

AECON GROUP INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the annual and special meeting of the shareholders of Aecon Group Inc. (the "Corporation") will be held at the Auditorium of The Toronto Stock Exchange, 2 First Canadian Place, Toronto, Ontario on June 20, 2002 at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive the financial statements of the Corporation for the financial year ended December 31, 2001 and the report of the auditors thereon;
2. to elect directors;
3. to reappoint the auditors;
4. to consider, and if considered advisable, confirm with or without amendment, new By-law No. 1 of the Corporation; and
5. to transact such further and other business as may properly come before the meeting or any adjournment thereof.

A form of proxy and a Management Information Circular accompany this notice.

Shareholders are entitled to vote at the meeting either in person or by proxy. If you do not intend to attend the meeting in person, please exercise your right to vote by completing and signing the enclosed form of proxy and returning it by mail or delivery to the registered office of the Corporation or to Computershare Investor Services Inc., 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1. **Proxies to be used at the meeting must be deposited with the Corporation or Computershare Investor Services Inc. at least 48 hours preceding the time of the meeting or with the chairman of the meeting prior to commencement of the meeting.**

DATED at Toronto, Ontario the 10th day of May 2002.

BY ORDER OF THE BOARD OF DIRECTORS OF
AECON GROUP INC.



L. Brian Swartz,
Vice President Legal and Corporate Secretary

AECON GROUP INC.
3660 Midland Avenue
Toronto, Ontario
M1V 4V3

MANAGEMENT INFORMATION CIRCULAR

Solicitation of Proxy

This Management Information Circular is furnished in connection with the solicitation of proxies by management for the annual and special meeting of the shareholders (the "meeting") of **AECON GROUP INC.** (the "Corporation" or "Aecon") to be held on June 20, 2002, and, except where otherwise indicated, contains information as of May 7, 2002. The solicitation will be made primarily by mail, supplemented possibly by telephone or other personal contact by regular employees of the Corporation. The cost of the solicitation by management will be borne by the Corporation. The Corporation does not intend to pay any compensation for the solicitation of proxies by third parties, but will pay the reasonable expenses of brokers or other persons holding shares in their names or in the names of their nominees for forwarding the notice of meeting, proxy, Management Information Circular and related material to beneficial owners.

Appointment, Time for Deposit and Revocability of Proxy

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder of the Corporation) to represent him or her at the meeting may do so by inserting such person's name in the blank space provided in the form of proxy and striking out the names of the persons specified, or by completing another proper form of proxy.** A proxy to be used at the meeting must be delivered or mailed to the registered office of the Corporation or to Computershare Investor Services Inc., 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1, so as to be received at least 48 hours preceding the time of the meeting. A shareholder who has given a proxy may revoke the proxy by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at such office of Computershare Investor Services Inc. or the registered office of the Corporation, at any time up to 48 hours preceding the time of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof, or in any other manner permitted by law.

Voting Securities

On May 7, 2002 the Corporation had outstanding 18,739,482 common shares carrying the right to one vote per share.

The board of directors of the Corporation has fixed a record date of May 7, 2002 for the purpose of determining shareholders entitled to receive notice of the meeting. The failure of any shareholder to receive notice of the meeting does not deprive the shareholder of the right to vote at the meeting. If a person has acquired common shares of the Corporation after the record date, that person is entitled to vote those shares at the meeting upon producing properly endorsed share certificates, or otherwise establishing share ownership, and demanding the inclusion of his or her name in the list of shareholders not later than 10 days before the date of the meeting.

Except as indicated otherwise, approval of any matter at the meeting requires a majority of the votes cast at the meeting on the question.

On May 6, 2002 the Corporation issued on a private placement basis 6,192,150 special warrants ("Special Warrants") at a price of \$5.25 per Special Warrant, for gross proceeds of \$32,508,787.

Each Special Warrant will be exercisable, without additional consideration, for one common share of the Corporation. In the event that the Corporation has not obtained, within 90 days of closing the private placement, a receipt from applicable securities regulatory authorities for a final prospectus qualifying the distribution of common shares, each Special Warrant will be exercisable for 1.05 common shares.

Hochtief Canada Inc., a wholly owned subsidiary of Hochtief AG of Essen, Germany, exercised its pre-existing right to purchase 2,857,150 of the Special Warrants at a price of \$5.25 per Special Warrant.

Exercise of Discretion by Holders of Proxies

The form of proxy forwarded to shareholders with the notice of meeting and this Management Information Circular provides the shareholder with an opportunity to specify that the shares registered in his or her name shall be voted or withheld from voting in respect of certain of the matters to be considered at the meeting. On any ballot that may be called for, the shares represented by proxies in favour of management nominees will be voted for or against, or withheld from voting, in respect of the election of directors and the reappointment of auditors, in each case in accordance with the specifications made by shareholders in the manner referred to above. **In respect of proxies in which shareholders have not specified the manner of voting, the shares represented by proxies in favour of management nominees will be voted in favour of the election as directors of the persons listed as nominees in this Management Information Circular, the reappointment of PricewaterhouseCoopers LLP as auditors, and confirmation of new By-law No. 1.**

The said form of proxy confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting or other matters which may properly come before the meeting. Management knows of no matters to come before the meeting other than the matters referred to in the notice of meeting. However, if any other matters, which are not now known to management, should properly come before the meeting, the shares represented by proxies in favour of management nominees will be voted on such matter in accordance with the best judgment of the proxy nominee.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to a substantial number of shareholders who do not hold their shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this section as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which company acts as a nominee for many Canadian brokerage firms. Shares held by brokers or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation (“IICC”). IICC typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the meeting. A Beneficial Shareholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote shares directly at the meeting; the proxy must be returned to IICC well in advance of the meeting in order to have the shares voted. All references to shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

Principal Holders of Common Shares

To the knowledge of the directors and senior officers of the Corporation, as at May 7, 2002, the only person or company who owns beneficially, directly or indirectly, or exercises control or direction over, more than 10% of the issued common shares of the Corporation is Hochtief Canada Inc., a wholly owned subsidiary of Hochtief AG of Essen, Germany. Hochtief Canada Inc. owns 9,357,740 common shares or approximately 49.94% of the issued and outstanding common shares of the Corporation. Provided Hochtief Canada Inc. exercises the Special Warrants, it

will own 12,214,890 common shares or approximately 48.99% of the issued and outstanding common shares of the Corporation following exercise of all Special Warrants issued on May 6, 2002.

Election of Directors

The articles of the Corporation provide for a minimum of eight and a maximum of fifteen directors and the present number of directors is eight. The board of directors has fixed the number of directors to be elected at the meeting at eight. It is proposed that each of the persons whose name appears below be elected as a director to serve until the close of the next annual meeting or until his successor is elected or appointed. Shares represented by proxies in favour of management will be voted in favour of the election of such persons as directors of the Corporation, unless a shareholder has specified in his or her proxy that his or her shares are to be withheld from voting in the election of directors. Management of the Corporation does not contemplate that any of the said nominees will be unable to serve as a director, but should that occur prior to the meeting, the persons named in the enclosed form of proxy intend to vote for another nominee in their discretion.

The table below shows the names and municipalities of residence of all persons proposed to be nominated at the meeting for election as directors, the number of issued common shares of the Corporation owned beneficially, directly or indirectly, by them, or over which they exercise control or direction, the offices held by them with the Corporation (if any), their principal occupations, and the years they first became directors of the Corporation.

<u>Name and Municipality of Residence</u>	<u>Office Held and Occupation</u>	<u>Year Became Director</u>	<u>Common Shares of the Corporation Owned or Controlled (1)</u>
SCOTT C. BALFOUR Oakville, Ontario	Executive Vice President and Chief Financial Officer of the Corporation	1995	518,981
JOHN M. BECK Toronto, Ontario	Chairman and Chief Executive Officer of the Corporation	1963	1,127,179
MICHAEL A. BUTT Gormley, Ontario	President, Buttcon Limited, General Contractors	1994	183,000
ROLF KINDBOM Erin, Ontario	Consultant and Officer and Director of Hochtief Canada Inc.	2000	10,000
HANS-WOLFGANG KOCH Meerbusch, Germany	Deputy Chairman of the Corporation; Member of the Executive Board of Hochtief AG, Construction Company	2000	NIL
THOMAS C. LEPPERT Dallas, Texas	Chairman and Chief Executive Officer of The Turner Corporation, Construction Company	2000	NIL
DR. BUSSO PEUS Essen, Germany	Director and President of Hochtief Canada Inc.; Chairman, Hochtief Australia Limited	2000	NIL
ROBERT P. WILDEBOER Burlington, Ontario	Vice Chairman of the Corporation; Chairman, Royal LaserTech Corporation; Partner, Wildeboer Rand Thomson Apps & Dellelce LLP, Barristers and Solicitors	1993	201,500

Note:

(1) This information, not being within the knowledge of the Corporation, has been furnished by the respective directors individually and may include shares owned or controlled by spouses and/or children of the directors.

All of the above directors were elected at the last annual meeting of the Corporation. The members of the Audit Committee are Michael A. Butt, Rolf Kindbom and Tom Leppert (Chair). The members of the Human

Resources and Compensation Committee are Michael A. Butt, Hans-Wolfgang Koch (Chair) and Robert P. Wildeboer.

Pursuant to a standstill agreement dated March 20, 2000 between the Corporation and Hochtief AG and Hochtief Canada Inc. (collectively "Hochtief"), which was entered into in connection with the financing of the acquisition by the Corporation of BFC Construction Corporation ("BFC"), the Corporation and Hochtief have agreed that:

- (1) the Board of Directors of the Corporation shall consist of eight or ten directors;
- (2) three members of the Board shall be initially nominees of the Chief Executive Officer of the Corporation on October 31, 1999, and thereafter shall be nominated by such three initial members, or such of them as are directors at any time directors are to be proposed for election by shareholders or to be appointed by the Board in order to fill a vacancy, provided that, if none of such members remain as directors at the relevant time, such members shall be nominated by the then members of the Board nominated pursuant to paragraph (4) below;
- (3) three members of the Board shall be nominees of Hochtief; and
- (4) two or four members of the Board, to be nominated jointly by management of the Corporation and Hochtief, shall be independent of either the Corporation or Hochtief.

Hochtief is required to take all such action as may be necessary from time to time (including voting its shares) so that directors are elected as described above, although Hochtief is not required to vote in favour of the members or proposed members from time to time of the Board described in paragraph (2) above, although it has agreed not to vote against such members or proposed members.

Executive Compensation

Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the "Committee") is composed of three members of the Board of Directors: Michael A. Butt, Robert P. Wildeboer and Hans-Wolfgang Koch (Chair), none of whom are employees or former employees of the Corporation. The Committee makes recommendations to the Board of Directors on all aspects of compensation policy for the Corporation, including salary and salary structure for executives and employees, bonuses, stock options, pension arrangements and incentive plans and policies.

Human Resources and Compensation Committee Report on Executive Compensation

Aecon's executive compensation philosophy is to ensure that total compensation is competitive and is directly linked to level of performance. The compensation objective is to attract, retain and motivate highly competent individuals who can ensure the current and long term success of the Corporation. Total compensation is comprised of base salary, incentive bonuses based on pre-defined goals and criteria, pension and benefits, and equity participation (primarily through the use of options to acquire common shares of the Corporation).

In making compensation recommendations in respect of the Corporation's 2001 fiscal year, many factors are considered relevant by the Committee, including the financial results achieved by the Corporation's operations in fiscal 2001; the workloads placed on the Corporation's senior management personnel in fiscal 2001; and management's performance in achieving goals set by the Corporation from time to time.

Base Salary

Base salaries for fiscal 2001 were determined based on the skills, ability and experience of the individual executive, the need to attract and keep executives, relevant knowledge of the individual members of the Committee, and recommended base salary ranges applicable to all executive positions previously obtained from two independent compensation experts. While finding comparative information in the construction industry is difficult because most comparable construction companies are privately owned or are divisions of large public companies, the Committee believes that the base salaries of its executives are very competitive with industry norms and with public companies having comparable revenues to that of the Corporation.

Bonus

Fiscal 2001 was a successful year for the Corporation from a financial perspective and the Committee continues to be pleased with the performance of the Corporation's senior management.

After much review and consultation, including with external experts, a new incentive plan was recommended to the Board to replace the profit sharing plan that had been in place for some time. This revised plan was approved by the Board and was implemented in 2001. The terms of the revised plan provide for incentive payments to executives as a percentage of base salary based upon the achievement of pre-determined performance targets. For 2001, incentives were awarded based upon the achievement of a specified target average return on shareholders' equity. It is believed that this revised plan design better aligns the compensation of the Corporation's executives with its financial objectives.

The Corporation also revised the incentive plans in place for each of its operating subsidiaries and divisions on a basis similar to that described above, with performance targets for operating divisions based mostly on financial performance of the division but also partly on the financial performance of the Corporation as a whole.

Stock Options

In previous years, the Corporation has granted options to employees, officers and directors on the basis of several factors, including past and current performance, incentivization and the ability of the Corporation to conserve cash through the use of options as compensation and bonus mechanisms. An aggregate of 740,000 options were granted in fiscal 2001. Of this amount, 200,000 options were granted to one named executive officer — see chart below entitled "Options Grants During the Most Recently Completed Financial Year". A significant percentage of options were granted to less senior employees, to permit them to benefit from increases in the Corporation's share price, to incentivize them, and to align their interests with those of the Corporation's shareholders. All options granted in fiscal 2001 were granted with an exercise price of the greater of \$3.60 per share and market price at time of grant and were subject to vesting provisions.

Pension Plan

The Corporation established a pension plan for John M. Beck, the Chief Executive Officer, in 2001, upon recommendation of the Committee, to reflect current executive compensation trends, as a reward for over 35 years of service with the Corporation and its predecessors, and as an incentive for future long term involvement with the Corporation. Entitlements under the plan are based on length of service from the date the plan was established and his final average earnings at the time he retires, and they vest over time, with full vesting occurring upon his reaching age 67. Based on the foregoing, Mr. Beck's maximum pension entitlement at time of retirement, assuming a retirement age of 67 and full vesting, would be an amount approximately equal to under 40% of final average earnings (excluding bonus).

The foregoing report has been submitted by the members of the Human Resources and Compensation Committee for fiscal 2001.

Michael A. Butt
Hans-Wolfgang Koch (Chair)
Robert P. Wildeboer

Annual Paid Compensation

As at December 31, 2001, the Corporation had four named executive officers. The table below sets out compensation information for the three fiscal years ended December 31, 2001, for such executive officers.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (1) (\$)	Awards		Payouts	
					Securities Under Options (#) (2)	Restricted Shares or Restricted Share Units (\$)	LTIP (6) Payouts (\$)	
John M. Beck, (4) Chairman and Chief Executive Officer	2001	465,750	295,460	—	—	—	\$176,580	—
	2000	450,000	332,000	—	200,000	—	—	—
	1999	290,000	168,125	—	—	—	—	—
Scott C. Balfour, Executive Vice President and Chief Financial Officer	2001	269,100	145,819	—	—	—	\$161,850	—
	2000	250,000	186,000	—	150,000	—	—	—
	1999	160,000	100,875	—	—	—	—	—
Norman A. Harrison, (5) Executive Vice President	2001	111,461	145,819	—	—	—	—	—
	2000	47,735 (5)	186,000	—	100,000	—	—	—
	1999	—	—	—	—	—	—	—
H. William Pearson (6) Executive Vice President	2001	350,000	Nil	—	200,000	—	—	—
	2000	80,769	50,000	—	—	—	—	—

Notes:

- (1) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the annual salary and bonuses of the named executive officers.
- (2) The fair market value of options granted during 2001 is presented in the table below titled "Options/SAR Grants During the Most Recently Completed Financial Year".
- (3) Long Term Incentive Plan. Under an arrangement which was implemented in 2000 following the successful acquisition of BFC at the end of 1999, Messrs. Beck and Balfour are entitled to receive payments based on a notional number of common shares of the Corporation awarded to them and the trading price of the Corporation's common shares. The payments are to be made on January 31 in each of the three years 2001, 2002 and 2003. Each payment equals one-third of the total number of notional shares granted to the particular executive multiplied by the simple average trading price of the common shares for the 21 trading days preceding January 31 in the particular year. The executive officers are also entitled to payment of an amount equal to any dividends paid on the shares of the Corporation based on the number of notional shares in respect of which the above incentive payment has not yet been made at the time of the dividend payment.
- (4) Amounts may include fees paid to a corporation controlled by Mr. Beck.
- (5) In addition, Mr. Harrison receives an annual pension of \$164,372 from BFC.
- (6) Mr. Pearson was appointed an officer of the Corporation on June 20, 2001.

Options

Options to purchase an aggregate of 200,000 common shares were granted during the financial year ended December 31, 2001 to the Corporation's named executive officers.

The following table shows information regarding the grant of options during the financial year ended December 31, 2001 to the Corporation's named executive officers.

Option Grants During The Most Recently Completed Financial Year

Name	Securities Under Options (#)	% of Total Options Granted to Employees in Financial Year	Exercise or Base Price (\$/security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
John M. Beck	—	—	—	—	—
Scott C. Balfour	—	—	—	—	—
Norman Harrison	—	—	—	—	—
H. William Pearson	200,000 (1)	30%	\$3.60	\$3.40	March 5, 2006

Notes:

(1) Options were granted on March 5, 2001.

There were no options exercised by the named executive officers in the year 2001.

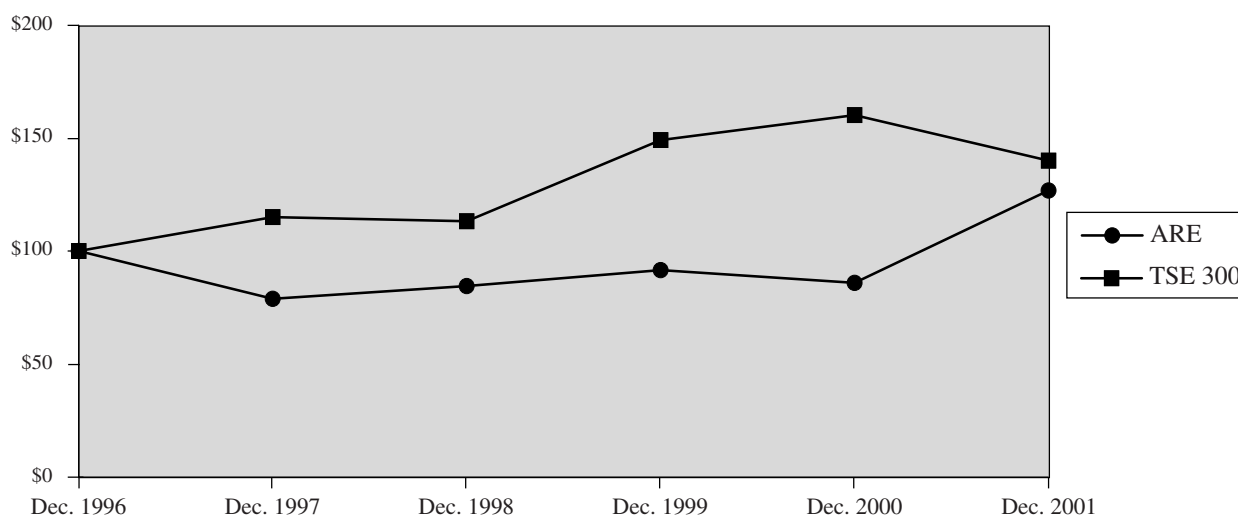
Pension Plans and Other Compensation

The Corporation maintains both a pension plan and a medical and dental benefit plan for its named executive officers that are available generally to all salaried employees on the same terms. Certain officers who are former officers of BFC are members of BFC's Supplementary Executive Retirement Plan, which is not available to other named executive officers of the Corporation at this time.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Corporation on December 31, 1996 with the cumulative total return of the TSE 300 Stock Index for the five most recently completed financial years of the Corporation:

**Five-Year Cumulative Return
\$100 Invested in Acon Common Shares vs. TSE 300**



	Dec. 1996	Dec. 1997	Dec. 1998	Dec. 1999	Dec. 2000	Dec. 2001
ARE	\$100.00	\$ 78.87	\$ 84.51	\$ 91.55	\$ 85.92	\$126.76
TSE 300	\$100.00	\$114.98	\$113.16	\$149.04	\$160.08	\$139.96

The closing price of the common shares of the Corporation on December 31, 2001 was \$4.40.

Employment Contracts

The Corporation has entered into employment agreements with John M. Beck, Chairman and Chief Executive Officer, and Scott C. Balfour, Executive Vice President and Chief Financial Officer of the Corporation. The agreements set out such officers' duties and responsibilities, as well as annual compensation, and include confidentiality, non-solicitation and non-competition provisions. The agreements also provide for a severance payment equal to 36 months' salary and bonus in the case of Mr. Beck, and 24 months' salary and bonus in the case of Mr. Balfour, at the then applicable rate, in the event of permanent disability, death or termination of employment by the Corporation, if without cause. Similarly, in the event of a change of control of the Corporation, if such executives are dismissed or resign during the ensuing 12 months, such executives are entitled to payments in the amount of 36 months' and 24 months' salary and bonus, respectively.

The Corporation has also entered into an employment agreement with Norman A. Harrison, Executive Vice President. The agreement sets out such officer's duties and responsibilities and annual compensation and includes accrued pension benefits based on the length of service to the termination date. Mr. Harrison's agreement terminates on August 21, 2003 but may be extended by mutual agreement.

The Corporation has also entered into an employment agreement with H. William Pearson, Executive Vice President, which went into effect September 28, 2000. The agreement sets out that officer's duties and responsibilities, annual compensation and benefits and includes confidentiality, non-solicitation and non-competition provisions. The agreement provides for a severance payment equal to 2.4 times annual salary in the event of termination without cause or in the event of a change of control (if Mr. Pearson were to be dismissed or resign during the ensuing 12 months).

Compensation of Directors

In fiscal 2001, outside directors each received compensation on a pro rata basis, in order to give effect to changes which went into effect on July 1, 2001 increasing the annual fee from \$15,000 to \$22,500, the fees payable for each directors' or committee meeting from \$1,000 each to \$1,250 each, and the annual retainer payable to Committee Chairs from \$2,500 to \$6,000.

In addition, the following annual fees were instituted effective July 1, 2001: annual fee for Committee membership \$4,000; annual fee for Lead Director \$25,000; annual fee for Vice Chair \$10,000; and annual fee for Deputy Chair \$10,000. The Lead Director fee was paid for the full fiscal year 2001 and the other fees were paid on a pro rata basis following July 1, 2001. An aggregate of 75,000 options were granted to Dr. Peus (formerly Lead Director), with a term of five years and an exercise price of \$3.60 per share.

Mr. Kindbom, or companies controlled by him, received consulting fees from the Corporation or its affiliates of \$102,350 during fiscal 2001. Mr. Wildeboer received payments under the "Long Term Initiative Plan" above, based upon a total of 150,000 notional shares, which were awarded in 2000.

Corporate Governance

The bylaws of the TSE require each listed corporation incorporated in Canada to make annual disclosure of its corporate governance practices with reference to guidelines developed by the TSE Committee on Corporate Governance in Canada. The Corporation and its Board of Directors recognize the importance of corporate governance to the effective management of the Corporation and to its shareholders and its other stakeholders. The Corporation's approach to significant issues of corporate governance is accordingly designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The Corporation and its Board of Directors have implemented procedures to ensure that the Corporation's corporate governance practices have been, and will continue to be, subject to review on a regular basis to ensure that adequate structures, procedures and processes are in place to develop approaches to, and address, significant issues of corporate governance. The Corporation's Statement of Corporate Governance Practices follows.

Mandate of the Board

The Board of Directors of the Corporation is responsible for the overall stewardship of the Corporation, and all fundamental decisions relating to the management of the Corporation are reviewed and approved in advance by the Board. In fulfilling its mandate, the Board:

- supervises the officers of the Corporation in their management of the business and affairs of the Corporation;
- oversees the Corporation's strategic planning process through devoting a portion of every board meeting to discuss strategic process and matters;
- identifies, with the advice of management, the principal risks to the Corporation's business, on an overall and specific project basis, and oversees the management of those risks through regular appraisal of management's practices on an ongoing basis;
- manages the Corporation's succession planning process including the appointment and appraisal of senior officers of the Corporation and periodic review of the Corporation's organizational structure;
- oversees communications by the Corporation with shareholders, the investment community, the media, government and the general public. The Board has assigned public relations responsibilities primarily to the Chief Executive Officer and the Chief Financial Officer. The Board, through and with the assistance of senior management, has established procedures to ensure the consistency in the manner that communications with the investment community, the media, the government and the general public are managed. The Audit Committee and the Board review press releases containing the quarterly and annual results of the Corporation prior to release; and
- is responsible for the integrity of the Corporation's internal control and management information systems.

The Board has not found it necessary to implement systems and policies to deal with risk management beyond the risk management procedures and policies already implemented by management.

Composition of Board

One of the TSE Report's guidelines recommends that a majority of directors should be "unrelated" in that they are free from any interest and any business or other relationship which could, or could be reasonably perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding. The Board of Directors has analyzed the relationship of each of its members to the Corporation and has determined that the two current members who are also officers, namely, John M. Beck and Scott C. Balfour, are related and the other six are unrelated. Of these six, two members, namely, Michael A. Butt and Robert P. Wildeboer, are not related to, nor do they have interests in or relationships with, Hochtief, the principal shareholder of the Corporation.

The Board of Directors presently consists of eight directors. The Board of Directors considers eight directors to be an appropriate number given the Corporation's current size and workload, particularly given the extensive expertise and skill sets of the directors. It offers the Board the flexibility to respond quickly to corporate opportunities or challenges as they arise from time to time. Pursuant to the Standstill Agreement between the Corporation and Hochtief described under "Election of Directors" above, the size of the Board may be increased to ten members. Also, as discussed there, the composition of the Board will be as agreed under the Standstill Agreement and the persons proposed for election at the meeting have been nominated pursuant thereto.

Independence from Management

The TSE Report states that every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. The Chief Executive Officer of the Corporation, John M. Beck, is also the Chairman of the Board. In the view of the Board the fact that Mr. Beck occupies both offices does not impair the ability of the Board of Directors to act independently of management. If it is considered advisable, certain matters are also considered by the Board without management present. The Deputy Chairman and Vice Chairman represent the Corporation's outside and unrelated directors in discussions with senior management on corporate governance issues and related matters. The Board may decide to adopt more formal structures if circumstances warrant.

Board Committees

The Board of Directors has two standing committees, the Audit Committee and the Human Resources and Compensation Committee. All members of these committees are outside directors and unrelated. The Board has adopted a policy that these and any other committees of the Board are generally to be comprised in this manner. Pursuant to the Standstill Agreement referred to above, Hochtief is entitled to one nominee on each Board committee.

During 2001, the board of directors adopted a new Audit Committee Charter. Under this Charter, the Audit Committee assists the board monitoring: the integrity of the financial statements of the Corporation; compliance with legal and regulatory requirements and with the Corporation's own policies; and the independence and performance of the Corporation's external auditors. The Audit Committee's specific responsibilities include:

- reviewing the annual and quarterly financial statements and related material with management and, in the case of the annual statements, the auditor, and recommending approval of the financial statements by the Board before their public release;
- managing the Corporation's relationship with its external auditors, including their appointment, independence, performance and remuneration and making recommendations in this regard to the Board;
- reviewing with management areas of major financial risk and the steps taken by management to deal with such risks;
- reviewing and discussing with management and the auditors significant financial reporting issues;
- reviewing the annual audit plan.

The Audit Committee has the authority to retain special legal, accounting or other consultants to advise it and may request any of the Corporation's officers, employees, outside counsel or independent auditor to meet with the Audit Committee or its members or consultants. The Corporation does not have an internal audit department.

The Human Resources and Compensation Committee is responsible for reviewing and making recommendations to the Board on:

- salaries of senior management, including conducting negotiations in this regard, and, in connection therewith, reviewing the performance of the chief executive officer;
- issuance and allocation of options to purchase common shares of the Corporation to persons eligible, including officers, employees and directors; and
- administering the bonus, pension and incentive plans for executive officers and all other employees. See also the Report on Executive Compensation of this Committee under "Executive Compensation" above.

The Corporation does not have a nominating committee or corporate governance committee. The Board of Directors has assumed responsibility for developing the Corporation's approach to governance issues. Given the Board's size and the public company expertise of its members to date, it has been found unnecessary to establish a formal orientation and education program for new recruits to the Board or a formal process for assessing the effectiveness of the Board, its committees and its individual directors. The members of the Board are kept well informed of new developments in corporate governance, auditing issues and other fiduciary or regulatory matters, such as disclosure obligations.

Other Governance Matters

The Board of Directors has not developed a formal position description or mandate for the Chief Executive Officer nor specific written corporate objectives which the Chief Executive Officer is responsible for meeting. There is regular discussion between the Board and the Human Resources and Compensation Committee, on the one hand, and the Chief Executive Officer, on the other, with respect to the performance of the Chief Executive Officer and members of management. This includes an assessment of their performance by the Human Resources and Compensation Committee as part of that Committee's review of compensation, benefits and option entitlements.

During 2001, the Board of Directors adopted a policy regarding limits of authority, which sets out in detail the particular authorizations, which are required for the entering into of various corporate obligations. In addition to the approvals required by particular corporate officers, the policy prescribes when the authorization of the Board of Directors is required. This includes construction contracts of over \$100 million, capital transactions in excess of

\$1.5 million, the investment of equity in projects, the participation in international projects, the acquisition or divestiture of operating companies and the provision of financial guarantees.

The Board has determined that it is not necessary at this time to implement a policy whereby individual members of the Board are entitled to engage an outside adviser at the expense of the Corporation; however, the Board as a group may at its discretion engage outside advisors when deemed appropriate, at the expense of the Corporation.

Directors of the Corporation who are not employees have been compensated as described under “Directors’ Compensation” above. The Board has traditionally considered compensation in light of the duties and responsibilities of directors and the financial circumstances of the Corporation and will continue to do so.

Indebtedness of Executive Officers and Directors

The executive and senior officers and the directors of the Corporation and their associates did not have any indebtedness to the Corporation or its subsidiaries in respect of the financial year ended December 31, 2001 except as set out in the table below, other than routine indebtedness or indebtedness that has been repaid. As of March 31, 2002, the aggregate indebtedness to the Corporation and its subsidiaries of all officers, directors, employees and former officers, directors and employees of the Corporation in connection with the purchase of securities was \$1,587,108. Neither the Corporation nor any of its subsidiaries has guaranteed any indebtedness of any of such persons.

**Table Of Indebtedness of Directors, Executive Officers
And Senior Officers Under Securities Purchase Programs**

Name and Principal Position	Largest Amount Outstanding During 2001 (\$)	Amount Outstanding as at March 31, 2002 (\$)	Financially Assisted Securities Purchases During 2001 (#)	Security For Indebtedness
John M. Beck, Chairman and Chief Executive Officer	1,048,546	1,001,273	none	none
Scott C. Balfour, Executive Vice President and Chief Financial Officer	402,380	386,268	none	none
Norman A. Harrison, Executive Vice President	68,000	nil	none	none
James Rosien, President Aecon Construction and Materials Limited	118,697	92,799	none	none
Michael A. Butt, Director	36,726	nil	none	none
Robert P. Wildeboer, Vice Chairman/Director	53,858	54,237	none	none

This indebtedness arose to assist the executives and directors with the cost of acquiring and exercising options to purchase common shares of the Corporation. These loans bear interest at the “prescribed rate” as determined by the Canada Customs and Revenue Agency. All financial assistance was provided by the Corporation and not by any subsidiary.

As of May 7, 2002, the aggregate indebtedness to the Corporation and its subsidiaries not in connection with the purchase of securities of all officers, directors, employees and former officers, directors and employees of the Corporation was nil.

Insurance

The Corporation maintains insurance for the benefit of the directors and officers of the Corporation and its subsidiaries against liability in their respective capacities as directors and officers of the Corporation thereof. For the

current year, the premium payable by the Corporation and the total amount of insurance purchased for the directors and officers as a group are \$67,032 and \$25,000,000 million respectively. The directors and officers are not required to pay any premium in respect of the insurance.

Special Business — New By-law No. 1

At the meeting, shareholders will be asked to consider and, if thought advisable, to pass a resolution confirming, with or without amendment, new By-law No. 1, the Corporation's new general by-law ("By-law No. 1"). At the same time, shareholders will be asked to confirm the concurrent repeal of the Corporation's existing By-laws Nos. 1 to 60.

The *Canada Business Corporations Act*, the Corporation's governing statute, and the regulations thereunder (collectively, the "Act"), were amended on November 24, 2001 (the "CBCA Amendments"). The CBCA Amendments are extensive and comprehensive, and include a number of initiatives to modernize the law. The Board of Directors reviewed the Corporation's existing by-laws in light of the CBCA Amendments and considered it advisable to adopt a new by-law in order to take advantage of various provisions in the CBCA Amendments and to otherwise modernize the Corporation's by-laws. The Board approved new By-law No. 1 on May 9, 2002.

The principal changes between the old general by-laws and new By-law No. 1 may be summarized as follows:

- New By-law No. 1, in accordance with the CBCA Amendments, permits the corporation to hold shareholder meetings electronically, if desired.
- The by-law provisions respecting indemnity of directors have been amended to reflect the CBCA Amendments, which eliminated certain ambiguities and clarified the circumstances in which indemnities are to be given, including where individuals act, at the Corporation's request, as directors or officers, or in a similar capacity, of entities other than the Corporation and its subsidiaries. This might include, for example, joint ventures or not-for-profit organizations.
- Numerous redundant and out-dated provisions have been deleted. For example, the listing of officers is eliminated so as to allow the board to appoint such officers as it sees fit; the detailed provisions regarding notices for shareholder meetings have been deleted to eliminate potential conflict with the CBCA provisions in this regard; and provisions already provided for in the CBCA have been deleted.

The above changes do not result in any change to the quorum and procedure for director and shareholder meetings. The complete text of new By-law No. 1 is included as Appendix "A" to this Circular. In order to continue to be effective, the amended by-law must be confirmed at the meeting by a majority of the votes cast by the shareholders voting in respect of the resolution.

The persons named in the accompanying form of proxy intend to vote in favour of the resolution confirming the amendment of the by-law, unless instructed otherwise by the shareholder signing the proxy. The Board of Directors recommends that shareholders vote FOR such confirmation.

Auditors

It is intended that the shares represented by proxies in favour of management nominees will be voted in favour of the reappointment of PricewaterhouseCoopers LLP, of North York, Ontario, as auditors of the Corporation, unless a shareholder has specified in his or her proxy that his or her shares are to be withheld from voting in the appointment of auditors.

The directors negotiate with the auditors of the Corporation on an arm's length basis in determining the fees to be paid to the auditors. The directors believe that the fees negotiated in the past with the auditors of the Corporation are reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services. During 2001, fees for audit and audit-related services provided by the auditors for the Corporation and its subsidiaries amounted to \$581,400. Non-audit business advisory services were also provided by PricewaterhouseCoopers LLP to the Corporation and its subsidiaries in the amount of \$37,500.

Directors' Approval

The Board of Directors of the Corporation has approved the contents and sending of this Management Information Circular.

DATED at Toronto, this 10th day of May 2002.

A handwritten signature in black ink, appearing to read 'L. Brian Swartz', written in a cursive style.

L. Brian Swartz,
Vice President Legal and
Corporate Secretary

APPENDIX “A”

BY-LAW NO. 1

A by-law relating generally the transaction of the business and affairs of

Aecon Group Inc.

BE IT ENACTED as a by-law of Aecon Group Inc. (hereinafter called the “Corporation”) as follows:

PART 1 SHAREHOLDERS

- 1.01 *Meetings.* Meetings of shareholders of the Corporation shall be held at the registered office of the Corporation or at such other place within Canada on such date and at such time as the directors may from time to time determine.
- 1.02 *Quorum.* A quorum for the transacting of business at any meeting of shareholders shall be three or more persons personally present, each being a shareholder entitled to vote thereat or a duly appointed representative or proxyholder for an absent shareholder so entitled and collectively holding or representing in the aggregate not less than twenty-five percent (25%) in number of the outstanding shares of the capital stock of the Corporation carrying voting rights at such meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the holders present or represented at the meeting may adjourn the meeting to a fixed time (at least 24 hours after the time fixed for the meeting) and place, but no other business may be transacted. Notwithstanding the foregoing, at such adjourned meeting the shareholder or shareholders entitled to vote then present or represented shall constitute a quorum.
- 1.03 *Chairman.* Unless otherwise determined by the Board of Directors, the President shall preside at meetings of shareholders or, in his absence or in case of his inability or refusal or failure to act, such other person as may have been designated by the President to exercise such function in his absence, shall preside at meetings of shareholders. In the absence of all such persons or, in case of their inability or refusal or failure to act, the persons present and entitled to vote shall choose a director of the Corporation as chairman and if no director is present, or if all the directors present refuse to act, then the persons entitled to vote shall choose one of their number to be chairman of the Meeting.
- 1.04 *Meeting Held by Electronic Means.* The directors may determine that a meeting of shareholders shall be held, subject to the *Canada Business Corporations Act* and the regulations thereunder (collectively, the “Act”), entirely by means of a telephonic, electronic or other communication facility, including teleconferencing, video conferencing, computer link and webcasting, that permits all participants to communicate adequately with each other during the meeting.
- 1.05 *Votes.* Every question submitted to any meeting of shareholders shall be decided by a show of hands unless, at any time before the termination of the meeting, a ballot is ordered by the chairman or demanded by a shareholder, its representative or proxyholder, either before or after any vote by show of hands. If at any meeting a ballot is to be taken, it shall be taken in such manner and either at once or after adjournment as the chairman directs. The result of a ballot shall be deemed to be a resolution of the meeting at which the ballot was taken whether or not a vote on a show of hands had previously been taken on the same question.
- 1.06 *Electronic Voting.* Notwithstanding section 1.05, any vote may be held, in accordance with the Act, entirely by means of a telephonic, electronic or other communication facility if the Corporation makes available such a communication facility.
- 1.07 *Procedure at Meetings.* The chairman of a meeting of shareholders shall conduct the meeting and shall determine the procedure thereof in all respects and his decision on all matters, including but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any proxy,

shall be conclusive and binding upon the meeting. A declaration by the chairman at any meeting that a resolution that has been carried or carried unanimously or carried by any particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. Every person entitled to vote at a meeting of shareholders shall have one vote on a show of hands, and subject to the articles of the Corporation, upon a ballot shall be entitled to one vote for each share of the Corporation which it holds or represents.

- 1.08 *Addresses of Shareholders.* Every shareholder shall furnish to the Corporation an address to or at which all notices or documents intended for the shareholder shall be sent. If no address appears in the records of the Corporation, such notice or document may be sent to such address as may be considered to be the most likely to result in the notice or document reaching the shareholder.

PART 2 DIRECTORS

- 2.01 *Meetings.* Meetings of the board of directors may be held from time to time at such time and at such place as the Chairman of the Board, the President of the Corporation, a vice-president of the corporation, if a director, or any two directors may determine. Meetings of the board of directors may be held at any place in or outside Canada.

The board of directors may from time to time provide for the holding of regular meetings of the board of directors at such place, in or outside Canada, with or without notice, as may be determined by resolution.

Notice of a meeting of the board of directors shall be sent to each director not less than 48 hours before the date of the meeting provided that meetings of the directors may be held at any time without notice if all the directors are present or if all the absent directors have waived notice. Notice of any meeting of directors or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after the meeting.

No notice of a meeting of directors to be held immediately following the election of directors at a meeting of the shareholders need be given in order for the meeting to be duly constituted, provided a quorum of the directors is present.

- 2.02 *Chairman.* The Chairman of the Board shall preside at all meetings of the board of directors.

PART 3 OFFICERS

- 3.01 *Appointment of Officers.* The directors shall appoint a Chairman of the Board, President and a Secretary and may designate such other offices of the Corporation and appoint such other officers as they may consider advisable. None of such officers other than the Chairman need be a director of the Corporation.
- 3.02 *Duties of Officers.* In addition to any duties specified herein, the officers shall perform such duties as may be specified by the directors.
- 3.03 *Removal of Officers.* All officers shall be subject to removal by the directors at any time, with or without cause.

PART 4 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

- 4.01 *Indemnity.* Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the

individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, if the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the request of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

The Corporation may advance moneys to a director, officer or other individual, for the costs, charges and expenses of such proceedings, provided that the director, officer or other individual shall repay such moneys if he or she does not fulfill the conditions of sub-paragraphs (a) and (b) above. Nothing in this by-law shall limit the right of any person entitled to indemnity apart from the provisions of this by-law.

4.02 *Insurance.* The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 3.01 against any liability incurred by the person:

- (a) in the person's capacity as a director or officer of the Corporation; or
- (b) in the person's capacity as a director or officer, or similar capacity, of another entity, if the person acts or acted in that capacity at the request of the Corporation.

PART 5 NOTICES

5.01 *Method of Giving Notices.* Subject to the Act, any notice (which term includes any communication or other document) to be given (which term includes sent, delivered or served) pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer or auditor may be given and, if so given, shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary mail (except in the event of an actual or threatened stoppage or slow-down in mail delivery, in which case an alternate method of giving notice shall be used) or if sent to him at his recorded address (which term shall include his recorded facsimile number or electronic mail address) by means of any prepaid transmitted or recorded communication, including by means of telecopy, facsimile or otherwise by electronic means. A notice so delivered shall be deemed to have been given and received when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received at the time it would be delivered in the ordinary course of mail, unless there are reasonable grounds for believing that the person to whom it is delivered or mailed did not receive the document within that time or at all. A notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or transmitted by or on behalf of the Corporation, and shall be deemed to have been received at the same time, unless there are reasonable grounds for believing that the person to whom it is sent did not receive the notice within that time or at all. Notwithstanding the foregoing, any notice so delivered (other than by prepaid ordinary mail), dispatched or transmitted to the recorded address after 5:00 p.m. local time at the place of delivery or on a Saturday, Sunday or banking holiday (a "non-business day") at the place of delivery, shall be deemed to have been received at 8:00 a.m. local time on the first day thereafter that is not a non-business day. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer or auditor in accordance with any information believed by him or her to be reliable. Nothing in this section shall be construed as precluding the giving of notice by the Corporation in any other manner.

5.02 *Notice to Joint Shareholders.* If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders, but notice to one of such person shall be sufficient notice to all of them.

5.03 *Omissions and Errors.* The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

5.04 *Persons Entitled by Death or Operation of Law.* Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he or she derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

PART 6
GENERAL

6.01 *Voting Securities in Other Issuers.* The President, any vice-president, or any other officer or person thereunto authorized by the directors, shall represent the Corporation, attend and vote at any meeting of shareholders or members of any firm, company, corporation or syndicate in which the Corporation holds shares or is otherwise interested, and any action taken and/or vote cast by them or one of them at any such meeting shall be deemed to be the act and/or vote of the Corporation.

Any two of the President, any vice-president and the Secretary shall be empowered to authorize any person (whether an officer of the Corporation or not) to attend, vote and otherwise act at all meetings of shareholders or members of any firm, company, corporation or syndicate in which the Corporation holds shares or is otherwise interested, and for this purpose, such officer shall be authorized to execute and to deliver from time to time for and on behalf and in the name of the Corporation, a proxy in such form and terms as such officers see fit, including therein, but without in any way limiting or restricting the generality of the foregoing, provision for the appointment of a substitute proxyholder and the revocation of all proxies given by the Corporation prior thereto with respect to any such meeting.

6.02. *Execution of Contracts, etc.* Contracts, documents or other instruments in writing requiring the signature of the Corporation may be signed by any two of the directors and officers and all contracts, documents and other instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any director, directors, officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

6.03 *Financial Year.* The financial year of the Corporation shall terminate on December 31 or such date in each year as the board of directors may from time to time by resolution determine.

6.04 *Interpretations.* In this by-law, words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine gender; and words importing persons include individuals, corporations, partnerships, trusts and unincorporated organizations.

6.05 *Effective Date.* Subject to confirmation by the shareholders of the Corporation, this by-law shall be effective from the date it is enacted by the board of directors.

6.06 *Repeal.* Upon the date of this by-law becoming effective, general by-laws numbered 1 to 60 inclusive, shall be repealed. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law or the Act and all resolutions of the shareholder or directors passed under any repealed by-law shall continue good and valid except to the extent inconsistent with this By-law and until amended or repealed.

Enacted the _____ day of _____, 2002.

President

Secretary

APPENDIX “B”

By-Law No. 1

“BE IT RESOLVED THAT By-law No. 1 of the Corporation, as approved by the Board of Directors of the Corporation on May 9, 2002, and included as Appendix “A” to the Management Proxy Circular dated May 10, 2002, be and it is hereby ratified, confirmed and approved.”

