variance was mainly due to:

> Cash generated by the change in non-cash working capital items of $14.6 million in the first three-month period of 2011, compared to cash used by the change in non-cash working capital items of $18.5 million for the corresponding period of 2010, primarily reflecting lower working capital requirements in 2011.

### 8.2.2 – CASH FLOWS RELATED TO INVESTING ACTIVITIES

**Cash used for investing activities was $201.2 million for the first three months of 2011**, compared to $148.9 million for the corresponding period in 2010. The major investing activities were as follows:

> The acquisition of property and equipment from fully consolidated ICI used a total cash outflow of $114.1 million in the first three months of 2011, compared to $114.6 million for the corresponding period in 2010, both due to AltaLink, mainly relating to capital expenditures for transmission projects.

> The cash outflow from the acquisition of businesses was $19.6 million in the first three months of 2011, compared to $19.5 million for the corresponding period in 2010.

> The acquisition of property and equipment for Services, Packages, and O&M activities amounted to a total cash outflow of $11.4 million in the first three months of 2011, compared to $6.1 million for the corresponding period in 2010.
> Payments for ICI amounted to $38.7 million in the first three months of 2011, mainly reflecting payments for Astoria II, Ambatovy and Rayalseema Expressway Private Limited, compared to $2.0 million for the corresponding period in 2010.

#### 8.2.3 – CASH FLOWS RELATED TO FINANCING ACTIVITIES

**Cash generated from financing activities was $28.0 million in the first three months of 2011,** compared to $69.5 million for the corresponding period in 2010. The major financing activities were as follows:

> The increase in non-recourse long-term debt from ICI amounted to $49.0 million in the first three months of 2011, compared to $125.0 million for the corresponding period in 2010. The lower level of issuance of non-recourse long-term debt from ICI in the first three months of 2011 compared to the corresponding period in 2010 mainly relates to AltaLink. The repayment of non-recourse long-term debt from ICI totalled $0.9 million in the first three months of 2011 compared to $48.6 million for the corresponding period in 2010.
> Under its normal course issuer bid, the Company repurchased 471,600 shares and 168,000 shares for a total cash consideration of $26.9 million and $8.5 million during the first three months of 2011 and 2010, respectively.
> The issuance of shares pursuant to the exercise of stock options generated $7.9 million in cash in the first three months of 2011 (252,820 stock options at an average price of $31.17), compared to $2.7 million in the first three months of 2010 (102,027 stock options at an average price of $26.18). As at April 27, 2011, there were 4,845,209 stock options outstanding. At that same date, there were 150,774,326 shares issued and outstanding.

### 8.3 – DIVIDENDS DECLARED

On both March 4, 2011 and May 5, 2011, the Board of Directors declared a quarterly cash dividend of $0.21 per share, payable April 1, 2011 and June 2, 2011, respectively, representing an increase of 23.5% compared to the corresponding periods in 2010.

### 8.4 – RETURN ON AVERAGE SHAREHOLDERS' EQUITY ("ROASE")

ROASE, a non-IFRS financial measure, is a key performance indicator used to measure the Company's return on equity. ROASE, as calculated by the Company, corresponds to the trailing 12-month net income attributable to the Company's shareholders, divided by a trailing 13-month average equity attributable to the Company's shareholders, excluding "other components of equity". As discussed in section 4 of the Company's 2010 Financial Report under "Management's Discussion and Analysis", achieving a ROASE at least equal to the long-term Canada Bond Yield plus 600 basis points is a key financial objective for the Company.

**ROASE was 27.3% for the 12-month period ended March 31, 2011,** compared to 27.2% for the same period last year, and significantly higher than the Company's performance objective of 600 basis points above the long-term Canada Bond Yield for the period, totalling 9.7%.

### 8.5 – FINANCIAL INSTRUMENTS

The nature and extent of risks arising from financial instruments, and their related risk management, are described in Note 20 to the Company's 2010 annual audited consolidated financial statements. In the first three months of 2011, there was no material change to the nature of risks arising from financial instruments, related risk management or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on the Company's consolidated statement of financial position.

## 9 – RELATED PARTY TRANSACTIONS

In the normal course of its operations, SNC-Lavalin enters into transactions with certain of its ICI. Investments in which SNC-Lavalin has significant influence or joint control, which are accounted for by the equity method, are considered related parties, consistent with IFRS.

Consistent with IFRS, intercompany profits generated from revenues with ICI accounted for by the full consolidation method are eliminated in the period they occur, except when such profits are deemed to have been realized by the ICI with a third party.

The accounting treatment of intercompany profits upon consolidation is summarized below:

| ICI | ACCOUNTING TREATMENT OF INTERCOMPANY PROFITS UPON CONSOLIDATION |
|---|---|
| AltaLink | Not eliminated upon consolidation in the period they occur, as transactions are considered realized by AltaLink with a third party through the approval of rates. |
| Service concession arrangements accounted for under IFRIC 12 | Not eliminated upon consolidation in the period they occur, as transactions are considered realized by the ICI through the contractual agreement with its client. |
| Others | Eliminated in the period they occur, as a reduction of the underlying asset and subsequently recognized over the depreciation period of the corresponding asset. |

In regards to ICI accounted for by the equity method, SNC-Lavalin applies the same principles as under the full consolidation method by eliminating its portion of intercompany profit based on its ownership interests in the ICI. Profits generated from transactions with ICI accounted for by the cost method are not eliminated, in accordance with IFRS.

For the first three months of 2011, SNC-Lavalin recognized revenues of $117.2 million (first three months of 2010: $49.3 million) from contracts with ICI accounted for by the equity method.

SNC-Lavalin's trade receivables from these ICI accounted for by the equity method amounted to $56.5 million as at March 31, 2011 (December 31, 2010: $12.0 million and January 1, 2010: $102.8 million). SNC-Lavalin's remaining commitment to invest in these ICI accounted for by the equity method was $150.6 million at March 31, 2011 (December 31, 2010: $178.6 million and January 1, 2010: $78.3 million).

All of these related party transactions are measured at fair value.

## 10 – ACCOUNTING POLICIES AND CHANGES

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced the changeover from Canadian GAAP to IFRS for Canadian publicly accountable enterprises for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As such, starting from the first quarter of 2011, the Company's unaudited interim condensed consolidated financial statements are prepared in accordance with IFRS in effect since January 1, 2011, with 2010 comparative figures and January 1, 2010 ("Date of Transition") opening statement of financial position restated to conform with such IFRS, along with reconciliations from Canadian GAAP to IFRS, as per the guidance provided in IFRS 1. See Note 23 to the Company's unaudited interim condensed consolidated financial statements for the first quarter of 2011 for quantitative reconciliations between Canadian GAAP and IFRS.

The Company established its accounting policies and methods used in the preparation of the Company's unaudited interim condensed consolidated financial statements for the first quarter of 2011 in accordance with IFRS. See Note 2 to the Company's unaudited interim condensed consolidated financial statements for the first quarter of 2011 for more information about the significant accounting principles used to prepare the financial statements.

The key assumptions and basis for estimates that management has made under IFRS, and their impact on the amounts reported in the unaudited interim condensed consolidated financial statements and notes, have been defined in the Company's unaudited interim condensed consolidated financial statements for the first quarter of 2011.

### 10.1 – STANDARDS AND INTERPRETATIONS ISSUED TO BE ADOPTED AT A LATER DATE

The following standard has been issued and is to be adopted by the Company:

- IFRS 9, *Financial Instruments*, covers the classification and measurement of financial assets and financial liabilities and is applicable for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently evaluating the impact of adopting this standard on its financial statements.

## 11 – RISKS AND UNCERTAINTIES

Risks and uncertainties and risk management practices are described in section 14 of the Company's 2010 Financial Report under "Management's Discussion and Analysis". Risks and uncertainties and risk management practices have not materially changed in the first three months of 2011.

# 12 – QUARTERLY INFORMATION

| (IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE INDICATED) | 2011 | 2010 | | | | 2009 (1) | | |
|---|---|---|---|---|---|---|---|---|
| | **FIRST QUARTER** | FOURTH QUARTER | THIRD QUARTER | SECOND QUARTER | FIRST QUARTER | FOURTH QUARTER | THIRD QUARTER | SECOND QUARTER |
| Revenues | **$ 1,640.8** | $ 1,829.3 | $ 1,513.0 | $ 1,356.7 | $ 1,311.3 | $ 1,583.2 | $ 1,422.4 | $ 1,470.4 |
| SNC-Lavalin's net income attributable to the Company's shareholders from ICI | | | | | | | | |
| From Highway 407 | **$ 13.8** | $ 18.4 | $ – | $ 22.7 | $ 9.2 | $ 4.9 | $ 2.2 | $ 1.3 |
| From other ICI | **10.6** | 36.2 | 16.4 | 21.7 | 10.3 | 17.8 | 7.3 | (1.0) |
| Net income attributable to the Company's shareholders excluding ICI | **49.5** | 108.6 | 111.7 | 74.8 | 64.6 | 76.0 | 93.7 | 79.7 |
| Net income attributable to the Company's shareholders | **73.9** | 163.2 | 128.1 | 119.2 | 84.1 | 98.7 | 103.2 | 80.0 |
| Net income attributable to non-controlling interests | **2.7** | 2.9 | 1.5 | 3.7 | 2.6 | – | – | – |
| Net income | **$ 76.6** | $ 166.1 | $ 129.6 | $ 122.9 | $ 86.7 | $ 98.7 | $ 103.2 | $ 80.0 |
| Basic earnings per share ($) | **$ 0.49** | $ 1.08 | $ 0.85 | $ 0.79 | $ 0.56 | $ 0.65 | $ 0.68 | $ 0.53 |
| Diluted earnings per share ($) | **$ 0.49** | $ 1.07 | $ 0.84 | $ 0.78 | $ 0.55 | $ 0.65 | $ 0.68 | $ 0.53 |
| Dividends declared per share ($) | **$ 0.21** | $ 0.21 | $ 0.17 | $ 0.17 | $ 0.17 | $ 0.17 | $ 0.15 | $ 0.15 |

(1) The quarterly figures for 2009 have been prepared in accordance with Canadian GAAP, and have not been restated as they relate to periods prior to the Date of Transition. The quarterly net income for 2009 does not include non-controlling interests, as they were presented outside shareholders' equity under Canadian GAAP. Non-controlling interests for the fourth, third and second quarter of 2009 were $4.2 million, $1.4 million and $2.1 million, respectively.

The most significant impacts of adopting IFRS, other than the presentation of the net income attributable to SNC-Lavalin's shareholders and the net income attributable to non-controlling interests, relate to accounting for the Company's ICI, accounted for under IFRIC 12, and for its jointly controlled entities, accounted for under IAS 31. The transition to IFRS had and will have a limited impact on the Company's other activities.

While the Company did not restate its 2009 comparative figures, the estimated impact of IFRIC 12 and IAS 31, mainly attributable to the change of consolidation method for Highway 407, on revenues and net income for the fourth, third and second quarter of 2009, would have been as follows:

| (IN MILLIONS OF CANADIAN DOLLARS) | 2009 | | |
|---|---|---|---|
| | FOURTH QUARTER | THIRD QUARTER | SECOND QUARTER |
| Decrease in revenues | $ (12.9) | $ (14.6) | $ (9.4) |
| Increase in net income | $ 7.6 | $ 8.9 | $ 9.3 |

## 13 – CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

> Material information related to the company is made known to them, particularly during the period in which the interim filings were being prepared; and

> Information required to be disclosed in the Company's filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

There has been no change in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2011 and ended on March 31, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## 14 – ADDITIONAL INFORMATION

The Company's quarterly and annual financial information, its Annual Information Form and other financial documents are available on the Company's website (www.snclavalin.com) as well as on SEDAR (www.sedar.com).