AECON GROUP INC.

ANNUAL INFORMATION FORM

For the Financial Year Ended
December 31, 2015

March 28, 2016

TABLE OF CONTENTS

GENERAL MATTERS

Unless the context otherwise requires, all references to the "Company" or "Aecon" include Aecon Group Inc., its predecessors and subsidiaries and unless otherwise expressly indicated, all references to "$" or "dollars" are to Canadian dollars.

The industry and other statistical data presented in this annual information form (the "**Annual Information Form**" or "**AIF**"), except where otherwise noted, have been compiled from sources and participants which, although not independently verified by the Company, are considered by the Company to be reliable sources of information.

Aecon's website is located at www.aecon.com. The contents of Aecon's website are expressly not incorporated by reference into this AIF.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information in this AIF may constitute "forward-looking information" as such term is used in applicable Canadian securities legislation. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of Aecon, financial outlook, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "intends" or other similar expressions or future or conditional verbs such as "will", "should", "would" and "could".

In various places in this AIF, management's expectations regarding the future performance of Aecon are discussed. These "forward-looking" statements include statements pertaining to: Aecon's attempts to drive a higher margin mix of business by participating in more complex projects, achieving efficiencies and recovering margins in the Energy segment, Aecon's ability to execute our risk management strategy, our ability to maintain a number of open, recurring and repeat contracts, Aecon's ability to assign responsibility relating to known and unknown environmental risks; Aecon's strategy of differentiating Aecon's service offerings in key end markets, Aecon's undertaking of initiatives to train employees, Aecon's expectations regarding the seasonal nature of Aecon's business and Aecon's ability to participate in large projects. These "forward-looking" statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. There are factors which could cause Aecon's operations, performance and results to vary from those expressed or inferred in this AIF, including without limitation, risks associated with an investment in Aecon's securities, risks related to Aecon's business including the ability to successfully manage large project risk and contractual risk (see "General Development of the Business – Three-Year History" and "Risk Factors – Large Project Risk" in this AIF), credit, market, liquidity, competition from established competitors and new entrants in the construction industry and general business and economic conditions worldwide as well as in Canada, the U.S. and other countries where Aecon has operations. Additional discussion regarding risk factors is set out in greater detail under the heading "Risk Factors" in this AIF.

Readers are cautioned that the foregoing list of factors and those contained elsewhere in this AIF are not exhaustive. Although the Company believes that the expectations conveyed by forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. Such statements are included in this AIF solely to provide management's view of the Company's operations and their expectations regarding the Company's future plans and financial outlook, based on management's current expectations in these areas, and should not be relied upon for any other purpose. Investors and others should carefully consider the risk factors described in this AIF and not place undue reliance on forward-looking statements. The Company assumes no obligation to update forward-looking statements contained in this AIF, except as required by applicable law.

NON-GAAP FINANCIAL MEASURES

This AIF presents certain non-GAAP (GAAP refers to Canadian Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP financial measures to analyze and evaluate operating performance. Aecon also believes that the non-GAAP financial measures below are commonly used by the investment community for valuation purposes, are useful complementary measures of profitability, and provide metrics useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are profit (loss) attributable to shareholders or earnings (loss) per share.

Non-GAAP financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP in the Company's consolidated financial statements.

The following terms are used in this AIF, which are not found in the Canadian Institute of Chartered Accountants Handbook and do not have a standardized meaning under GAAP:

- "**Adjusted EBITDA**" represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sales of assets and investments, restructuring costs, gain (loss) on mark-to-market adjustments related to the Company's long-term incentive plan ("LTIP") program, and net income (loss) from projects accounted for using the equity method, but including "JV EBITDA" from projects accounted for using the equity method.
- "**JV EBITDA**" represents Aecon's proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, net financing expense and income taxes.
- "**Adjusted EBITDA margin**" represents Adjusted EBITDA as a percentage of revenue.
- "**Backlog**" means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract respecting such work is reasonably assured.

CORPORATE STRUCTURE

Name, Address and Incorporation

Aecon Group Inc. ("**Aecon**" or the "**Company**") and its predecessor entities have carried on business in Canada since 1877. Aecon was originally incorporated on January 14, 1957 under the name "Prefac Concrete Co. Ltd." and was continued under the *Canada Business Corporations Act* by certificate of continuance dated May 16, 1978. On June 18, 2001, the Company's name was changed to its current name "Aecon Group Inc.".

Aecon's registered and principal office is located at 20 Carlson Court, Suite 800, Toronto, Ontario, Canada, M9W 7K6, telephone: +1 (416) 293-7004, fax: +1 (416) 293-0271. The common shares of the Company (the "**Common Shares**") are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "ARE".

Intercorporate Relationships

As of December 31, 2015, its most recent financial year end, Aecon conducted its business principally through the following subsidiary companies, all of which are wholly owned by Aecon:

Subsidiary	Jurisdiction of Incorporation
Aecon Construction and Materials Limited	Ontario
Aecon Construction Group Inc.	Canada
Aecon Infrastructure Management Inc.	Alberta

Joint Ventures

Aecon conducts a substantial portion of its business through joint ventures with other Canadian and international companies. The Quito Airport project in Ecuador (the "**Quito Airport Project**"), the Lower Mattagami hydroelectric project in northern Ontario (the "**Lower Mattagami Project**"), the Waneta Dam project in British Columbia (the "**Waneta Dam Project**"), the Toronto-York Spadina Subway Extension in Toronto, Ontario (the "**TTC Sheppard South Project**"), the Port Mann water supply tunnel in British Columbia (the "**Port Mann Project**"), the Darlington Retube and Feeder Replacement project in Clarington, Ontario (the "**Darlington Refurbishment Project**"), the Northeast Anthony Henday Drive ring road project in Edmonton, Alberta (the "**NE Henday Drive Project**"), the Cold Lake and Polaris Pipeline project in Alberta (the "**Inter Pipeline Project**"), the Eglinton Crosstown Light Rail Transit Tunneling ("**LRT**") project in Toronto, Ontario (the "**Eglinton Crosstown LRT Tunneling Project**"), the John Hart Generating Station replacement project in Campbell River, British Columbia (the **"John Hart Generating Station Project"**), the York Viva Bus Rapid Transit project in Richmond Hill and Newmarket, Ontario (the **"York Viva Bus Rapid Transit Project"**), the Waterloo Region Light Rail Transit project in Waterloo, Ontario (the **"Waterloo Region LRT Project"**), the Regina Waste Water Treatment Plant Upgrade project in Regina, Saskatchewan (the "**Regina WWTP Project**"), and the Eglinton Crosstown LRT project in Toronto, Ontario (the "**Eglinton Crosstown LRT Project**")constituted the Company's most significant joint venture projects during 2015.

Aecon was involved in the following joint venture projects in 2015:

- Quito Airport Project – a 42.3% effective economic interest in the concessionaire of the Quito Airport Project in Quito, Ecuador, which interest Aecon sold on December 10, 2015 for approximately $232.6 million USD;
- Lower Mattagami Project – a 20% interest in a general partnership retained by Ontario Power Generation with respect to the design and construction of the Lower Mattagami Hydroelectric Complex on the Lower Mattagami River in northern Ontario;
- Waneta Dam Project – a 60% interest in a joint venture completing the design, engineering, procurement and construction of the civil and related work of the Waneta Hydroelectric Dam expansion project on the Pend d'Oreille River in British Columbia;
- TTC Sheppard South Project – a 30% interest in a joint venture building subway twin tunnels from the north end of the Toronto Transit Commission's Downsview Station to the new Finch West Station in Toronto, Ontario;
- Port Mann Project – a 40% interest in a joint venture for the construction of a main water supply tunnel under the Fraser River in Greater Vancouver, British Columbia;
- Darlington Refurbishment Project – a 50% interest in a joint venture engaged in Phase One of the retubing project at Ontario Power Generation's Darlington Generating Station in Clarington, Ontario;

- NE Henday Drive Project – a 22.5% interest in a joint venture for the construction of the northeast section of the Anthony Henday Drive ring road in Edmonton, Alberta;
- Inter Pipeline Project – a 50% interest in a joint venture for the installation of an underground pipeline for the distribution of diluent between Edmonton and Fort McMurray, Alberta and the construction of pumping stations, metering facilities, junction sites and associated pipeline connections at multiple sites;
- Eglinton Crosstown LRT Tunneling Project – a 50% interest in a joint venture for the construction of two 3.25-kilometre-long parallel tunnels and two emergency exit buildings in Toronto, Ontario;
- John Hart Generating Station Project – a 60% interest in a joint venture for the civil construction scope of the John Hart Generating Station Project in Campbell River, British Columbia;
- York Viva Bus Rapid Transit Project – a 50% interest in a joint venture for the construction of 9-kilometres of dedicated rapidway lanes for Viva rapid transit vehicles along Yonge Street in Richmond Hill and Newmarket, Ontario;
- Waterloo Region LRT Project – a 10% interest in the concessionaire and a 51% interest in a joint venture for the design and build of the LRT system, including the construction of a 19-kilometre-long dual track system from Waterloo to Kitchener, Ontario;
- Regina WWTP Project – a 50% interest in a joint venture for the design and construction of the City of Regina Waste Water Treatment Plant Expansion and Upgrade in Regina, Saskatchewan; and
- Eglinton Crosstown LRT Project – a 25% interest in the concessionaire, design and build joint venture and operation and maintenance joint venture of the LRT system, including the construction of a 19-kilometer long dual track system with 25 stations, an integrated system of track work, rolling stock, signaling and communications infrastructure along Eglinton Avenue in Toronto, Ontario.

GENERAL DEVELOPMENT OF THE BUSINESS

Aecon is a Canadian leader in construction and infrastructure development, providing integrated turnkey services to private and public sector clients. Aecon operates in four principal segments within the construction and infrastructure development industry: infrastructure ("**Infrastructure**"), energy ("**Energy**"), mining ("**Mining**"), and concessions ("**Concessions**"). Services range from financing, design, construction and operation to procurement, materials supply and engineering and fabrication. As such, Aecon is one of the most diverse and multi-disciplined companies in its industry in Canada.

Three-Year History

Significant business developments during the Company's past three financial years are discussed below.

Segment Realignment

In the first quarter of 2013, Aecon implemented a structural realignment of its business segments to operate around four core end-markets. The four new business segments are: (i) Infrastructure, which groups all of Aecon's transportation, heavy civil, and social infrastructure capabilities and services; (ii) Energy, offering a full suite of construction and fabrication services to the oil and gas, nuclear, pipeline, utilities, co-generation and renewable sectors; and (iii) Mining, offering mine-site construction and installation services and contract mining services. The fourth segment, the Concessions segment, continues its role of investing, developing, financing, operating and maintaining infrastructure projects by way of contractual structures such as public-private partnerships ("**P3**"). This refined and simplified organizational structure allows Aecon to offer its services to its clients in a more focused and efficient manner.

Eglinton Crosstown LRT Project

On July 24, 2015, Crosslinx Transit Solutions reached commercial and financial close with the Province of Ontario on the contract for the design, build, finance, operation, maintenance and lifecycle activities of the Eglinton Crosstown LRT Project. Aecon has a 25% interest in Crosslinx Transit Solutions. The Province of Ontario will invest $5.3 billion for capital costs (construction costs) for the construction of the 19 kilometre LRT line with 25 stations, an integrated system of track work, rolling stock, signaling and communications infrastructure. Crosslinx Transit Solutions will operate, maintain and complete lifecycle on the LRT system for a 30 year term after completion of construction. Construction is anticipated to start in the first quarter of 2016, with service anticipated to begin in 2021.

Sale of Interest in Quito International Airport Concession

On December 10, 2015, Aecon completed the sale of its 45.5% interest in Corporacion Quiport (S.A.), the company holding the concession rights for the Quito Airport Project to Grupo Odinsa S.A. and CCR S.A. Pursuant to the sale and purchase agreement, Aecon received approximately $291.6 million USD for its interest.

DESCRIPTION OF THE BUSINESS

Business of the Company

Aecon operates in four principal segments within the construction and infrastructure development industry: Infrastructure, Energy, Mining and Concessions.

The Infrastructure segment includes all aspects of the construction of both public and private infrastructure, primarily in Canada, and on a selected basis, internationally. The Infrastructure segment focuses primarily on the following sectors:

INFRASTRUCTURE	
Sector	**Service Focus**
Transportation	• Roads and bridges • Rail and transit • Asphalt production and aggregates • Municipal construction • Commercial site design • Material engineering and design
Heavy Civil	• Hydroelectric • Tunnels and transit stations • Foundations • Airports • Marine • Major civil transportation infrastructure
Social Infrastructure	• Water treatment facilities • Mechanical systems

The Energy segment encompasses a full suite of service offerings to the energy sector including industrial construction and manufacturing activities such as in-plant construction, site construction and module assembly. The activities of the Energy segment are concentrated predominately in Canada. The Energy segment focuses primarily on the following sectors:

ENERGY	
Sector	**Service Focus**
Oil and Gas	• Steam Assisted Gravity Drainage (SAGD) operations in the oil sands • Turnkey well pad construction and field facilities • Liquefied natural gas (LNG) plants • Gas compression facilities
Power Generation	• Nuclear • Thermal and hydro • Natural gas • Renewables
Utilities	• Oil and gas pipeline construction and integrity programs • Telecom infrastructure • Power transmission and distribution networks • Water and sewer construction • District energy • Locate services • Utility design • High voltage transmission
Energy Support Services	• Fabrication (pipe fabrication, custom steel) • Modularization • Field installations • Plant maintenance turnaround

The Mining segment offers turnkey services consolidating Aecon's mining capabilities and services across Canada, including both mine site installations and contract mining. This segment focuses on delivering construction services that span the scope of a project's life cycle from overburden removal and resource extraction to processing and environmental reclamation. The Mining segment focuses primarily on the following sectors:

MINING	
Sector	**Service Focus**
Mine Site Installations and Contract Mining	• Mine site development including overburden removal and piling services • Environmental reclamation services • Ore storage and management • Heavy mechanical works • Complete process installations • Full fabrication for mine site installations

Activities within the Concessions segment include the development, financing, construction and operation of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer and other public-private partnership contract structures. The Concessions segment focuses primarily on the following activities:

CONCESSIONS	
Activities	**Service Focus**
Project Financing	• Development of domestic and international Public-Private Partnership (P3) projects • Private finance solutions
Development	• Developing effective strategic partnerships • Leading and/or actively participating in development teams
Construction and	• Seamlessly integrating the services of all project participants

Operation	• Harnessing strengths and capabilities of the Aecon group

The construction industry in Canada is seasonal in nature for companies like Aecon, which performs a significant portion of its work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profit than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

The table below sets forth total consolidated revenue for the segments which accounted for 15% or more of total consolidated revenue in each of the two most recently completed financial years.

($ millions)	2015 Revenue ($)	2014 Revenue ($)
Infrastructure	958,743	871,903
Energy	1,268,190	1,251,386
Mining	706,120	516,107
Consolidated	2,918,083	2,614,078

Business Strategy

Aecon's overall strategic goal is to be a world class construction and infrastructure development company that safely, profitably, and sustainably delivers integrated services, products and solutions to meet its customers' needs.

Current Position

Aecon has made significant progress over the past 10 years, initially building scale in core markets, then achieving geographic and end market diversity, and in more recent years focusing on a strategic path that builds a culture of operating excellence and consistent performance in executing large, sophisticated turnkey projects for clients, all around the strong foundation of the concept of "One Aecon". This is highlighted by investment in and deployment of a common management and systems platform and enhanced project risk management and controls, which together help enable a "One Aecon" approach to three key end markets: Infrastructure, Energy and Mining, supported by the capabilities of the Concessions segment. Today, Aecon has an unrivalled ability to provide a comprehensive suite of construction, contracting and infrastructure development services across Canada, providing a superior proposition to its clients. Looking forward, the core of Aecon's strategy continues to be to differentiate its service offering in its key end markets, which leads to opportunities to secure projects that lead to higher overall returns by increasing the sophistication of the work being performed and limiting the ability of others to match what Aecon delivers to its clients.

There are four core elements that comprise the "Aecon Advantage", its strategic path and focus on performance and health.

1. Invest in Aecon's People and their Safety

The Company is committed to the development of its 12,000 strong employees in order to build upon its leadership position in the sector and drive to be Canada's premier construction and infrastructure development company. This cornerstone is especially important as competition in Canada for skilled workers, engineers and project managers can be intense.

Initiatives are being undertaken to strengthen practices – within corporate and the operating segments – related to recruitment, training, leadership development, and building a ‘performance and learning culture’. Aecon University continues to be an innovative vehicle for employees to access the full range of learning, technical and development opportunities across the Company.

Aecon’s investment in its employees was recognized again in 2016, ranked as one of the Best Employers in Canada for the ninth straight year by Aon. Aecon is pleased to have received the highest ranking of platinum for being in the top 25 per cent of companies surveyed.

A company’s ability to demonstrate that it has industry-leading safety programs and a culture that puts safety first is an important competitive differentiator in the construction industry. For many clients, most notably in the industrial sector, particularly resources and commodity-related projects, a contractor’s demonstrated commitment to safety throughout the organization is as important to selecting a contractor as their commitment to schedule, quality and price. This focus on safety is one of the reasons that maintaining and strengthening our industry leading safety program and culture is a key element of Aecon’s business strategy.

With leadership and commitment from Aecon’s executive team, down to each individual employee, Aecon’s continued emphasis on health and safety programs yielded another year of safety improvement in 2015. With a strong focus on leading indicators and activities such as the safety opportunity program, risk reviews for all field activities, and focused safety inspections across all project sites, Aecon continues to achieve very positive outcomes. This overriding commitment and participation throughout the organization saw Aecon perform over 22.8 million person-hours of work in 2015 with one lost time injury, with a reduction in the non-lost time injury rate (medical aids and first aids) to another record low for the Company of 4.32 per 200,000 hours worked.

2. Profitability

Aecon is one of the most diverse companies in its industry within Canada, able to self-perform a wide variety of construction, contracting and infrastructure development services, and to offer clients a single solution to their needs – with turnkey capabilities embodied in the “One Aecon” strategy. This approach allows Aecon to focus on enhancing client value and competing for business on the basis of more than just price.

A key component of Aecon’s operational diversity strategy is the development of its vertical and horizontal integration capabilities. The ability to self-perform services required at virtually every stage of a project, from site clearing to final construction, often including complete procurement services, is a competitive advantage for Aecon.

The depth and breadth of Aecon’s capabilities also allow it to participate in projects beyond the scope of any one discipline or division. Further, leveraging capabilities and ensuring collaboration across diverse businesses allows for synergies and cost savings for both Aecon and its clients through economies of scale and resource sharing.

The Company has set a goal of ongoing Adjusted EBITDA margin improvement. A focus on the bottom line rather than just top line growth and on operational metrics to manage business performance in line with world-class margins, combined with a focus on cash management and capital discipline, is designed to deliver superior shareholder value.

Going forward three main factors are expected to drive a higher margin mix of business and a culture of excellence in operational performance:

a) Leading partnerships and/or participating in larger scale, longer-term, more complex projects which drive higher margin, a trend that has seen revenue from joint arrangements and associates grow to approximately 25% of total revenue and further evidenced by Aecon recently securing the two largest contracts in its history, the six year, $5.3 billion Eglinton Crosstown LRT Project in which Aecon is a 25% participant through its Infrastructure and Concessions segments, and the ten-year, $2.75 billion Darlington Refurbishment Project in which Aecon is a 50% participant through its Energy segment;
b) Achieving operational efficiencies and synergies from an ongoing focus on risk management, information technology and project control initiatives designed to ensure a more consistent and improved conversion of bid margin into final executed contract margin. The Company tracks a number of metrics evidencing the success of these initiatives, including the percentage of projects achieving bid margin, average deviation from bid margin, and overall margin realization percentage at many different levels of the Company and its operating business units; and
c) Recovery of margin in the Energy segment, which dropped from an Adjusted EBITDA margin of 5.8% in 2014 to 3.6% in 2015. This recovery, which is expected to be underway in 2016, reflects the mix of work in backlog and the nature of recurring revenue contracts and associated work programs in 2016 and beyond.

3. Building Partnerships and Alliances

Aecon has developed a strategy of building strong partnerships and alliances, including joint arrangements and public private partnerships. The importance within the industry of a company's ability to develop and manage creative relationships and alliances has provided opportunities for innovative companies such as Aecon to grow their business. In 2015, over one-third of Aecon's revenue came from larger, more complex projects (over $100 million) and this proportion is expected to grow.

Aecon's partnering skills have enabled it to capitalize on a number of opportunities such as its participation in the Eglinton Crosstown LRT Project and the Waterloo Region LRT Project in Ontario, the execution phase of the Darlington Refurbishment Project in Ontario, the Regina WWTP Project in Saskatchewan, the John Hart Generating Station Project in British Columbia, and the NE Henday Drive Project in Edmonton, to name but a few. These and other alliances have given Aecon access to projects that are beyond any one contractor's capabilities to deliver alone. These partnerships also provide Aecon and its partners with an opportunity for exchanging and optimizing best practices with others in the industry.

4. Focus on Execution, Performance, Operational Discipline and Risk Management

The ability to effectively identify, mitigate and manage the construction risk inherent in every project it undertakes, and the ability to deliver those projects in a manner that appropriately protects the safety of employees, stakeholders and the public, are key elements of success in the construction industry. Developing industry leading capabilities in these areas is a fundamental part of Aecon's strategy.

Aecon has established a detailed set of project criteria and risk management practices that are continuously reviewed, updated and improved. From the criteria set for selecting the projects it bids, to the evaluation of project risks and appropriate mitigation measures, to project pricing and the senior management approval processes a bid must go through, risk management is a strategic and operational priority for Aecon.

An important element of Aecon's risk management strategy is the ongoing monitoring of projects under construction to ensure the risk management plan established at the bid stage of the project remains sufficient and is being effectively implemented. To assist in this effort, Aecon has established a project controls team, consisting of some of Aecon's most experienced and knowledgeable staff, whose mandate is to ensure complex projects are provided with state-of-the-art management controls for contract administration, cost control, scheduling and other best practices. This team also reviews the status of key projects against a set of predetermined criteria, and ensures that the project is meeting its financial and risk management objectives.

Particular focus for 2016 – Within this context, the Company is pursuing a number of programs and key initiatives to fulfill this strategy this year including:

- ✓ Continued progress on initiatives outlined above towards meeting Aecon's goal of ongoing improvement in Adjusted EBITDA margin;
- ✓ Continue to capitalize on the "One Aecon" strategy by leveraging tools and incentives to drive co-ordination and cooperation between the Infrastructure, Energy, Mining and Concessions segments for large, multi-disciplinary project opportunities;
- ✓ Build upon Aecon's expertise in the P3 space by successfully participating in targeted strategic concession opportunities in Canada and on a select basis internationally, as well as developing a strategy to drive future participation in the developing P3 market in the U.S.;
- ✓ Focus on successful ramp up and execution of recently secured large project wins in conjunction with Aecon's partners;
- ✓ Build upon the deployment in 2015 of standardized core operating and transactional processes and an integrated Enterprise Resource Planning ("ERP") system to drive operational excellence through the use of timely and insightful data; and
- ✓ Build upon the launch in 2015 of the Risk Evaluation Committee to monitor cost and schedule performance, and evaluation of all major projects by Aecon's senior management team, by establishing a Risk Committee of Aecon's Board of Directors.

Business Operations – Major Projects

For the year ended December 31, 2015, Aecon was involved in the design and/or construction of sixteen major projects. These projects are the: Port Mann Project; TTC Sheppard South Project; Lower Mattagami Project; Waneta Dam Project; Darlington Refurbishment Project; NE Henday Drive Project; Inter Pipeline Project; Union Station Train Shed Revitalization Project; Eglinton Crosstown LRT Project; Eglinton Crosstown LRT Tunneling Project; John Hart Generating Station Replacement Project; York Viva Bus Rapid Transit Project; Highway 410 Widening Project; K + S Potash Canada Legacy Mining Project; the Waterloo Region LRT Project; and the Regina WWTP Project.

Port Mann Project
Aecon is a 40% partner in a joint venture which was awarded a $150 million contract for the construction of a Water Supply Tunnel under the Fraser River in Greater Vancouver, British Columbia. The work consists of sinking two shafts and excavating 1,000 metres of EPB (earth pressure balanced) tunnel with precast segmental lining under the Fraser River from Surrey to Coquitlam, British Columbia. The contract forms part of Greater Vancouver's water transmission system risk management program. The expected completion date is summer of 2016.

TTC Sheppard South Project
Aecon holds a 100% interest in building the new Toronto Transit Commission's Sheppard West station, an integrated subway and GO Transit regional rail station and a 30% interest in the joint venture constructing subway tunnels. The project is valued at $279 million and involves completing 2.6 kilometres of subway twin tunnels from the north end of the current Downsview Station, through the new Sheppard West station, to the new Finch West station in Toronto, Ontario. The expected completion date is fall of 2016.

Lower Mattagami Project
Aecon is a 20% partner in a joint venture that was awarded a contract valued at approximately $1.7 billion from Ontario Power Generation for the design and construction of the Lower Mattagami Hydroelectric Complex, about 70 kilometres northeast of Kapuskasing, Ontario. The joint venture is in

the process of redeveloping four generating stations on the Mattagami River in Ontario. The expected completion date is summer of 2016.

Waneta Dam Project
Aecon is 60% partner in a joint venture which was awarded the civil works contract for the design, engineering, procurement and construction of the Waneta Dam Project on the Pend d'Oreille River in British Columbia. The contract is part of the Waneta Hydroelectric Dam expansion project which involves the designing, engineering, procurement, constructing, commissioning and performance testing of a power plant facility. The Waneta Dam Project was completed in winter of 2015.

Darlington Refurbishment Project
Aecon holds a 50% interest in the joint venture carrying out the definition phase of the refurbishment of all four reactors at the Darlington Generating Station in Clarington, Ontario. The project includes the construction of a full-scale reactor mock-up to simulate key elements of the refurbishment work, and the development, procurement and testing of specialized tooling required for the project. The expected completion date of the definition phase is summer of 2016. The execution phase is expected to commence in 2016.

NE Henday Drive Project
Aecon holds a 22.5% interest in the joint venture that was awarded a contract valued at approximately $1.81 billion for the construction of 27 kilometres of six and eight-lane divided roadway, nine interchanges, two road flyovers, eight rail crossings and two bridges across the North Saskatchewan River in Edmonton, Alberta. The expected completion date is fall of 2016.

Inter Pipeline Project
Aecon holds a 50% interest in the joint venture that was awarded a contract valued at approximately $600 million to install 560 kilometres of underground pipeline for the distribution of diluent between Edmonton and Fort McMurray, Alberta, as well as engineering support and constructability reviews and work that includes the construction of pumping stations, metering facilities, junction sites and associated pipeline connections at multiple sites. The Inter Pipeline project was completed in the fall of 2015.

Union Station Train Shed Revitalization Project
Aecon is executing a $196 million construction contract for the refurbishment of the Union Station Train Shed located in Toronto, Ontario. The contract is part of the Union Station Revitalization project and involves the refurbishment of a 360,000 square feet train shed covering 13 tracks and 23 platforms as well as the replacement of the existing roof with a steel roof and glass atrium that reaches 50 feet above the platform level. The expected completion date is summer of 2017.

Eglinton Crosstown LRT Project
Aecon holds a 25% interest in the concessionaire, design and build joint venture and operation and maintenance joint venture of the LRT system, including the construction of a 19-kilometer long dual track system with 25 stations, an integrated system of track work, rolling stock, signaling and communications infrastructure along Eglinton Avenue in Toronto, Ontario. The expected completion date is 2021.

Eglinton Crosstown LRT Tunneling Project
Aecon holds a 50% interest in the joint venture project valued at $177 million to construct two parallel 3.25-kilometre-long tunnels along Eglinton Avenue from a launch shaft located east of Brentcliffe Road to an extraction shaft located east of Yonge Street in Toronto and two emergency exit buildings. The expected completion date is spring of 2017.

John Hart Generating Station Replacement Project
Aecon holds a 60% interest in the joint venture project valued at $225 million to construct a new water intake at the existing John Hart Spillway/Dam, replacement of three 1.8-kilometre-long above ground

penstocks with a 2.1-kilometre-long tunnel, construction of a new underground generating station, and a water bypass facility as part of the John Hart Generating Station Replacement Project in Campbell River, British Columbia. The expected completion date is winter of 2018.

York Viva Bus Rapid Transit Project
Aecon holds a 50% interest in the joint venture project valued at $261 million to design and construct approximately nine kilometres of dedicated rapidway lanes for Viva rapid transit vehicles in the center of the road, including widening Yonge Street to accommodate the lanes, as well as ten new Viva Stations in Richmond Hill and Newmarket, Ontario. The expected completion date is spring of 2020.

Highway 410 Widening Project
Aecon is executing a $156 million construction contract for the grading, drainage, paving, electrical work, widening and repairing bridge structures, construction of new ramps, and updating the advanced traffic management system along Highway 410 from south of Highway 401 to Queen Street in Brampton, Ontario. The expected completion date is winter of 2018.

K+S Potash Canada Legacy Mining Project
Aecon is executing an approximately $640 million construction contract for the mechanical, piping, electrical and instrumentation work for the North Tank Farm and Evaporator, Crystallization and Clarifier Plant portion of the Legacy mining project in Saskatchewan. The expected completion date is the first quarter of 2017.

Waterloo Region LRT Project
Aecon holds a 51% interest in the joint venture project valued at $250 million to design and construct a 19-kilometre dual track system from Conestoga Mall in Waterloo to Fairview Park Mall in Kitchener, as well as 16 LRT stations and an operation, maintenance and storage facility. The expected completion date is fall of 2017.

Regina WWTP Project
Aecon holds a 50% interest in the joint venture project valued at approximately $150 million design and construction contract for the upgrade and expansion work for the City of Regina's Waste Water Treatment Plant in Saskatchewan. The expected completion date is winter of 2016.

In addition to the above major projects, Aecon maintains a number of open, recurring and repeat contracts and arrangements where the exact amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit is not guaranteed. Examples include the value of construction work managed under construction management advisory contracts, concession agreements, multi-year operating and maintenance service contracts where the value of the work is not specified, supplier of choice arrangements and alliance agreements where the client requests services on an as-needed basis.

Environmental, Health and Safety Policies

Aecon is subject to federal, provincial and municipal environmental legislation in all of its manufacturing and construction operations in the jurisdictions in which it operates. In any given year, Aecon performs work on hundreds of job sites of varying size and duration in many different jurisdictions and as such is subject to a wide range of environmental laws. Environmental risk is assessed in a variety of ways as outlined below.

Aecon recognizes that it must conduct all of its business in such a manner as to protect and preserve the environment as well as to comply with applicable statutory requirements. At each place where work is performed, Aecon develops and implements a detailed quality control plan as the primary tool to demonstrate and maintain compliance with all environmental regulations and conditions of permits and approvals. All Aecon employees at a supervisor role or higher are required to complete on an annual basis environmental, health and safety, "Red Book" training, an internal training session which includes conventional safety training, occupational health and safety as well as environmental training. In addition, Aecon's Code of Ethics and Business Conduct (the "**Code**") identifies environmental protection as a fundamental corporate value. The Code states that each Aecon employee has a role to play in ensuring that Aecon's business complies with existing legislation and is consistent with sound environmental management as well as the principles of sustainable development. Employees are required to report any environmental concerns to Aecon's Environmental, Health and Safety and Legal Departments. Any issues raised are included in quarterly reports which are provided to the senior management team and the Board of Directors. Aecon also has in place a formal Corporate Social Responsibility and Sustainability Policy which guides Aecon employees to conduct business in a safe, socially responsible and ethical manner. Senior management and the Board of Directors receive a daily flash report from the Environmental, Health and Safety group setting out any environmental and safety incidents in the past 24 hours.

Most of Aecon's work is completed pursuant to alliance agreements, purchase orders or project specific contracts. These contracts typically assign responsibility for known and unknown environmental risk. Where Aecon accepts risk for environmental liability, an appropriate contingency is included in the contract price and all major projects with material environmental risk are evaluated by Aecon's Project Risk Committee. Historically, the costs of environmental compliance have either been covered in the contract price (including general project contingencies) or have been non-material. Nevertheless, there can be no guarantee that a material liability will not arise that exceeds project contingencies. Based on these quarterly reports, management is not aware of any pending environmental legislation, violations of existing environmental legislation or significant cost of compliance with existing environmental legislation which would be likely to have a material impact on any of Aecon's operations, capital expenditure requirements or competitive position. Please see "Risk Factors - Environmental and Safety Factors" in this AIF for additional details.

With respect to Asset Retirement Obligations, the Company has legal obligations associated with the retirement of pits and quarries utilized in aggregate mining operations. As a result, a provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on estimated future costs using information available at the balance sheet date. The provision is discounted using a current market-based pre-tax discount rate that reflects the average life of the obligations. An increase in the provision due to the passage of time is recognized as a finance cost and the provision is reduced by actual rehabilitation costs incurred. The present value of the legal obligations incurred is recognized as an inventory production cost and is included in the cost of the aggregates produced. For additional detail, please see Note 5.15 "Provisions – Decommissioning Liabilities" and Note 15 "Provisions" in the 2015 Consolidated Financial Statements filed under the Company's SEDAR profile at www.sedar.com.

Employees

Aecon had approximately 1,900 full time salaried employees and approximately 7,200 union and non-union hourly employees, and 1,550 joint venture employees and independent contractors as of December 31, 2015, for a total of approximately 10,600 employees. This number is not indicative of the total number of employees at any time throughout the year as the Canadian construction industry is seasonal in nature, with less work performed in the winter and early spring months. At its peak operating capacity level during 2015, Aecon employed approximately 12,000 employees. None of the Company's full-time salaried employees are unionized. Joint venture employees and independent contractors are excluded from these figures, as they are not employed by Aecon. Aecon recruits its hourly worker labour pool on an "as needed" basis consistent with relevant union contracts and traditional hiring practices. These employees are laid off upon the completion of the job they were working on unless they are transferred to another job. Management believes that its relationship with its employees is generally excellent.

RISK FACTORS

The following risk factors, and the information incorporated by reference herein, should be considered carefully. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Large Project Risk

A substantial portion of Aecon's revenue is derived from large projects, some of which are conducted through joint ventures. These projects provide opportunities for significant revenue and profit contributions but, by their nature, carry significant risk and, as such, can and have occasionally resulted in significant losses. As a result of the existing infrastructure deficit throughout Canada a significant number of large projects are expected to be tendered over the next several years. In addition to a growing involvement in large projects in response to changing market conditions, Aecon is also active in the Public Private Partnership ("P3") market in Canada. The P3 procurement model typically involves a transfer of certain risks to a contractor beyond those contained in a conventional fixed price contract. As such, a failure to properly execute and complete a P3 project may subject Aecon to significant losses. In addition, previously announced or anticipated projects in the resources and commodities mining sector continue to grow in size, scope and complexity. The risks associated with such large scale infrastructure and industrial projects are often proportionate to their size and complexity thereby placing a premium on risk assessment and project execution.

Joint ventures are often formed to undertake a specific project, jointly controlled by the partners and are dissolved upon completion of the project. Aecon selects its joint venture partners based on a variety of criteria including relevant expertise, past working relationships, as well as analysis of prospective partners' financial and construction capabilities. Joint venture agreements spread risk between the partners and they generally state that companies supply their proportionate share of operating funds and that they share profits and losses in accordance with specified percentages. Nevertheless, each participant in a joint venture is usually liable to the client for completion of the entire project in the event of a default by any of its partners. Therefore, in the event that a joint venture partner fails to perform its obligations due to financial or other difficulties or is disallowed from performing or is otherwise unable to perform its obligations as a result of the client's determination, whether pursuant to the relevant contract or because of modifications to government or agency procurement policies or rules or for any other reason, Aecon may be required to make additional investments or provide additional services which may reduce or eliminate profit, or even subject Aecon to significant losses with respect to the joint venture. As a result of the complexity and size of such projects that Aecon has pursued in recent years or is likely to pursue going forward, the failure of a joint venture partner on a larger, more complex project could have a more significant impact on Aecon's results.

The contract price on large projects is based on cost estimates using a number of assumptions. Given the size of these projects, if these assumptions prove incorrect, whether due to faulty estimates, unanticipated circumstances, or a failure to properly assess risk, profit may be materially lower than anticipated or, in a worst case scenario, result in a significant loss.

The recording of the results of large project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods. For greater detail on the potential impact of contractual factors, including unpriced change orders, see "Contractual Factors" under "Risk Factors" herein.

Aecon has a number of commitments and contingencies. If Aecon was called upon to honour these contingent obligations, its financial results could be adversely affected. For additional details, see Note 20 "Contingencies" and Note 21 "Commitments Under Non-Cancellable Operating Leases" to the

Company's December 31, 2015 consolidated financial statements filed on Aecon's SEDAR profile at www.sedar.com.

The failure to replace the revenue generated from these large projects on a going forward basis could adversely affect Aecon.

Contractual Factors

Aecon performs construction activities under a variety of contracts including lump sum, fixed price, guaranteed maximum price, cost reimbursable, design-build, design-build-finance, design-build-finance-maintain and design-build-finance-operate-maintain. Some forms of construction contracts carry more risk than others. Aecon attempts to maintain a diverse mix of contracts to prevent overexposure to the risk profile of any particular contractual structure; however, conditions influencing both private sector and public authority clients may alter the desired mix of available projects and contractual structures that Aecon undertakes.

Historically, a substantial portion of Aecon's revenue is derived from lump sum contracts pursuant to which a commitment is provided to the owner of the project to complete the project at a fixed price ("Lump Sum") or guaranteed maximum price ("GMP"). In Lump Sum and GMP projects, in addition to the risk factors of a unit price contract (as described below), any errors in quantity estimates or schedule delays or productivity losses, for which contracted relief is not available, must be absorbed within the Lump Sum or GMP, thereby adding a further risk component to the contract. Such contracts, given their inherent risks, have from time to time resulted in significant losses. The failure to properly assess a wide variety of risks, appropriately execute such contracts or contractual disputes, may have an adverse impact on financial results.

Aecon is also involved in fixed unit price construction contracts under which the Company is committed to provide services and materials at a fixed unit price (e.g. dollars per tonne of asphalt or aggregate). While this shifts the risk of estimating the quantity of units to the contract owner, any increase in Aecon's cost over the unit price bid, whether due to estimating error, inefficiency in project execution, inclement weather, inflation or other factors, will negatively affect Aecon's profitability.

In certain instances, Aecon guarantees to a customer that it will complete a project by a scheduled date or that the facility will achieve certain performance standards. If the project or facility subsequently fails to meet the schedule or performance standards, Aecon could incur additional costs or penalties commonly referred to as liquidated damages. Although Aecon attempts to negotiate waivers of consequential or liquidated damages, on some contracts the Company is required to undertake such damages for failure to meet certain contractual provisions. Such penalties may be significant and could impact Aecon's financial position or results of future operations. Furthermore, schedule delays may also reduce profitability because staff may be prevented from pursuing and working on new projects. Project delays may also reduce customer satisfaction which could impact future awards.

Aecon is also involved in design-build, design-build-finance, design-build-finance-maintain and design-build-finance-operate-maintain contracts or certain contracts for owners such as Infrastructure Ontario and Partnerships British Columbia where, in addition to the responsibilities and risks of a unit price or lump sum construction contract, Aecon is responsible for certain aspects of the design of the facility being constructed. This form of contract adds the risk of Aecon's liability for design errors as well as additional construction costs that might result from such design errors.

Certain of Aecon's contractual requirements may also involve financing elements, where Aecon is required to provide one or more letters of credit, performance bonds, financial guarantees or equity investments. For greater detail see "Access to Bonding, Pre-qualification Rating and Letters of Credit" under "Risk Factors" herein.

Change orders, which modify the nature or quantity of the work to be completed, are frequently issued by clients. Final pricing of these change orders is often negotiated after the changes have been started or completed. As such, disputes regarding the quantum of unpriced change orders could impact Aecon's profitability on a particular project, its ability to recover costs or, in a worst case scenario, result in significant project losses. Until pricing has been agreed, these change orders are referred to as "unpriced change orders." Revenues from unpriced change orders are recognized to the extent of the costs incurred on executing the change order or, if lower, to the extent to which recovery is probable. Only when pricing is agreed to is any profit on such change orders recognized. If, ultimately, there are disputes with clients on the pricing of change orders or disputes regarding additional payments owing as a result of changes in contract specifications, delays, additional work or changed conditions, Aecon's accounting policy is to record all costs for these changes but not to record any revenues anticipated from these disputes until resolution is probable. The timing of the resolution of such events can have a material impact on income and liquidity and thus can cause fluctuations in the revenue and income of Aecon in any one reporting period.

Aecon Operates in a Highly Competitive Industry

Aecon operates businesses in highly competitive product and geographic markets in Canada, the United States and internationally. Aecon competes with other major contractors, as well as many mid-size and smaller companies, across a range of industry segments. In addition, an increase in the number of international companies entering into the Canadian marketplace has also made the market more competitive. Each has its own advantages and disadvantages relative to Aecon. New contract awards and contract margin are dependent on the level of competition and the general state of the markets in which the Company operates. Fluctuations in demand in the segments in which the Company operates may impact the degree of competition for work. Competitive position is based on a multitude of factors including pricing, ability to obtain adequate bonding, backlog, financial strength, appetite for risk, reputation for safety, quality, timeliness and experience. Aecon has little control over and cannot otherwise affect these competitive factors. If the Company is unable to effectively respond to these competitive factors, results of operations and financial condition will be adversely impacted. In addition, a prolonged economic slump or slower than anticipated recovery may affect one or more of Aecon's competitors or the markets in which it operates, resulting in increased competition in certain market segments, price or margin reductions or decreased demand for services, which may adversely affect results.

Resources and Commodities Sector

Delays, scope reductions and/or cancellations in previously announced or anticipated projects in the Alberta oil sands and commodities mining sector demonstrated that economic activity in the resources and commodities sector could be impacted by a variety of factors. General factors include but are not limited to: the pricing of oil, potash and other commodities; market volatility; the impact of global economic conditions affecting demand or the worldwide financial markets; cost overruns on announced projects; efforts by owners to contractually shift risk for cost overruns to contractors; fluctuations in the availability of skilled labour; lack of sufficient governmental infrastructure to support growth; the introduction of new "green" legislation; negative perception of the Alberta oil sands and their potential environmental impact; and a shortage of sufficient pipeline capacity to transport production to major markets.

The prices of oil, natural gas and other commodities are determined based on world demand, supply, production, speculative activities and other factors, all of which are beyond the control of the Company. Investment decisions by many of Aecon's clients are dependent on the clients' outlook on the long-term price of commodities. If that outlook is unfavourable it may cause delay, reduction or cancellation of current and future projects. The decline in the prices of oil and commodities beginning in late 2014 and continuing throughout 2015, combined with potential further declines in prices, could result in a material reduction in the oil and gas development activities and capital expenditure plans of the Company's

Energy and Mining segment clients, which could in turn have a negative effect on the frequency, number and size of the projects for which the Company would bid.

Given the volatility of world oil and commodity prices, a sustained period of low prices on a going forward basis may result in material differences in previously projected oil sands and resource development. Postponements or cancellations of investment in existing and new projects could have an adverse impact on Aecon's business and financial condition.

Economic Factors

Aecon's profitability is closely tied to the general state of the economy in those geographic areas in which it operates. More specifically, the demand for construction and infrastructure development services, which is the principal component of Aecon's operations, is perhaps the largest single driver of the Company's growth and profitability. In periods of strong economic growth, there is generally an increase in the number of opportunities available in the construction and infrastructure development industry as capital spending increases. In periods of weak economic growth, the demand for Aecon's services from private sector and public authority clients may be adversely affected by economic downturns.

In North America, which tends to have relatively sophisticated infrastructure, Aecon's profitability is dependent both on the development, rehabilitation and expansion of basic infrastructure (such as, among others, highways, airports, dams and hydroelectric plants) and on the type of infrastructure that flows from commercial and population growth. Commercial growth demands incremental facilities for the movement of goods within and outside of the community, along with water and sewer systems and heat, light and power supplies. Population growth creates a need to move people to and from work, schools and other public facilities, and demands similar services to new homes. Since growth in both these areas, with the possible exception of road maintenance and construction, is directly affected by the general state of the local economy, a prolonged economic downturn in the markets in which Aecon operates or related constraints on public sector funding, including as a result of government deficits, may have a significant impact on Aecon's operations.

Concessionaire Risk

In addition to providing design, construction, procurement, operation and other services on a given project, Aecon will sometimes invest as a concessionaire in an infrastructure asset. In such instances, Aecon assumes a degree of risk (essentially equity risk) associated with the performance of the asset during the concession period. The Eglinton Crosstown LRT project is a current example of such a project.

The financing arrangements on concession projects are typically based on a set of projections regarding the cash flow to be generated by the asset during the life of the concession. The ability of the asset to generate the cash flows required to provide a return to the concessionaire can be influenced by a number of factors, some of which are partially beyond the concessionaire's control, such as, among others, political or legislative changes, traffic demand and thus operating revenues, collection success and operating cost levels.

While project concession agreements often provide a degree of risk mitigation, and insurance products are available to limit some of the concession risks, the value of Aecon's investment in these infrastructure assets can be impaired, and certain limited risk guarantees can be called, if the financial performance of the asset does not meet certain requirements.

On a going forward basis, a future economic downturn may directly or indirectly impact the ability of Aecon to make the necessary financing arrangements to pursue all of the concession opportunities it would otherwise be interested in.

Labour Factors

A significant portion of Aecon's labour force is unionized and accordingly, Aecon is subject to the detrimental effects of a strike or other labour action, in addition to competitive cost factors.

The Company's future prospects depend to a significant extent on its ability to attract sufficient skilled workers. The construction industry is faced with an increasing shortage of skilled labourers in some areas and disciplines, particularly in remote locations that require workers to live in temporary "camp" environments. The resulting competition for labour may limit the ability of the Company to take advantage of opportunities otherwise available or alternatively may impact the profitability of such endeavours on a going forward basis. The Company believes that its union status, size and industry reputation will help mitigate this risk but there can be no assurance that the Company will be successful in identifying, recruiting or retaining a sufficient number of skilled workers.

Subcontractor Performance

The profitable completion of some contracts depends to a large degree on the satisfactory performance of the subcontractors as well as design and engineering consultants who complete different elements of the work. If these subcontractors do not perform to accepted standards, Aecon may be required to hire different subcontractors to complete the tasks, which may impact schedule, add costs to a contract, impact profitability on a specific job and, in certain circumstances, lead to significant losses. A major subcontractor default or failure to properly manage subcontractor performance could materially impact results.

Litigation Risk and Claims Risk

Disputes are common in the construction industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. In view of the quantum of the amounts claimed and the insurance coverage maintained by the Company in respect of these matters, management of the Company does not believe that any of the legal actions or proceedings that are presently known or anticipated by the Company are likely to have a material impact on the Company's financial position. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, the Company is subject to the risk of claims and legal actions for various commercial and contractual matters, primarily arising from construction disputes, in respect of which insurance is not available. Although as of the date hereof, Aecon has not seen a material shift, there can be no guarantee that one of the by-products of weak economic conditions will not be a rise in litigation which, depending on the nature of the litigation, could impact Aecon's results.

Risk of Non-Payment

Credit risk of non-payment with private owners under construction contracts is to a certain degree minimized by statutory lien rights which give contractors a high priority in the event of foreclosures as well as progress payments based on percentage completion. However, there is no guarantee that these measures will in all circumstances mitigate the risk of non-payment from private owners and a significant default or bankruptcy by a private owner may impact results. A greater incidence of default (including cash flow problems) or corporate bankruptcy amongst clients, subcontractors or suppliers related to current or future economic conditions could also impact results.

Credit risk is typically less with public (government) owners, who generally account for a significant portion of Aecon's business, as funds have generally been appropriated prior to the award or commencement of the project. Please see "Dependence on the Public Sector" under "Risk Factors" herein for additional discussion of the risks associated with this type of contract.

Dependence on the Public Sector

A significant portion of Aecon's revenue is derived from contracts with various governments or their agencies. Consequently, any reduction in demand for Aecon's services by the public sector whether from traditional funding constraints, the long-term impact of weak economic conditions (including future budgetary constraints, concerns regarding deficits or an eroding tax base), changing political priorities, change in government or delays in projects caused by the election process would likely have an adverse effect on the Company if that business could not be replaced from within the private sector.

Large government sponsored projects typically have long and often unpredictable lead times associated with the government review and political assessment process. The time delays and pursuit costs incurred as a result of this lengthy process, as well as the often unknown political considerations that can be part of any final decision, constitute a significant risk to those pursuing such projects.

Ongoing Financing Availability

Aecon's business strategy involves the selective growth of its operations through internal growth and acquisitions. Certain of Aecon's operating segments, particularly its Infrastructure, Mining and Energy segments, require substantial working capital during their peak busy periods. Aecon relies on its cash position and the availability of credit and capital markets to meet these working capital demands. As these businesses grow, Aecon is continually seeking to enhance its access to funding in order to finance the higher working capital associated with this growth. However, given the expected demand for infrastructure services over the next several years and the size of many of these projects, Aecon may be constrained in its ability to capitalize on growth opportunities to the extent that financing is either insufficient or unavailable. Further, instability or disruption of capital markets, or a weakening of Aecon's cash position could restrict its access to, or increase the cost of obtaining financing. Aecon cannot guarantee that it will maintain an adequate cash flow to fund its operations and meet its liquidity needs. Additionally, if the terms of the credit facility are not met lenders may terminate Aecon's right to use its credit facility, or demand repayment of whole or part of all outstanding indebtedness, which could have a material adverse effect on Aecon's financial position.

One or more third parties drawing on letters of credit or guarantees could have a material adverse effect on Aecon's cash position and operations.

Some of Aecon's clients also depend on the availability of credit to finance their projects. If clients cannot arrange financing, projects may be delayed or cancelled, which could have a material adverse effect on Aecon's growth and financial position. Diminution of a client's access to credit may also affect Aecon's ability to collect payments, negotiate change orders, and settle claims with clients which could have a material adverse effect on Aecon's financial position.

Access to Bonding, Pre-qualification Rating and Letters of Credit

Many of Aecon's construction contracts require sufficient bonding, pre-qualification rating or letters of credit. The surety industry has endured a certain degree of instability and uncertainty arising from weaker economic conditions, the long-term effects of which may constrain overall industry capacity. Furthermore, the issuance of bonds under surety facilities is at the sole discretion of the surety company on a project by project basis. As such, even sizeable surety facilities are no guarantee of surety support on any specific individual project. Although the Company believes it will be able to continue to maintain surety capacity adequate to satisfy its requirements, should those requirements be materially greater than anticipated, or should sufficient surety capacity not be available to Aecon or its joint venture partners (see "Large Project Risk" under "Risk Factors" herein) for reasons related to an economic downturn or otherwise, or should the cost of bonding rise substantially (whether Aecon specific or industry wide), this may have an adverse effect on the ability of Aecon to operate its business or take advantage of all market opportunities. The Company also believes that it has sufficient capacity with respect to letters of credit to satisfy its requirements, but should these requirements be materially greater than anticipated or should industry capacity be materially impacted by domestic or international conditions unrelated to Aecon, this may have an adverse effect on the ability of Aecon to operate its business.

Insurance Risk

Aecon maintains insurance in order to both satisfy the requirements of its various construction contracts as well as a corporate risk management strategy. Insurance products from time to time experience market fluctuations that can impact pricing and availability. Therefore, senior management, through Aecon's insurance broker, monitors developments in the insurance markets to ensure that the Company's insurance needs are met. Insurance risk entails inherent unpredictability that can arise from assuming long-term policy liabilities or from uncertainty of future events. Although Aecon has been able to meet its insurance needs, there can be no assurances that Aecon will be able to secure all necessary or appropriate insurance on a going forward basis. Failure to do so could lead to uninsured losses or limit Aecon's ability to pursue some construction contracts, both of which could impact results.

Environmental and Safety Factors

Unfavourable weather conditions represent one of the most significant uncontrollable risks for Aecon to the extent that such risk is not mitigated through contractual terms. Construction projects are susceptible to delays as a result of extended periods of poor weather, which can have an adverse effect on profitability arising from either late completion penalties imposed by the contract or from the incremental costs arising from loss of productivity, compressed schedules, or from overtime work utilized to offset the time lost due to adverse weather.

During its history, Aecon has experienced a number of incidents, emissions or spills of a non-material nature in the course of its construction activities. Although none of these environmental incidents to date have resulted in a material liability to the Company, there can be no guarantee that any future incidents will also be of a non-material nature.

Aecon is subject to, and complies with, federal, provincial and municipal environmental legislation in all of its manufacturing and construction operations. Aecon recognizes that it must conduct all of its business in such a manner as to both protect and preserve the environment in accordance with this legislation. At each place where work is performed, Aecon develops and implements a detailed quality control plan as the primary tool to demonstrate and maintain compliance with all environmental regulations and conditions of permits and approvals. Given its more than one hundred-year history in the construction industry, the large number of companies incorporated into its present structure, and the fact that environmental regulations tend not to have a statute of limitations, there can be no guarantee that a historical claim may not arise on a go forward basis. Management is not aware of any pending environmental legislation that would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position, although there can be no guarantee that future legislation (including without limitation the introduction of "green" legislation that may impact segments of Aecon's business such as work in Alberta's oil sands) will not be proposed and, if implemented, might have an impact on the Company and its financial results.

Aecon is also subject to, and complies with, health and safety legislation in all of its operations in the jurisdictions in which it operates. The Company recognizes that it must conduct all of its business in such a manner as to ensure the protection of its workforce and the general public. Aecon has developed a comprehensive health and safety program. Nevertheless, given the nature of the industry, accidents will inevitably occur from time to time. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact, taken as a whole, on any of its operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents. Increasingly across the construction industry safety standards, records and culture are an integral component of winning new work. Should

Aecon fail to maintain its safety standards, such failure may impact future job awards, or in a worst case scenario impact financial results.

Cyclical Nature of the Construction Industry

Fluctuating demand cycles are common in the construction industry and can have a significant impact on the degree of competition for available projects. As such, fluctuations in the demand for construction services or the ability of the private and/or public sector to fund projects in the current economic climate could adversely affect backlog and margin and thus Aecon's results.

Given the cyclical nature of the construction industry, the financial results of Aecon, similar to others in the industry, may be impacted in any given period by a wide variety of factors beyond its control (as outlined herein) and, as a result, there may be from time to time, significant and unpredictable variations in Aecon's quarterly and annual financial results.

Failure of Clients to Obtain Required Permits and Licences

The development of construction projects requires Aecon's clients to obtain regulatory and other permits and licenses from various governmental licensing bodies. Aecon's clients may not be able to obtain all necessary permits and licenses required for the development of their projects, in a timely manner or at all. These delays are generally outside the Company's control. The major costs associated with these delays are personnel and associated overhead that is designated for the project which cannot be reallocated effectively to other work. If the client's project is unable to proceed, it may adversely impact the demand for the Company's services.

International/Foreign Jurisdiction Factors

Aecon is from time to time engaged in large international projects in foreign jurisdictions. International projects can expose Aecon to risks beyond those typical for its activities in its home market, including without limitation, economic, geopolitical, geotechnical, military, repatriation of undistributed profits, currency and foreign exchange risks, and other risks beyond the Company's control including the duration and severity of the impact of global economic downturns.

Aecon continually evaluates its exposure to unusual risks inherent in international projects and, where deemed appropriate in the circumstances, mitigates these risks through specific contract provisions, insurance coverage and forward exchange agreements. However, there are no assurances that such measures would offset or materially reduce the effects of such risks.

Foreign exchange risks are actively managed and hedged where possible and considered cost effective, when directly tied to quantifiable contractual cash flows accruing directly to Aecon within periods of one or two years. Major projects executed through joint ventures generally have a longer term and result in foreign exchange translation exposures that Aecon has not hedged. Such translation exposure will have an impact on Aecon's consolidated financial results. Practical and cost effective hedging options to fully hedge this longer term translational exposure are not generally available.

Internal and Disclosure Controls

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of Aecon. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of Aecon to continue its business as presently constituted. Aecon has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, Aecon assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the Board of Directors regarding achievement of intended results. Aecon's current system of internal and disclosure controls places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

Interruption, Failure or Breach of Information Systems

Aecon relies extensively on information systems, data and communication networks to effectively manage its operations. Complete, accurate, available and secure information is vital to the Company's operations and any compromise in such information could result in improper decision making, inaccurate or delayed operational and/or financial reporting, delayed resolution to problems, breach of privacy and/or unintended disclosure of confidential materials. Failure in the completeness, accuracy, availability or security of Aecon's information systems, the risk of system interruption or failure during system upgrades or implementation, or a breach of data security could adversely affect the Company's operations and financial results. Similarly, computer viruses, cyber-attacks, security breaches, unforeseen natural disasters and related events or disruptions could result in information systems failures that may adversely affect Aecon's operations and financial results. The sophistication of cyber threats and the associated financial, reputational and business interruption risks have also increased with advancement and integration of technology.

Integration and Acquisition Risk

The integration of any acquisition raises a variety of issues including, without limitation, identification and execution of synergies, elimination of cost duplication, systems integration (including accounting and information technology), execution of the pre-deal business strategy in an uncertain economic market, development of common corporate culture and values, integration and retention of key staff, retention of current clients as well as a variety of issues that may be specific to Aecon and the industry in which it operates. There can be no assurance that Aecon will maximize or realize the full potential of any of its acquisitions. A failure to successfully integrate acquisitions and execute a combined business plan could materially impact the future financial results of Aecon. A failure to expand the existing client base and achieve sufficient utilization of the assets acquired could also materially impact the future financial results of Aecon.

Loss of Key Management and Inability to Attract and Retain Key Staff

The Company's future prospects depend to a significant extent on the continued service of its key executives and staff. Furthermore, the Company's continued growth and future success depends on its ability to identify, recruit, assimilate and retain key management, technical, project and business development personnel. The competition for such employees, particularly during periods of high demand in certain sectors, is intense and there can be no assurance that the Company will be successful in identifying, recruiting or retaining such personnel.

Adjustments in Backlog

There can be no assurance that the revenues projected in Aecon's backlog at any given time will be realized or, if realized, that they will perform as expected with respect to margin. Projects may from time to time remain in backlog for an extended period of time prior to contract commencement, and after commencement may occur unevenly over current and future earnings periods. Project suspensions, terminations or reductions in scope do occur from time to time in the construction industry due to considerations beyond the control of a contractor such as Aecon and may have a material impact on the amount of reported backlog with a corresponding impact on future revenues and profitability. A variety of factors outlined in these "Risk Factors" including, without limitation, conditions in the oil sands or other resource related sectors and the impact of economic weakness could lead to project delays, reductions in scope and/or cancellations which could, depending on severity, negatively affect the ability of the Company to replace its existing backlog which may adversely impact results.

Tax Accrual Risks

Aecon is subject to income taxes in both Canada and several foreign jurisdictions. Significant judgment is required in determining the Company's worldwide provision for income taxes. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although Aecon believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in historical income tax provisions and accruals. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company's current and future results and financial condition.

Reputation in the Construction Industry

Reputation and goodwill play an important role in the long-term success of any company in the construction industry. Negative opinion may impact long-term results and can arise from a number of factors including competence, losses on specific projects, questions concerning business ethics and integrity, corporate governance, the accuracy and quality of financial reporting and public disclosure as well as the quality and timing of the delivery of key products and services. Aecon has implemented various procedures and policies to help mitigate this risk including the adoption of a comprehensive Code of Conduct which all employees are expected to review and abide by. Nevertheless, the adoption of corporate policies and training of employees cannot guarantee that a future breach or breaches of the Code of Conduct or other corporate policies will not occur which may or may not impact the financial results of the Company.

Increases in the Cost of Raw Materials

The cost of raw materials represents a significant component of Aecon's operating expenses. As contractors are not always able to pass such risks on to their customers, unexpected increases in the cost of raw materials may negatively impact the Company's results. At times, the global availability of basic construction materials such as cement and steel can be impacted by high periods of demand which can result in significant price fluctuations, price escalation and periodic supply shortages. Periods of high demand or the failure to anticipate or mitigate demand fluctuations may add a significant risk to many vendors and subcontractors, some of whom may respond by no longer guaranteeing price or availability on long-term contracts which in turn increases the risk for contractors who are not always able to pass this risk on to their customers.

Impact of Extreme Weather Conditions and Natural Disasters

Much of Aecon's construction activities are performed outdoors. Extreme weather conditions or natural or other disasters, such as earthquakes, fires, floods, epidemics or pandemics and similar events, may cause delays in the progress of Aecon's projects, which to the extent that such risk is not mitigated through contractual terms, may result in loss of revenues that otherwise would be recognized while certain costs continue to be incurred. Delays in the completion of Aecon's services may also lead to incurring additional non-compensable costs, including overtime work, that are necessary to meet clients' schedules. Delays in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of contracts.

Impairment in the Value of Aecon's Assets

New events or circumstances may lead Aecon to reassess the value of goodwill, property, plant and equipment, and other non-financial assets, and record a significant impairment loss, which could have a material adverse effect on its financial position. Aecon's financial assets, other than those accounted for at fair value, are assessed for indicators of impairment quarterly. Financial assets are considered impaired when there is objective evidence that estimated future cash flows of the investment have been affected by one or more events that occurred after the initial recognition of the financial asset. In such a case, Aecon may be required to reduce carrying values to their estimated fair value. Aecon's estimates of future cash flows are inherently subjective which could have a significant impact on the analysis. Further, there could be a material adverse effect on Aecon's financial position from any future write-offs or write-downs of Aecon's assets or in the carrying value of its investments.

Outsourced Software

Aecon relies on third party providers of software and infrastructure to run critical accounting, project management and financial systems. Discontinuation of development or maintenance of third party software and infrastructure could cause a disruption in Aecon's systems.

Protection of Intellectual Property and Proprietary Rights

The Company, depends, in part, on its ability to protect its intellectual property rights. Aecon relies primarily on patent, copyright, trademark and trade secret laws to protect its proprietary technologies. The failure of any patents or other intellectual property rights to provide protection to Aecon's technologies would make it easier for competitors to offer similar products, which could result in lower sales or gross margin.

The Company's trademarks and trade names are registered in Canada and the United States and the Company intends to keep these filings current and seek protection for new trademarks to the extent consistent with business needs. The Company relies on trade secrets and proprietary know-how and confidentiality agreements to protect certain of its technologies and processes.

DIVIDENDS AND DISTRIBUTIONS

From March 2012 until March 2013, Aecon's annual dividend policy was to pay out an annual dividend of $0.28 in quarterly instalments in the amount of $0.07 per Common Share on the first business day of each quarter to shareholders of record on the date that is ten calendar days prior to the payment date. In March 2013, annual dividends were increased to $0.32 per Common Share, payable in four quarterly instalments of $0.08 per Common Share. In March 2014, annual dividends were increased to $0.36 per Common Share, payable in four quarterly instalments of $0.09 per Common Share. In March 2015, annual dividends were increased to $0.40 per Common Share, payable in four quarterly instalments of $0.10 per Common Share. The first such quarterly dividend of $0.10 per Common Share was paid on April 1, 2015 to holders on record as of March 20, 2015. In March 2016, annual dividends were increased to $0.46 per Common Share, payable in four quarterly instalments of $0.11 and one half cent per Common Share. The first such quarterly dividend of $0.115 per Common Share was paid on April 1, 2016 to holders on record as of March 22, 2016.

Pursuant to the Trust Indenture and Second Supplemental Indenture (each as hereinafter defined) and the solvency restrictions under the *Canada Business Corporations Act*, Aecon is restricted from declaring or paying a dividend to the holders of issued and outstanding Common Shares after the occurrence of an Event of Default (as defined in the Trust Indenture) unless and until such default shall have been cured or waived or shall have ceased to exist. For additional details, please see copies of each of the Trust Indenture and Second Supplemental Indenture filed under Aecon's SEDAR profile at www.sedar.com.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares. As of December 31, 2015, there were 56,817,357 outstanding Common Shares and options to acquire an aggregate of 420,000 Common Shares. For additional details, please see Note 22 "Capital Stock" to the 2015 Consolidated Financial Statements filed under the Company's SEDAR profile at www.sedar.com.

Holders of Common Shares are entitled to receive notice of all meetings of shareholders of the Company, to attend such meetings and to cast one vote per share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of the majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Shareholders vote for directors on an individual basis.

Holders of Common Shares are entitled to receive ratably such dividends, if any, as and when declared by the Board of Directors at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding-up of the Company are entitled to receive ratably the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or ratably with the holders of the Common Shares with respect to dividends or liquidation. The Common Shares do not by their terms carry any pre-emptive, subscription, redemption, retraction or conversion rights.

2010 Debentures

On October 8, 2010, Aecon issued an aggregate of $92,000,000 principal amount of 6.25% convertible unsecured subordinated debentures (the "**2010 Debentures**") at a price of $1,000 per debenture pursuant to a short form prospectus dated October 1, 2010. The 2010 Debentures matured on October 31, 2015 and were delisted from the TSX on the same day. The 2010 Debentures were issued to, and were governed by, a supplement to the trust indenture (the "**Trust Indenture**") entered into between the Company and Computershare Trust Company of Canada, as trustee. A copy of the Trust Indenture is available under Aecon's SEDAR profile at www.sedar.com.

2013 Debentures

On November 27, 2013, Aecon issued an aggregate of $150,000,000 principal amount of 5.50% convertible unsecured subordinated debentures (the "**2013 Debentures**") at a price of $1,000 per debenture pursuant to short form prospectus dated November 20, 2013. On December 2, 2013, Aecon issued an additional $22,500,000 aggregate principal amount of the 2013 Debentures pursuant to the full exercise of the over-allotment option granted to the underwriting syndicate. The 2013 Debentures were issued pursuant to, and are governed by, a supplemental trust indenture (the "**Second Supplemental Indenture**") to the Trust Indenture between the Company and Computershare Trust Company of Canada, as trustee. The following is a summary of the material attributes and characteristics of the 2013 Debentures and is subject to, and qualified by reference to, the terms of the Trust Indenture and the Second Supplemental Indenture. Copies of the Trust Indenture and the Second Supplemental Indenture are available for review under Aecon's SEDAR profile at www.sedar.com.

Maturity and Interest

The 2013 Debentures bear interest at an annual rate of 5.50% payable semi-annually in arrears on May 31 and November 30 in each year commencing May 31, 2014. The maturity date of the 2013 Debentures is December 31, 2018 (the "**2013 Debenture Maturity Date**").

Conversion

The 2013 Debentures will be convertible into fully paid and non-assessable Common Shares at the option of the holder thereof at any time prior to the close of business on the earlier of the 2013 Debenture Maturity Date and the business day immediately preceding the date specified by the Company for redemption of the 2013 Debentures at a conversion price (the "**2013 Debenture Conversion Price**") of $20.00 per Common Share, being a conversion rate of 50.0000 Common Shares per $1,000 principal amount of 2013 Debentures, subject to adjustment as provided in the Trust Indenture. Upon conversion, holders will not be entitled to interest accrued since the last interest payment date, or November 28, 2013 if an interest payment date has not occurred, unless they convert their 2013 Debentures on an interest payment date, in which case they will be entitled to receive such interest payment.

Redemption

The 2013 Debentures are not redeemable before December 31, 2016. On and after December 31, 2016 and prior to December 31, 2017, the 2013 Debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is at least 125% of the 2013 Debenture Conversion Price. On and after December 31, 2017 and prior to the 2013 Debenture Maturity Date, the 2013 Debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest.

Purchase for Cancellation

The Company has the right to purchase the 2013 Debentures for cancellation in the market, by tender, by private contract or otherwise, subject to applicable regulatory approval.

Payment upon Redemption or Maturity

On redemption or at maturity, the Company may, at its option, on not more than 60 days and not less than 40 days prior notice and subject to regulatory approval and provided no event of default has occurred, elect to satisfy its obligation to pay the principal amount of the 2013 Debentures by issuing and delivering that number of freely tradeable Common Shares obtained by dividing the principal amount of the outstanding 2013 Debentures which are to be redeemed or which have matured by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the 2013 Debenture Maturity Date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash.

Subordination

The payment of the principal and premium, if any, of, and interest on, the 2013 Debentures will be subordinated in right of payment, as set forth in the Trust Indenture, to the prior payment in full of all Senior Indebtedness of the Company and will rank *pari passu* with the 2009 Debentures and the 2010 Debentures. The 2013 Debentures will also be effectively subordinated to claims of creditors of the Company's subsidiaries except to the extent the Company is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The 2013 Debentures will not limit the ability of the Company to incur additional indebtedness, including indebtedness that ranks senior to the 2013 Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.

Change of Control

Within 30 days following the occurrence of a Change of Control, the Company will be required to make an offer in writing to purchase all of the 2013 Debentures then outstanding (the "**2013 Debenture Offer**") at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon.

If a Change of Control occurs in which 10% or more of the consideration for the voting shares of Aecon in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange, then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the 2013 Debenture Offer is delivered, holders of 2013 Debentures will be entitled to convert their 2013 Debentures at a new 2013 Debenture Conversion Price determined in accordance with the terms of the Trust Indenture.

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Common Shares are listed and posted for trading on the TSX under the trading symbol "ARE". The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the common shares on the TSX for the fiscal year ended December 31, 2015.

Month	High ($)	Low ($)	Volume
December	15.92	13.43	6,266,740
November	15.51	13.00	10,014,017
October	15.69	13.25	10,106,437
September	13.75	12.09	5,842,158
August	12.99	10.51	8,304,945
July	12.84	10.25	4,622,953
June	13.85	12.19	5,792,121
May	14.05	12.62	6,105,078
April	13.75	11.14	7,850,166
March	11.93	10.09	7,844,558
February	12.21	9.77	6,255,107
January	10.75	9.60	11,133,732

2010 Debentures

The 2010 Debentures were listed and posted for trading on the TSX under the trading symbol "ARE.DB.A" until they matured and were delisted on October 31, 2015. The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the convertible debentures on the TSX for the fiscal year ended December 31, 2015 until the 2010 Debentures matured.

Month	High ($)	Low ($)	Volume
October	100.25	100.01	29,260
September	100.50	100.21	6,450
August	101.44	100.48	6,730
July	102.00	100.96	5,250
June	102.02	101.25	17,370
May	101.85	101.26	21,620
April	102.18	100.93	13,470
March	101.75	100.60	36,000
February	102.00	100.75	8,960
January	102.47	101.05	7,680

2013 Debentures

The 2013 Debentures are listed and posted for trading on the TSX under the trading symbol "ARE.DB.B". The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the convertible debentures on the TSX for the fiscal year ended December 31, 2015.

Month	High ($)	Low ($)	Volume
December	106.00	103.97	25,175
November	106.50	104.48	64,170
October	106.50	103.75	23,650
September	105.20	103.34	81,910
August	105.50	102.75	51,780
July	106.00	103.10	17,070
June	106.50	104.00	18,815
May	106.50	105.25	24,590
April	106.29	103.75	32,750
March	104.48	101.65	79,190
February	110.00	101.25	84,549
January	102.03	100.35	49,180

Prior Sales

The Company did not issue any securities in the financial year ended December 31, 2015 that were not listed on the TSX.

DIRECTORS AND OFFICERS

Directors

The directors of Aecon's names, municipalities of residence and principal occupations are set out below. Each director will hold office until the next annual meeting of shareholders set for June 7, 2016 or until a successor is elected or appointed.

Name and Municipality of Residence	Office Held and Occupation	Year Became Director
JOHN M. BECK Toronto, Ontario, Canada	Executive Chairman of the Company	1963
MICHAEL A. BUTT Maple, Ontario, Canada	Chairman and Chief Executive Officer, Buttcon Limited	1994
JOSEPH A. CARRABBA Key Largo, Florida, USA	Corporate Director	2013
ANTHONY P. FRANCESCHINI Edmonton, Alberta, Canada	Corporate Director	2009
J.D. HOLE Edmonton, Alberta, Canada	President, J.D. Hole Investments Inc.	2009
TERRANCE L. MCKIBBON Canmore, Alberta, Canada	President and Chief Executive Officer of the Company	2014
MONICA SLOAN Calgary, Alberta, Canada	Managing Director, JKS Holdings Ltd.	2013
THE HON. BRIAN V. TOBIN, P.C., O.C. Ottawa, Ontario, Canada	Vice Chairman, BMO Capital Markets and Vice Chairman and Lead Director of the Company	2005

Committees of the Board

The members of the Audit Committee as of December 31, 2015 were Anthony P. Franceschini (Chair), J.D. Hole and Michael A. Butt.

The members of the Corporate Governance, Nominating and Compensation Committee as of December 31, 2015 were Michael A. Butt (Chair), Joseph A. Carrabba, Monica Sloan and the Hon. Brian V. Tobin, P.C., O.C.

The members of the Environmental, Health and Safety Committee as of December 31, 2015 were J.D. Hole (Chair), Joseph A. Carrabba and Anthony P. Franceschini.

Biographies of Directors

John M. Beck is Executive Chairman and, until June 2014, had been Chief Executive Officer of Aecon and is a leader in the Canadian construction industry. Mr. Beck has been a member of the Board of Directors since 1963. Mr. Beck has also served as a director of the Canadian Council for Public Private Partnerships. He also sits on the Board of Directors of the MacDonald Laurier Institute for Public Policy, a leading Ottawa-based think tank that engages in non-partisan and independent research and commentary relating to public policy matters that affect Canadians. Mr. Beck is currently a member of the Board of Directors of the Ontario Financing Authority as well as the Canadian Olympic Foundation. He is a member of the Advisory Council for the School of Public Policy at the University of Calgary and is also a member of the Business Council of Canada. Mr. Beck is a Fellow of the Canadian Academy of Engineering. Mr. Beck was also awarded the Donald P. Giffen Sr. Construction Industry Achievement Award by the Toronto Construction Association for 50 years of achievement in the construction industry. A graduate in Civil Engineering from McGill University, Mr. Beck has more than 50 years of experience in the construction industry in Canada and internationally. His background includes corporate leadership in numerous construction activities including heavy civil, commercial and industrial projects, precast concrete manufacturing, and the development of public-private partnerships.

Michael A. Butt is the Chairman and Chief Executive Officer of Buttcon Limited ("**Buttcon**"), general contractors. Mr. Butt has been a member of the Board of Directors since 1994. He started his career in the construction industry in the 1960s with Mitchell Construction where he rose to managing director and was a member of the steering committee of the Mitchell Construction Kinear Moodie Group. He founded M.A. Butt Construction Limited in 1973 and Buttcon in 1979. Mr. Butt has a Bachelor of Applied Science in Civil Engineering from the University of Toronto. Mr. Butt is a former Director of both the Ontario General Contractors Association ("**OGCA**") and the Canadian Construction Association ("**CCA**") and served as Chairman of the OGCA in 1998 and as Chairman of the CCA in 1999. Shortly after the transfer in 1996 of Toronto Pearson International Airport from the Federal Government to the Greater Toronto Airports Authority, Mr. Butt was elected Chairman of the Board of Directors and remained in that capacity until December 2004. Mr. Butt is a Fellow of The Canadian Society for Civil Engineering and a Fellow of the Canadian Design Build Institute. He was also honoured with the Hall of Distinction award from the University of Toronto Engineering Alumni Association.

Joseph A. Carrabba joined the Board of Directors in 2013. Mr. Carrabba is also a director of Newmont Mining Corporation, KeyCorp and TimkenSteel and is the Lead Director of Niocorp Developments. He is the former Chairman, President and Chief Executive Officer of Cliffs Natural Resources Inc., where he has served in executive capacities since 2005. Prior to joining Cliffs Natural Resources Inc., Mr. Carrabba gained broad experience in the mining industry throughout Canada, the United States, Asia, Australia and Europe. He served for over 20 years in a variety of leadership capacities at Rio Tinto, a global mining company, including as President and Chief Operating Officer of Rio Tinto's Diavik Diamond Mines, Inc. in the Northwest Territories. Mr. Carrabba holds a Bachelor of Arts from Capital University in Ohio and a Master of Business Administration from Frostburg State University in Maryland.

Anthony P. Franceschini joined the Board of Directors in March 2009. Mr. Franceschini is a graduate of the Civil Engineering program at the University of Waterloo and has had an accomplished career in the consulting engineering and design industry. Mr. Franceschini is the retired President and Chief Executive Officer of Stantec Inc., a Toronto Stock Exchange listed issuer specializing in providing professional consulting services in, among others, planning, engineering, architecture, interior design, project management and project economics for infrastructure and facilities projects. Mr. Franceschini joined Stantec Inc. in 1978 and was instrumental in the growth of the company into a 10,000-person professional services firm, serving as President and Chief Executive Officer from June 1, 1998 to May 14, 2009. Mr. Franceschini is a director of Stantec Inc. and also serves as a director of two other publicly traded companies, Esterline Technologies Corporation, a manufacturer in the aerospace/defence market, and ZCL Composites Inc., a manufacturer of fibreglass tank systems.

J. D. Hole became a director of Aecon following the completion of Aecon's acquisition of Lockerbie & Hole Inc. Mr. Hole graduated with a Bachelor of Engineering Science degree from the University of Western Ontario in 1967 and joined Lockerbie as a Project Manager in 1969. During his career with Lockerbie, Mr. Hole worked in various positions and helped lead Lockerbie into new territories and markets, including the industrial and municipal market sectors. Mr. Hole was the President and Chief Executive Officer of Lockerbie from 1994 to April 2005 and during that time played an integral part in Lockerbie's growth and prosperity. Mr. Hole is also the President of J.D. Hole Investments Inc.

Terrance L. McKibbon, ICD.D is President and Chief Executive Officer of Aecon Group Inc. Prior to this role, Mr. McKibbon served as President and Chief Operating Officer of the Aecon group of companies from June 2013, and from 2006 to 2012, Mr. McKibbon was Executive Vice-President of Aecon and CEO of Aecon Infrastructure Group. Mr. McKibbon has been a member of the Executive Committee of Aecon Group Inc. since 2006 and has been with the company since 1996. Mr. McKibbon has been involved with the management of construction-related companies for 30 years including founding, acquiring and integrating companies and the overall management of companies active in all aspects of infrastructure construction. Mr. McKibbon is a Trustee for Northview Apartment REIT and serves on the Governance Compensation and Nomination Committee. Mr. McKibbon is also a former Trustee of the Operating Engineers Training Fund and a member of the Canadian Council of Chief Executives. He is a former Trustee of the Labourers' International Union of North America (Washington D.C.), and former President of both the Pipeline Contractors Association of Canada and the Ontario Hot Mix Producers Association. He has also served as a Board member of the Ontario Road Builders Association and the Utility Contractors Association of Ontario. Mr. McKibbon is certified by the Canadian Construction Association as a Gold Seal Project Manager. Mr. McKibbon attended Carleton University's Geology as well as Integrated Science and Economics programs.

Monica Sloan, ICD.D joined the Board of Directors in 2013. Ms. Sloan is the Managing Director of JKS Holdings Ltd., a private operating and investment business and is the former Chief Executive Officer and Managing Director of Intervera Ltd., a data quality product and solutions firm servicing the energy and utilities industry. Prior to Intervera, Ms. Sloan was an Independent Strategy and Management Consultant for ME Sloan Associates focused on the Canadian energy, oil and gas sector. Ms. Sloan also served as President of Kelman Technologies from 1997 to 1999 and was founding President of Telus Advanced Communications from 1994 to 1997. She also serves as director of Methanex Corporation, the world's largest supplier of methanol and the Balancing Pool of Alberta. Ms. Sloan holds a Master of Engineering from Stanford University and a Master of Business Administration from Harvard Business School and is ICD.D certified.

The Hon. Brian V. Tobin, P.C., O.C., ICD.D is the Lead Director and Vice Chairman of Aecon and has served as a member of the Board of Directors since 2005. Mr. Tobin is currently the Vice Chairman of BMO Capital Markets in Toronto, Ontario. He also serves as Chairman and director of New Flyer Industries Inc. and director of Element Financial Corp. Mr. Tobin was named as an Officer of the Order of Canada in 2013 for his contribution to Canadian public policy. From 2005 to 2011, Mr. Tobin served as Executive Chairman, President & CEO of Consolidated Thompson Iron Mines Ltd. Mr. Tobin served as Federal Minister of Industry from October 2000 to January 2002, prior to which he served as the Premier of Newfoundland and Labrador from 1996 to 2000. Mr. Tobin served as a Member of Parliament from 1980 to 1996 and served as Minister of Fisheries and Oceans in the federal cabinet from 1993 to 1996.

Executive Officers

The names, municipalities of residence and titles of the Executive Officers of Aecon as of December 31, 2015 were:

Name and Municipality of Residence	Office
John M. Beck, Toronto, Ontario(1)	Executive Chairman
Terrance McKibbon, Canmore, Alberta	President and Chief Executive Officer
Paula Palma, Toronto, Ontario	Executive Vice-President and Chief People and Information Officer
David Smales, Oakville, Ontario	Executive Vice-President and Chief Financial Officer
L. Brian Swartz, Thornhill, Ontario	Executive Vice-President, Legal and Commercial Services

(1) For Mr. Beck's and Mr. McKibbon's biographies, please see "Biographies of Directors" under "Directors and Officers" in this AIF.

Biographies of Executive Officers

Paula Palma has served as Executive Vice-President and Chief People and Information Officer (CPIO) since June 2014. Ms. Palma oversees Aecon's human resources, procurement, equipment fleet, and information technology departments. Ms. Palma joined Aecon as Chief Information Officer in October 2012, and brings more than two decades of extensive experience in Information Technology, Operational Management and Management Consulting. She held senior executive roles in London, Paris and Amsterdam with a variety of global organizations, including Vice President Solutions and New Markets at British Telecom, COO at ATOS ORIGIN, Chief Information Officer and Board Member of VERTEX Data (2008-2011) and Managing Partner of VPX Consulting (2011-2012). Ms. Palma received her undergraduate degree at the University of Toronto, her MBA at McGill University, and a Global Executive MBA at INSEAD Paris. She is a member of the International Institute of Marketing, the UK Institute of Directors, and the UK Financial Services Authority.

David Smales has served as Executive Vice-President and Chief Financial Officer of Aecon since November 2009 and is responsible for financial reporting, accounting and compliance, budgeting and financial planning, taxation, treasury, operational finance, shared services and Aecon's investor relations and capital markets activities. Prior to joining Aecon, Mr. Smales was the Chief Financial Officer of Catalyst Paper Corporation and prior to that held a number of senior financial positions at Novar plc in the UK, focused on international operations. His career also includes roles in general management, strategy, and M&A both in industry and during 10 years with PricewaterhouseCoopers. Mr. Smales is a member of the Institute of Chartered Accountants in England and Wales and has a BA (Honours) degree from the University of Newcastle-Upon-Tyne in England.

L. Brian Swartz has served as Executive Vice-President Legal and Commercial and Corporate Secretary of Aecon since June 2012 and Senior Vice-President, Legal and Commercial Services from June 2006 to June 2012. He has been with Aecon since 1997. Mr. Swartz is Chair of the Aecon Project Review Committee, a member of the Executive Committee, the Risk Evaluation Committee and serves on the majority of the boards of directors for its wholly owned subsidiaries. Mr. Swartz has executive responsibility for managing a broad portfolio of corporate services including legal, corporate secretarial, risk management, insurance and bonding, as well as office/facility services to the Aecon group of companies. He has been actively involved in many major infrastructure initiatives throughout the world. He is a Past Chair of the Ontario Bar Association Construction Law Executive. He is a member of the Board of Directors of the Canadian Employers Council and has served on the Board of the Canadian Construction Association. He is a member of the Board of Advisors to the Business and Leadership Academy of Osgoode Hall Law School Professional Development Program. Mr. Swartz is also a member of the Editorial Board of the International Journal of Corporate Counsel (London UK). Mr. Swartz earned his LLB from Osgoode Hall Law School in 1981 and in 2003 received a Cert. Arb from University of Windsor Law School and a certificate in Advanced Management from the Schulich School of Business, York University. In 2015 Mr. Swartz was selected as the recipient of the Award of Excellence, Construction and Infrastructure Law, by the Ontario Bar Association.

Security Holdings of Directors and Executive Officers

To the knowledge of the Company, the directors and executive officers of the Company listed in this AIF beneficially own, directly or indirectly, or exercise control or direction over as of December 31, 2015, an aggregate of approximately 1,499,498 Common Shares, representing approximately 2.64% of the issued and outstanding Common Shares (please see Note 22 "Capital Stock" to the 2015 Consolidated Financial Statements filed under the Company's SEDAR profile at www.sedar.com).

Conflicts of Interest

Michael Butt is Chairman and CEO of Buttcon, a general contractor based in the Toronto, Ontario area. Buttcon may occasionally bid on projects on which Aecon is also bidding. Mr. Butt is also the Executive Chairman of Buttcon Energy Inc. Mr. Butt has agreed to excuse himself from portions of Board of Directors' meetings when discussions take place on projects where he may be in a potential conflict of interest with either of these companies.

Additionally, circumstances may arise where members of the Board serve as directors or officers of corporations which are in competition to the interests of Aecon or who are suppliers of goods and services to the Aecon. However, each director and executive officer must comply with the disclosure requirements of the CBCA regarding any material interest. If a declaration of material interest is made, the declaring director shall not vote on the matter if put to a vote of the Board. In addition, the declaring director and executive officer may be requested to recuse himself or herself from the meeting when such matter is being discussed. No circumstances arose during the financial year ended December 31, 2015 where it was necessary or advisable for a director to recuse himself or herself from any Board of Directors' meetings.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Aecon is not a party to any individual proceedings involving Aecon, its business or operations which are likely to have a material adverse effect on the business, operations or financial conditions of Aecon as a whole. To the knowledge of Aecon, no such legal proceedings are contemplated.

To its knowledge, Aecon is not currently a party to any regulatory investigation or proceeding or subject to any potential penalty, individually or in the aggregate, which is likely to have a material adverse effect on the business, operations or financial condition of Aecon as a whole.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, no director or executive officer of the Company and, to the knowledge of the directors and executive officers of the Company, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction, directly or indirectly, over more than 10% of the Company's outstanding common shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction within the Company's three most recently completed financial years or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries on a consolidated basis.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. of Toronto, Ontario is the Transfer Agent and Registrar for the Common Shares and the 2013 Debentures and was the Transfer Agent and Registrar for the 2010 Debentures.

MATERIAL CONTRACTS

The Company has no material contracts, other than contracts entered into in the ordinary course of business, that were entered into during the financial year ended December 31, 2015, or that were entered into before the financial year ended December 31, 2015 that are still in effect, other than:

(i) the Trust Indenture; and
(ii) the Second Supplemental Indenture.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP

The Company's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants ("**PwC**").

PwC has prepared an independent auditor's report dated March 1, 2016 in respect of the Company's consolidated financial statements with accompanying notes as at December 31, 2015 and December 31, 2014 and for the years ended December 31, 2015 and December 31, 2014. PwC has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

AUDIT COMMITTEE

Audit Committee Charter

The text of the Audit Committee's Charter in effect as of the date hereof is attached hereto as Appendix A.

Composition of the Audit Committee

The current members of the Audit Committee are Anthony Franceschini (Chair), Michael Butt, and J.D. Hole. All members of the Audit Committee for the year ended December 31, 2015 were independent and financially literate.

Relevant Education and Experience

Please see "Directors and Officers - Biographies of Directors" in this AIF for a description of the relevant education and experience of the members of the Audit Committee.

Pre-Approval of Policies and Procedures

The Audit Committee has delegated the approval on non-audit services under $25,000 (excluding expenses and applicable taxes) to the Chief Executive Officer and such employees designated by the Chief Executive Officer to an annual limit of $100,000. All other engagements are pre-approved by the Audit Committee.

External Auditor Service Fees

The following table sets forth the fees paid to PwC, the external auditor of the Company, for services rendered for financial years ended December 31, 2015 and 2014:

Description	**2015**	**2014**
Audit Fees	$1,188,000	$1,170,000
Audit Related Fees	$418,000	$611,000
Tax Fees	$4,000	$13,000
All Other Fees	$0	$0
Total Fees	$1,610,000	$1,794,000

Audit Fees

Audit fees were paid for professional services rendered by the auditor for the audit of the annual financial statements of the Company and its wholly owned subsidiaries and services provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees include fees paid to the Company's auditor for attestation services, quarterly review, services provided in connection with the Company's offering of convertible unsecured subordinated debentures and other accounting and reporting consultations. In addition, audit-related fees include the cost of translation of various continuous disclosure documents of the Company.

Tax Fees

Tax fees were paid in connection with the advice on tax compliance related matters.

Other Fees

Other fees were paid in connection with consultations in respect of the Company's project controls. Management and the Audit Committee concluded that the service provided by PwC were not restricted services, and implemented monitoring safeguards to ensure independence was maintained.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Aecon's securities, securities authorized for issuance under equity compensation plans and the Company's corporate governance practices are contained in the Company's Management Information Circular dated May 12, 2015 for the most recent annual meeting of shareholders held on June 9, 2015. The next annual meeting is scheduled for June 7, 2016. Additional financial information is provided in the Company's audited Consolidated Financial Statements for the year ended December 31, 2015 and in the Company's related Management's Discussion and Analysis, both filed on SEDAR on March 1, 2015. A copy of the foregoing documents may be obtained by shareholders upon request from the Corporate Secretary of the Company. These documents, as well as additional information relating to Aecon, are available on SEDAR at www.sedar.com.

APPENDIX A
AUDIT COMMITTEE CHARTER

Appointment and Purpose

The Audit Committee is appointed by the Board of Directors (the "**Board**") to assist the Board in monitoring:

1. the integrity of the financial statements of the Corporation;
2. the compliance by the Corporation with applicable legal and regulatory requirements relating to audit and internal controls;
3. the independence, qualifications and performance of the Corporation's external auditors; and
4. the Corporation's internal controls and audit function.

The Audit Committee shall be responsible for the selection (subject to Board and shareholder approval), compensation and oversight over the work of the Corporation's auditors.

Composition

The Audit Committee shall be composed of three members. The Board shall appoint a Chair. The members of the Audit Committee shall meet the independence and experience requirements of the principal securities exchanges on which the Corporation's Common Shares are traded. In particular, all members shall be "unrelated" directors, who are independent of management and free from any interest and any business or other relationship which could, or be reasonably perceived to, materially interfere with the directors' ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings.

The members of the Audit Committee must have the requisite collective skills necessary to enable the Committee to carry out its responsibilities, as set out in this Charter. One member of the Audit Committee must be "financially literate" as may be defined from time to time by the regulatory authorities.

Authority and Responsibilities

The Audit Committee shall have the authority and responsibility to recommend to the Board the appointment or replacement of the Corporation's auditors (subject to shareholder approval), shall approve all auditing engagement fees and terms and all non-audit engagements with the Corporation's auditors and shall determine which non-audit services the Corporation's auditors are prohibited from providing. The auditors shall be accountable to the Board and the Audit Committee as representatives of the Corporation's shareholders. The Audit Committee, as a committee of the Board, shall be directly responsible for the oversight of the work of the Corporation's auditors (including resolution of disagreements between management and the auditors) for the purpose of preparing or issuing an audit report or related work, and the auditors shall report directly to the Audit Committee.

The Audit Committee shall have the authority to recommend that the Board retain special legal, accounting or other consultants to advise the Committee and to conduct or authorize investigations into any matters within the scope of its responsibilities. The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend any meeting of the Committee or to meet with any members of, or consultants to, the Committee.

While the Audit Committee has the responsibilities and powers set forth in this Charter, and its members may have financial experience, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate. This is the responsibility of management and the independent auditor.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review its own performance.

In carrying out its responsibilities, the Audit Committee shall undertake such tasks and responsibilities that, in its judgment, would most effectively contribute to and implement the purposes set out above. Set out below are the principal recurring activities of the Audit Committee in carrying out its oversight responsibility.

1. Review and evaluate the effectiveness of the Corporation's process for assessing significant risks or exposures and the steps management has taken to monitor and control such risks to the Corporation.

2. Consider and review with management and the independent auditors:

   (a) The effectiveness of, or weaknesses in, the Corporation's internal controls, including the status and adequacy of information systems and security; and
   (b) Any related significant findings and recommendations of the independent auditors together with management's responses, including the timetable for implementation of recommendations to correct weaknesses in the internal controls.

3. Instruct the independent auditors to communicate directly to the Audit Committee any material difficulties or disputes with management.

4. Determine the remuneration for the services required to support the independent auditor's opinion on the Corporation's financial statements.

5. Receive at least annually written reports from the independent auditor, discuss such reports with the auditor, and if so determined by the Audit Committee recommend that the Board take appropriate actions. Such reports from the independent auditor should include:

   (a) Outline of all existing and contemplated relationships between the independent auditor and the Corporation;
   (b) Confirmation that, in the auditor's professional judgment, it is independent of the Corporation; and
   (c) Description of the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Corporation.

6. Evaluate the performance of the independent auditor and, if so determined by the Audit Committee, recommend that the shareholders replace the independent auditor.

7. Review and approve the planning and staffing proposed for the audit in advance of its commencement.

8. Review the annual audited and interim unaudited financial statements and accompanying Management's Discussion and Analysis ("**MD&A**") with management and the independent auditor, discuss matters arising from the audit under generally accepted accounting standards, including major issues regarding accounting and auditing principles and practices, and discuss the adequacy of internal controls, that could materially affect the Corporation's financial statements,

and recommend the approval of such financial statements and MD&A to the Board before they are publicly released or filed with regulators.

9. Review with the independent auditor any problems or difficulties the auditor may have encountered and any managerial letters provided by the auditor and the Corporation’s response to such letters. Such review should include:

   (a) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information; and
   (b) Any changes required in the planned scope of the audit.

10. Meet with the independent auditor to review the independent auditor’s judgements about the quality and acceptability of the Corporation’s accounting principles and underlying estimates in the financial statements.

11. Prepare such reports and certifications or other evidence of review of financial information by the Audit Committee as may be required pursuant to applicable securities laws or stock exchange requirements.

12. Review the Corporation’s policies and procedures regarding compliance with applicable financial and audit related laws and regulations.

13. Review and discuss with management disclosure of financial information, including earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.

14. Meet with management to review the Corporation’s major financial risk exposures and the steps management has taken to monitor and control such exposures.

15. Review, on an annual basis or more frequently as required, with the Corporation’s internal legal counsel any legal matters that could have a significant impact on the Corporation’s financial statements, compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

16. Review accounting and financial human resources and succession planning related thereto with the Corporation, to the extent such matters are not dealt with by another committee.

17. Oversee the Whistle Blower policy of the Corporation, which outlines procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

18. Review major changes to the Corporation’s accounting principles and practices as suggested by the independent auditor or management.

19. Discuss and review with management and the independent auditors any significant financial reporting issues and judgements made in connection with the preparation of the Corporation’s financial statements, including review of analyses prepared by management or the auditors regarding significant financial reporting issues and judgements, analyses of the effects of alternative GAAP methods on the financial statements, and the effect of regulatory and accounting initiatives, and off-balance sheet structures, on the financial statements.

20. Meet separately, periodically, with management, including the Chief Financial Officer and with independent auditors.

21. Set clear hiring policies for employees or former employees of the independent auditors.

22. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting or audit matters, and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding accounting or auditing matters.

23. Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer regarding compliance with their certification obligations under applicable securities law or stock exchange requirements, if any, including in respect of the Corporation's internal controls for financial reporting and evaluations thereof, and disclosure controls and procedures.

24. Oversee the administration, financial reporting and investment activities of the Corporation's defined benefit pension plan and the defined contribution pension plan (together, the "**Pension Plans**"), any succession plans and any related supplemental retirement arrangements.

25. Report to the Board with respect to the actuarial soundness of the Pension Plans, the administrative aspects of the pension plans, investment policy, performance of the investment portfolios and compliance with government legislation.

26. Consider amendments to the Pension Plans and make recommendations in respect thereof to the Board.