

*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer broker, bank manager, lawyer or other professional advisor.*

***AECON***

**AECON GROUP INC.**

**NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS  
AND  
MANAGEMENT PROXY  
CIRCULAR**

**Annual Meeting to be held at 11:00 a.m.  
June 20, 2006  
at**

**The Design Exchange  
234 Bay Street  
Toronto, Ontario**



## Invitation to Shareholders

We are very pleased to invite you, as a valued shareholder of Aecon Group Inc. (“**Aecon**”), to join the Board of Directors and the senior leadership team of Aecon at our annual meeting on June 20, 2006 at 11:00 a.m. The meeting will take place at The Design Exchange in downtown Toronto.

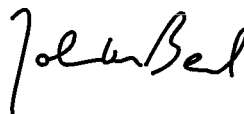
The annual meeting is your opportunity to receive a first-hand account of Aecon’s performance in 2005 and to learn about our future plans. Scott Balfour and I will provide a report on Aecon’s affairs. Should you have questions about our past performance or future direction, this is an excellent forum to seek answers to your questions. It is also a unique opportunity to meet members of the Board of Directors and the senior leadership team of Aecon.

As an important and valued stakeholder in Aecon we urge you, should you be unable to attend the meeting in person, to exercise the power of your proxy vote as explained in the attached Proxy Circular.

Should you require additional information, please visit our corporate web site, at [www.aecon.com](http://www.aecon.com). Also available online is the full text of the 2005 Annual Information Form (filed on March 31, 2006), 2005 Management Discussion and Analysis as well as quarterly results and other useful information. A copy of my address to the 2006 annual meeting will be available on our website.

Whether you elect to make your vote count in person or by proxy, we appreciate your participation in this important forum for our shareholders as well as your continued support.

Sincerely,



John M. Beck  
Chairman and Chief Executive Officer

May 19, 2006

**NOTICE  
OF  
ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an Annual Meeting (the “**Meeting**”) of Shareholders of Aecon Group Inc. (the “**Corporation**”) will be held at The Design Exchange, 234 Bay Street, Toronto, Ontario, Canada, on Tuesday, June 20, 2006 at 11:00 a.m. (Toronto time) for the following purposes:

- (a) to receive the financial statements of the Corporation for the financial year ended December 31, 2005 and the report of the auditors thereon;
- (b) to elect directors;
- (c) to reappoint the auditors; and
- (d) to transact such other business as may properly be brought before the Meeting.

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, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1. **Proxies to be used at the Meeting must be deposited with the Corporation or Computershare Investor Services Inc. no later than 5:00 p.m. Eastern Standard Time on Friday June 16<sup>th</sup>, 2006, preceding the time of the Meeting or with the chairman of the Meeting prior to commencement of the meeting.**

**DATED** at Toronto, Ontario, on this 19th day of May 2006.

**BY ORDER OF THE BOARD OF DIRECTORS**



L. Brian Swartz  
Senior Vice-President, Legal and Commercial Services  
and Corporate Secretary

# Proxy Circular

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## Questions & Answers on Proxy Voting

**Q: What am I voting on?**

A: Shareholders are voting on the election of directors to the Board of Aecon until the next annual meeting, the appointment of auditors for Aecon for 2006, and such other business as may be properly brought before the meeting.

**Q: Who is entitled to vote?**

A: Shareholders as at the close of business on May 3, 2006 are entitled to vote. Each Common Share is entitled to one vote on those items of business identified in the Notice of Annual Meeting of Shareholders of Aecon.

If you acquired your shares after May 3, 2006, please refer to the answer to the question "What if ownership of shares has been transferred after May 3, 2006?" on page Q&A 2 to determine how you may vote such shares.

**Q: How do I vote?**

A: There are two ways you can vote your shares if you are a registered shareholder. You may vote in person at the meeting or you may sign the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the meeting. If your shares are held in the name of a nominee, please see the box on page Q&A 2 for voting instructions.

**Q: What if I plan to attend the meeting and vote in person?**

A: If you are a registered shareholder and plan to attend the meeting on June 20, 2006 and wish to vote your shares in person at the meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the meeting. Please register with the transfer agent, Computershare Investor Services Inc., upon arrival at the meeting.

If your shares are held in the name of a nominee, please see the box on the next page for voting instructions.

**Q: Who is soliciting my proxy?**

A: The enclosed form of proxy is being solicited by the management of Aecon and the associated costs will be borne by Aecon. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by employees of Aecon and/or Computershare Investor Services Inc..

**Q: What if I sign the form of proxy enclosed with this circular?**

A: Signing the enclosed form of proxy gives authority to John M. Beck or Scott C. Balfour, each of whom is a senior executive officer and director of Aecon, or to another person you have appointed, to vote your shares at the meeting.

**Q: Can I appoint someone other than these directors to vote my shares?**

A: Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the form of proxy.

It is important to ensure that any other person you appoint is attending the meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the meeting, present themselves to a representative of Computershare Investor Services Inc.

**Q: What do I do with my completed proxy?**

A: Return it to Aecon's transfer agent, Computershare Investor Services Inc., in the envelope provided, or by fax to 1-866-249-7775 within Canada and the United States, or 416-263-9524 from all other countries, so that it arrives no later than 5:00 p.m. (Eastern Standard Time) on Friday, June 16, 2006. This will ensure that your vote is recorded.

**Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the Secretary of Aecon at the following address no later than 5:00 p.m. (Eastern Standard Time) on Friday, June 16, 2006 or to the Chairman on the day of the meeting, Tuesday, June 20, 2006, or any adjournment of the meeting.

Aecon Group Inc.  
20 Carlson Court, Suite 800  
Toronto, Ontario M9W 7K6  
Attention: Shirley Duffy, Information Manager  
Fax: 416-293-0271

**Q: How will my shares be voted if I give my proxy?**

A: The persons named on the form of proxy must vote for or against or withhold from voting your shares in accordance with your directions, or you can let your proxyholder decide for you. In the absence of such directions, proxies received by management will be voted **in favour of** the election of directors to the Board, and the appointment of auditors.

**Q: What if amendments are made to these matters or if other matters are brought before the meeting?**

A: The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders of Aecon Group Inc. and with respect to other matters which may properly come before the meeting.

As of the time of printing of this Proxy Circular, management of Aecon knows of no such amendment, variation or other matter expected to come before the meeting. If any other matters properly come before the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q: How many shares are entitled to vote?**

A: As of May 3, 2006, there were outstanding 38,283,198 Common Shares of Aecon. Each registered shareholder has one vote for each Common Share held at the close of business on May 3, 2006.

**Q: What if ownership of shares has been transferred after May 3, 2006?**

A: The person who acquired such shares after May 3, 2006 must produce properly endorsed share certificates or otherwise establish that he or she owns the shares and must ask Aecon no later than 5:00 p.m. (Easter Standard Time) on June 16, 2006 that his or her name be included in the list of shareholders before the meeting in order to be entitled to vote these shares at the meeting.

**Q: How will the votes be counted?**

A: Each question brought before the meeting is determined by a majority of votes cast on the question.

**Q: Who counts the votes?**

A: Aecon's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies. This is done independently of Aecon to preserve the confidentiality of individual shareholder votes. Proxies are referred to Aecon only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**Q: If I need to contact the transfer agent, how do I reach them?**

A: You can contact the transfer agent by mail at:

Computershare Investor Services Inc.  
9th Floor  
100 University Avenue  
Toronto, Ontario M5J 2Y1

Or by telephone:

Within Canada and the United States at 1-800-564-6253 and from all other countries at 514-982-7555.

**Q: If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?**

A: There are two ways you can vote your shares held by your nominee. As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a form of proxy for the number of shares you hold.

For your shares to be voted for you, please follow the voting instructions provided by your nominee.

Since Aecon has limited access to the names of its non-registered shareholders, if you attend the meeting Aecon may have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore, if you wish to vote in person at the meeting, insert your own name in the space provided on the request for voting instructions or form of proxy and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the meeting. Please register with the transfer agent, Computershare Investor Services Inc., upon arrival at the meeting.

## GENERAL INFORMATION

### SOLICITATION OF PROXIES

This Management Proxy Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management for the annual meeting of the shareholders (the “**Meeting**”) of **Aecon Group Inc.** (the “**Corporation**” or “**Aecon**”) to be held on June 20, 2006 and, except where otherwise indicated, contains information as of the Record Date (as hereinafter defined). 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, form of proxy, 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, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, (fax: 1-866-249-7775 or 416-263-9524) so as to be received at least forty-eight (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 and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or 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 3, 2006 the Corporation had outstanding 38,283,198 Common Shares carrying the right to one vote per share.

The Board of Directors of the Corporation has fixed a record date of May 3, 2006 (the “**Record Date**”) 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.

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

#### **Exercise of Discretion by Holders of Proxies**

The form of proxy forwarded to Shareholders with the notice of meeting and this 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 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 Circular and the reappointment of PricewaterhouseCoopers LLP as auditors.**

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.

### **Non-Registered Shareholders**

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will have distributed copies of the notice of the Meeting, this Circular, and the enclosed form of proxy (collectively, the "**meeting materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders of Common Shares.

Intermediaries are required to forward the meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived his or her right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the applicable form of proxy and submit it to the Corporation or to Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 (fax: 1-866-249-7775 or 416-263-9524), with respect to the shares beneficially owned by such Non-Registered Holder, in accordance with the instructions elsewhere in this Circular; or
- (b) more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute authority and instructions (often called a "**proxy authorization form**") which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions which contains a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the Non-Registered Holder to direct the voting of the shares he or she beneficially owns.

**Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in the proxy and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

## Principal Holders of Common Shares

To the knowledge of the directors and senior officers of the Corporation, as at May 3, 2006, the only persons or companies who own beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the issued Common Shares of the Corporation are: (a) Hochtief Aktiengesellschaft (“**Hochtief**”), which indirectly owns 16,576,896 Common Shares or approximately 43.3% of the issued and outstanding Common Shares (based on public filings available on SEDI); (b) Howson Tattersall Investment Counsel Limited (“**Howson**”), through its mutual funds, pension fund and client accounts, which owns 4,469,566 Common Shares or approximately 11.6% of the issued and outstanding Common Shares (based on information provided by Howson to the Corporation); and (c) Natcan Investment Management Inc. (“**Natcan**”), which owns 6,536,300 Common Shares or approximately 17% (based on information provided to the Corporation by Natcan) of the issued and outstanding Common Shares.

## 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 ten. The Board of Directors has fixed the number of directors to be elected at the meeting at ten. 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. **Common 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 at 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 as of May 1, 2006), 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 <sup>(1)</sup></u>
SCOTT C. BALFOUR ..... Oakville, Ontario	President and Chief Financial Officer of the Corporation	1995	547,308 <sup>(2)</sup>
JOHN M. BECK ..... Toronto, Ontario	Chairman and Chief Executive Officer of the Corporation	1963	1,028,296
AUSTIN C. BEUTEL..... Toronto, Ontario	Chairman, Oakwest Corporation Limited	2005	100,000 <sup>(3)</sup> 183,000
MICHAEL A. BUTT..... Gormley, Ontario	Chairman and CEO, Buttcon Limited	1994	
JOHN A. DICIURCIO ..... Chicago, Illinois	Executive Vice President, Turner Construction Company	2004	Nil
ROLF KINDBOM ..... Erin, Ontario	Consultant, Officer and Director, Hochtief Canada Inc.	2000	10,000
DR. ING. HERBERT <sup>(4)</sup> LÜTKESTRATKÖTTER..... Essen, Germany	Member of Executive Board, Hochtief	2005	Nil
DR. MARTIN ROHR ..... Essen, Germany	Member of Executive Board, Hochtief	2004	Nil

THE HON. BRIAN V. TOBIN, P.C. .... Toronto, Ontario	Senior Business Advisor, Fraser Milner Casgrain LLP	2005	1,150
ROBERT P. WILDEBOER..... Milton, Ontario	Vice Chairman of the Corporation; Executive Chairman, Martinrea International Inc., an automotive manufacturing company	1993	60,761

Notes:

- (1) 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 (Chair), Austin C. Beutel, and John DiCiurcio. The members of the Human Resources and Compensation Committee are Robert P. Wildeboer (Chair), Dr. Ing. Herbert Lütkestratkötter and the Hon. Brian V. Tobin, P.C.
- (2) Scott C. Balfour also holds 100 convertible debentures purchased on March 2, 2005. For additional information concerning the debentures, please see Item 6.2 “**Prior Sales**” in the Annual Information Form filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) on March 31, 2005 (the “**2005 AIF**”).
- (3) Austin C. Beutel, directly and indirectly, holds: (a) 1,450 convertible debentures purchased on November 2, 2004; and (b) 600 convertible debentures purchased on March 2, 2005. For additional information concerning the debentures, please see Item 6.2 “**Prior Sales**” in the 2005 AIF.
- (4) Dr. Ing. Herbert Lütkestratkötter was a director of Phillipp Holzmann AG when it filed for insolvency under German law on March 21, 2002.

This information, not being within the direct knowledge of the Corporation, has been furnished by the respective directors individually or obtained from the System for Electronic Disclosure by Insiders (“**SEDI**”) and may include shares owned or controlled by spouses, children and/or companies controlled by the directors or their spouses and/or children.

***Biographies of Directors***

**Scott C. Balfour** is President and Chief Financial Officer of Aecon. He has executive responsibility for all aspects of the Corporation's operations including finance, treasury, risk management, investor relations and administrative initiatives. Mr. Balfour has been a member of the Board of Directors of Aecon since 1995 and has been with Aecon since 1994. Prior to joining Aecon, Mr. Balfour had an extensive career in corporate banking at a number of major financial institutions. Mr. Balfour has an HBBA from Wilfrid Laurier University and an MBA from the Richard Ivey School of Business, University of Western Ontario.

**John M. Beck** is the Chairman of the Board and Chief Executive Officer of Aecon and is a leader in the Canadian construction industry. He also serves as Chairman of Derech Eretz Consortium and of Canadian Highways Infrastructure Corporation. Mr. Beck has been a member of the Board of Directors since 1963. Mr. Beck also serves as a director of the Ontario Power Authority. A graduate in Civil Engineering from McGill University, Mr. Beck has more than 40 years of experience in the construction industry in Canada and internationally. His background includes corporate leadership in numerous construction activities including heavy civil projects such as bridges, highways, airport infrastructure, precast concrete manufacturing as well as buildings, commercial and industrial projects, and public-private partnerships for the development of infrastructure, such as airports and toll roads.

**Austin C. Beutel** is the Chairman of Oakwest Corporation Limited. Mr. Beutel again became a member of the Aecon Board of Directors in 2005 after having served previously on the Board from 1989 to 1993 and 1997 to 2000. Mr. Beutel retired in 1994 as Chairman of Beutel Goodman and Company Ltd., an investment counselling firm, which he co-founded in 1967. He is the non-executive Chairman of the Equitable Group Inc. and a director of Accord Financial Corp. and Astral Media Inc. Mr. Beutel has a B. Comm. (McGill) and MBA (Harvard). He is also a Chartered Financial Analyst.

**Michael A. Butt** is the Chairman and CEO 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 Limited in 1979. Mr. Butt has a Bachelor of Applied Science in Civil Engineering from the University of Toronto. Mr. Butt was formerly a 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 Pearson Airport from the Federal Government to The Greater Toronto Airports Authority, Michael was elected Chairman of the Board of Directors and remained in that capacity until December of 2004. Mr. Butt was appointed a member of the Board of Governors for Trent University in July 2005.

**John DiCiurcio** joined the Board of Directors in 2004. He currently serves as Executive Vice President for Turner Construction Company, where he oversees several business units. Mr. DiCiurcio has been in the construction business and with Turner for 25 years. He has a B.S.C.E. in Civil Engineering and Business Administration from Rutgers University and attended the Kellogg School of Management at Northwestern University.

**Rolf Kindbom** heads a consulting company in Toronto and is a director of Hochtief Canada Inc. and HT Civil Canada Inc. Mr. Kindbom has been a member of the Board of Directors of Aecon since 2000. He has almost 40 years of international business and project management experience in construction, commercial real estate and infrastructure development including Skanska Group of Sweden and Cathay International Ltd. Mr. Kindbom is also a member of the Arbitration and Mediation Institute of Ontario. Mr. Kindbom has a Master of Science in Civil Engineering from Royal Technical University in Stockholm, Sweden.

**Dr. Ing. Herbert Lütkestratkötter** studied mechanical engineering and gained a doctorate in civil engineering at Aachen Technical University. He held senior positions at Lahmeyer International GmbH, later becoming a member and then President of the Management Board. Dr. Lütkestratkötter was a member of the Executive Board of Lahmeyer AG, with responsibility for the business area Technical Services and was the Labour Relations Director and member of the Executive Board of Philipp Holzmann AG, with responsibility for the area of International Business and Project Development. He was the CEO of Dussmann AG and since December 2003 Dr. Lütkestratkötter has been a member of the Executive Board of Hochtief, with responsibility for the Corporate Division Hochtief Development and the Corporate Development department and for Hochtief Construction Services Americas.

**Dr. Martin Rohr** has lent his expertise to several boards associated with Hochtief since 1994 and is a member of the Executive Board of Hochtief. Before joining Hochtief, Dr. Rohr completed a graduate traineeship and worked in operational positions in the civil engineering field at various medium-sized construction companies. Dr. Rohr is responsible for networking of the Hochtief group of companies, business development and Hochtief's Corporate Center Global Procurement. Dr. Rohr received his doctorate in 1983 from Hanover University.

**The Honourable Brian V. Tobin, P.C.** is Senior Business Advisor at the national law firm of Fraser Milner Casgrain LLP. He is currently a member of a number of public company boards including New Flyer Industries where he serves as Chairman. He is Chairman of Consolidated Thompson-Lundmark Gold Mines Limited and serves as a director of Lions Gate Entertainment Corp. He is also Special Advisor for the Canadian Youth Business Foundation (CYBF). Mr. Tobin is a former Member of Parliament and a former member of the Newfoundland and Labrador House of Assembly. Mr. Tobin's political career spanned twenty-two years from 1980 to 2002. Mr. Tobin is a former Premier of Newfoundland and Labrador, former Federal Minister of Industry and former Federal Minister of Fisheries and Oceans.

**Robert P. Wildeboer** is the Executive Chairman of Martinrea International Inc., a leading automotive supplier and industrial company, where he focuses on the strategic direction and development of the company as a member of the Senior Executive team. He is the Vice Chairman of Aecon and a member of the Board of Directors since 1993. He is counsel to the law firm Wildeboer Dellelce, LLP, which he co-founded in 1993. Mr. Wildeboer is a specialist in the areas of corporate and securities law and has participated in a broad range of securities and related transactions, including public and private financings for both start-ups and mature companies, mergers and acquisitions, take-over bids, proxy fights and defences thereto, and derivative products transactions. Mr. Wildeboer has a B.A. from the University of Guelph, an LL.B. from Osgoode Hall Law School, an MBA from York University and an LL.M. from Harvard University. He is also a director or officer of several private charitable organizations, private companies, the Auto Parts Manufacturers Association (APMA) and the Canadian Automotive Partnership Council (CAPC).

## INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no director or senior officer of the Corporation and, to the knowledge of the directors and senior officers of the Corporation, none of their respective associates or affiliates, nor any person who beneficially owns or exercises control or direction over more than 10% of the outstanding Common Shares, nor their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

In the last financial year, the Corporation obtained legal services relating to securities and corporate/commercial matters from Wildeboer Dellece, LLP. Mr. Wildeboer the Vice-Chairman of the Board of Directors of the Corporation, was a founding partner of that firm, but is no longer a partner and has no current equity interest or profit participation in the firm.

See also "Indebtedness of Directors and Officers".

## TRADING HISTORY OF COMMON SHARES

The Common Shares are listed and posted for trading on the TSX under the trading symbols 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:

<u>Month</u>	<u>Common Shares<sup>(1)</sup></u>		
	<u>High</u> (C\$)	<u>Low</u> (C\$)	<u>Volume</u>
<b>2005</b>			
May.....	\$6.02	\$5.70	344,665
June.....	\$6.08	\$5.75	354,049
July.....	\$5.95	\$5.70	177,593
August.....	\$6.14	\$5.70	70,486
September.....	\$6.10	\$5.70	124,444
October.....	\$5.88	\$5.50	106,821
November.....	\$5.59	\$5.40	264,046
December.....	\$5.73	\$5.27	381,596
<b>2006</b>			
January.....	\$6.65	\$5.25	696,943
February.....	\$7.04	\$6.20	904,173
March.....	\$6.38	\$6.00	868,839
April.....	\$6.23	\$5.87	623,389

Note:

(1) \*Source: The Toronto Stock Exchange Monthly Review

## DIVIDEND POLICY

Aecon has established a formal dividend policy whereby the Board will consider whether or not to declare a dividend each year at the time of the release of annual financial statements of the Corporation. The size of the dividend will be determined each year based on the financial performance of Aecon. The Corporation declared a dividend of \$0.03 per Common Share in 2003. Aecon did not declare a dividend in 2004 or 2005.

Pursuant to an indemnity agreement dated January 20th, 2006 between the Corporation and American International Companies in connection with the provision of bonds on the Quito Airport Project (the "Indemnity Agreement"), the Corporation is restricted from paying dividends, except for an aggregate of \$10 million per fiscal year (less any payments, loans or payment for stock repurchases to affiliates who are not party to the Indemnity Agreement).

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The table presented is in accordance with the regulations of the *Securities Act* (Ontario) and summarizes the compensation earned in respect of the fiscal years noted of the Chief Executive Officer and the other four most highly compensated executive officers of the Corporation employed by the Corporation as at December 31, 2005, and any executive officer who left the Corporation's employ during the last fiscal year who otherwise would have been included (the "Named Executive Officers").

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation <sup>(4)</sup>
		Salary	Bonus	Other Annual Compensation <sup>(1)</sup>	Awards		Payouts	
					Securities Under Options Granted <sup>(2)</sup>	Restricted Shares or Restricted Share Units	LTIP Payouts <sup>(3)</sup>	
(\$)	(\$)	(\$)	(#)	(\$)	(\$)	(\$)		
John M. Beck, <sup>(5)</sup> Chairman and Chief Executive Officer	2005	478,457	Nil	—	—	—	—	413,889
	2004	464,181	Nil	—	—	—	—	362,041
	2003	459,940	Nil	—	—	—	319,800	336,211
Scott C. Balfour, President and Chief Financial Officer	2005	395,000	140,036 <sup>(6)</sup>	—	—	—	—	28,844
	2004	332,312	Nil	—	—	—	—	18,430
	2003	295,787	Nil	—	—	—	293,150	16,539
Paul P. Koenderman Executive Vice President, AGI, & CEO Aecon Industrial Group	2005	306,975	80,000	—	—	—	—	17,359
	2004	290,625	Nil	—	—	—	—	16,435
	2003	196,875	100,000	—	100,000 <sup>(7)</sup>	—	—	14,203
Teri McKibbin <sup>(8)</sup> President, Aecon Civil & Utilities Group	2005	198,750	115,707	—	50,000 <sup>(8)</sup>	—	—	11,948
	2004	171,038	Nil	—	—	—	—	9,794
	2003	166,238	Nil	—	—	—	—	9,445
H. William Pearson Executive Vice President	2005	342,475	Nil	39,725 <sup>(9)</sup>	—	—	—	19,135
	2004	339,981	Nil	—	—	—	—	18,813
	2003	336,875	Nil	36,566	—	—	—	18,593

Notes:

- (1) Unless otherwise noted, perquisites and other personal benefits for certain Named Executive Officers are not included since they do not exceed the lesser of \$50,000 and 10% of annual salary and bonus.
- (2) For 2003 and 2004, refers to Options granted under the Corporation's 1998 Stock Option Plan, as amended on July 20, 2000. For 2005, refers to Options granted under the Corporation's 2005 Stock Option Plan.
- (3) Long Term Incentive Plan. Under an arrangement which was implemented in 2000 following the successful acquisition of BFC Construction Corporation ("BFC") (now Aecon Construction Group Inc.) at the end of 1999, Messrs. Beck and Balfour were 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 were to be made on January 31 in each of the three years 2001, 2002 and 2003. Each payment equalled 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 were 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 had not yet been made at the time of the dividend payment.
- (4) "All Other Compensation" includes payments for (i) life insurance premiums; (ii) contributions to defined contribution plans; and (iii) payments and accruals to supplemental employee retirement plans. The amounts disclosed for John Beck include accruals to the supplemental employee retirement plan in the following amounts: (i) 2005-\$402,878; (ii) 2004 - \$351,977; and (iii) 2003 - \$326,711.

- (5) Amounts may include fees paid to a corporation controlled by Mr. Beck.
- (6) In January 2005, Mr. Balfour assumed additional responsibilities with respect to various operational segments and, as such, his bonus structure was amended to reflect his increased operational involvement. Therefore, although he did not earn a “corporate” bonus based on the overall results of Aecon, Mr. Balfour did earn a bonus based on the success of several operating divisions in which he was directly involved.
- (7) Mr. Koenderman was appointed an executive officer of the Corporation on April 1, 2003. The options were granted to Mr. Koenderman upon his appointment.
- (8) Teri McKibbin only became one of the five highest paid NEOs in 2005. The options were granted to Mr. McKibbin upon his appointment as President, Aecon Civil & Utilities Group. The compensation for the five NEOs for 2004 and 2003 can be found in the Information Circular dated May 11, 2005 available on SEDAR at [www.sedar.com](http://www.sedar.com).
- (9) Amount consists of \$39,725 in perquisites and other personal benefits, including \$24,000 for a car allowance and all related expenses.

## **Report on Executive Compensation**

### ***Composition of the Human Resources and Compensation Committee***

As of the date hereof, the Human Resources and Compensation Committee (the “Committee”) is composed of three members of the Board of Directors: Robert P. Wildeboer (Chair), Dr. Ing. Herbert Lütkestratkötter and the Hon. Brian V. Tobin P.C., none of whom are employees or former employees of the Corporation. Mr. Wildeboer is the Vice-Chairman of the Corporation. The Committee makes recommendations to the Board of Directors on all aspects of compensation policy for the Corporation particularly those regarding executive officers and senior corporate staff, 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 the performance level of both the individual officer and the Corporation. 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 as appropriate. Base salary generally forms the largest single component of total compensation. However, bonuses and equity based compensation can be very significant as profitability improves or as the Corporation's stock price appreciates.

In making compensation recommendations in respect of the Corporation's 2005 fiscal year, many factors were considered relevant by the Committee, including the financial results achieved by the Corporation's operations in fiscal 2004 and 2005; the workloads placed on the Corporation's senior management personnel in fiscal 2004 and 2005; and management's performance in achieving goals set by the Corporation from time to time. Beginning in 2004 and extending into 2005, the Committee commenced a review of bonus incentive compensation, both from a short term and long term perspective. See “**Bonus**” below.

### ***Base Salary***

Base salaries for fiscal 2005 reflect determinations made in previous years, and were determined based on the skills, ability and experience of the individual executive, the need to attract and retain executives, and recommended base salary ranges applicable to executive positions (from time to time, as appropriate, the Committee has engaged third party 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***

The Corporation does award bonuses. While fiscal 2005 saw a number of important successes, and significant overall improvement, the Corporation did not return to profitability. The results are indicative of the challenging construction environment, as well as a number of factors disclosed in the public filings of the Corporation. Other than in exceptional circumstances, incentive payments under Aecon's Short Term Incentive Plan were not made to employees at the corporate level, nor to employees in any divisional office or subsidiary in which financial results were less than satisfactory.

In 2005 Aecon also introduced a Long Term Incentive Plan (“**LTIP**”) designed both to focus senior executives on the long term financial performance of the Corporation and to serve as a retention tool for selected executives by providing a financial disincentive for plan participants to leave the corporation prematurely. The LTIP, which is open only to a small number of selected executives, is funded based on Aecon's financial performance and awards are made in the form of restricted Aecon shares or ‘phantom shares’. A significant portion of the awards do not vest until retirement (or termination for convenience) and are forfeited if the employee resigns his or her employment with Aecon.

The Committee continues to be satisfied with the performance of the Corporation's senior management and believes that management will continue to focus on process improvement and other initiatives in order to ensure a timely return to profitability.

## ***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. Based on the foregoing, Mr. Beck's maximum pension entitlement at time of retirement, assuming a retirement age of 67, would be an amount approximately equal to 40% to 45% of final average earnings (excluding bonus).

The foregoing report has been submitted by the members of the Human Resources and Compensation Committee for fiscal 2005.

Robert P. Wildeboer (Chair)  
Dr. Ing. Herbert Lütkestratkötter  
Hon. Brian V. Tobin, P.C.

## **Stock Options and Stock Option Plan**

The Committee, through Aecon's shareholder approved 2005 stock option plan, as approved by the shareholders at the annual and special meeting held on June 21<sup>st</sup>, 2005 (hereinafter referred to as the “**Stock Option Plan**” or the “**2005 Plan**”), may award long-term stock option incentives to directors, officers and other employees of the Corporation and its subsidiaries. The Plan is intended to motivate and reward individuals who contribute to the success and profitability of the Corporation and to give said individuals a proprietary interest in the long-term growth and financial success through the award of stock options.

The 2005 Plan replaced the 1998 stock option plan (the “**1998 Plan**”) and, consequently, no new options will be granted under the 1998 Plan. Options granted under the 1998 Plan prior to the adoption of the 2005 Plan will survive until exercise, lapse or termination in accordance with the provisions of the 1998 Plan. Currently there remain 250,000 previously granted options outstanding under the 1998 Plan.

The table below indicates the number of securities to be issued upon the exercise of outstanding Options, the weighted-average exercise price of the outstanding Options and the number of securities remaining available for future issuance under both the 1998 Plan and the 2005 Plan as of December 31, 2005:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>1998 Plan</b>	250,000	\$5.66	NIL
<b>2005 Plan</b>	100,000	\$5.51	2,100,000

A maximum of 2,500,000 Common Shares, representing approximately 6.5% of the issued and outstanding Common Shares on an undiluted basis, may be reserved for issuance under the 2005 Plan. As of the date of this Circular, 1,100,000 Common Shares, representing approximately 2.9% of the issued and outstanding Common Shares on an undiluted basis, have been reserved for issuance upon the exercise of outstanding stock options awarded under the 2005 Plan, and 1,400,000 Common Shares, representing approximately 3.7% of the issued and outstanding Common Shares on an undiluted basis, remain available for future stock option awards under the 2005 Plan.

Key provisions of the 2005 Plan include: (a) a restriction that no more than 10% of the total number of issued and outstanding Common Shares may be issued to Insiders (as defined in the 2005 Plan); (b) a restriction that no more than 5% of the total number of issued and outstanding Common Shares may be issued to any one Insider in a one year period; (c) the option price per Common Share is the five-day weighted average of the closing price of the Common Shares on the TSX prior to the grant of the option; (d) the vesting period of all options shall be determined by the Board; (e) options have a maximum term of 10 years; (f) options shall, subject to certain specified exercise periods, expire upon the death, permanent disability or termination of employment of the optionee (in the event of termination of employment without cause the option shall expire 90 days after the date of termination and in the event of termination with cause the option shall immediately expire); (g) options are not transferable; (h) the Board has the right to alter, amend, or vary the 2005 Plan without shareholder approval provided that it is of a housekeeping nature, (e.g. for the purpose of curing an ambiguity or error in the 2005 Plan or correcting or supplementing the 2005 Plan to remove any inconsistencies), is necessary to comply with regulatory requirements, changes the vesting provisions of an option, changes the termination provisions of an option or the 2005 Plan which does not entail an extension beyond the original expiry date, or amends the 2005 Plan to include a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the maximum number of Common Shares reserved for issuance under the 2005 Plan; and (i) at the discretion of the Board and subject to any applicable laws, the Corporation may provide financial assistance, on such terms and conditions as may be determined by the Board, to assist any optionee in the exercise of options granted under the 2005 Plan.

Please see “**Other Amendments to the Plan**” at page 16 of the 2005 Information Circular available on SEDAR at [www.sedar.com](http://www.sedar.com) for additional discussion of the features of the 2005 Plan and a comparison of the 2005 Plan to the 1998 Plan that it replaced.

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. A total of 100,000 options were granted in fiscal 2005. The 100,000 options were granted to senior officers of the Corporation pursuant to the terms of the 2005 Plan. The options were granted with an exercise price of \$5.51 per share and were subject to vesting provisions and expire five years from the date of grant.

## Options to Named Executive Officers

In November 2005, Teri McKibbon was granted 50,000 options with an exercise price of \$5.51 with a five year expiry date. No other options to purchase Common Shares were granted during the financial year ended December 31, 2005 to the Named Executive Officers.

In June 2005, Mr. Beck in a series of eight transactions, exercised options to acquire 100,000 shares of the Corporation and subsequently sold said shares at prices ranging from \$5.80 to \$5.95. Further details as to the particulars of the transactions are available on SEDI at www.sedi.com. In July 2005, Mr. Balfour exercised options to acquire 75,000 common shares and subsequently sold 12,100 shares at a price ranging from \$5.80 to \$5.95. Further details as to the transactions are available on SEDI at www.sedi.com.

The table below indicates the number of options exercised during the most recently completed financial year and the financial year-end value of unexercised options, on an aggregated basis, for each of the Named Executive Officers.

### *Aggregate Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values as at December 31, 2005*

Name	Securities Acquired on Exercise (#)	Aggregate Value <sup>(1)</sup> Realized (\$)	Unexercised Options at Year-End Exercisable/Unexercisable (#)	Value <sup>(2)</sup> of Unexercised in-the-Money Options at Financial Year-End Exercisable/Unexercisable (\$)
John M. Beck	100,000	224,330	Nil	Nil
Scott C. Balfour	75,000	165,315 <sup>(3)</sup>	Nil	Nil
Paul P. Koenderman	Nil	Nil	66,667/33,333	36,667/18,333
Teri C. McKibbon	Nil	Nil	0/100,000	Nil
H. William Pearson	Nil	Nil	200,000/0	340,000/0

Notes:

- (1) Amount is calculated by multiplying the Securities acquired by the difference between the market price at the date of exercise and the price of the underlying option.
- (2) Amount is calculated by deducting the option price from gross sale proceeds and is calculated using the closing price on December 31, 2005 of \$5.30.
- (3) At the end of the year, Mr. Balfour continued to hold 62,900 shares acquired from the exercise of options in July 2005.

## 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.

The following table shows estimated annual pension benefits payable to John Beck on retirement under the plan described in the Human Resources and Compensation Committee Report on Executive Compensation above:

<b>John M. Beck's Defined Benefit Senior Executive Retirement Plan</b>								
Remuneration	Credited Years of Service Since December 31, 2000							
(\$)	1	2	3	4	5	6	7	7.833
<b>400,000</b>	22,278	44,556	66,500	88,000	109,444	130,667	151,667	173,333
<b>425,000</b>	23,778	47,556	71,000	94,000	116,944	139,667	162,167	185,333
<b>450,000</b>	25,278	50,556	75,500	100,000	124,444	148,667	172,667	197,333
<b>475,000</b>	26,778	53,556	80,000	106,000	131,944	157,667	183,167	209,333
<b>500,000</b>	28,278	56,556	84,500	112,000	139,444	166,667	193,667	221,333
<b>525,000</b>	29,778	59,556	89,000	118,000	146,944	175,667	204,167	233,333
<b>550,000</b>	31,278	62,556	93,500	124,000	154,444	184,667	214,667	245,333
<b>575,000</b>	32,778	65,556	98,000	130,000	161,944	193,667	225,167	257,333
<b>600,000</b>	34,278	68,556	102,500	136,000	169,444	202,667	235,667	269,333
<b>625,000</b>	35,778	71,556	107,000	142,000	176,944	211,667	246,167	281,333
<b>650,000</b>	37,278	74,556	111,500	148,000	184,444	220,667	256,667	293,333

Notes:

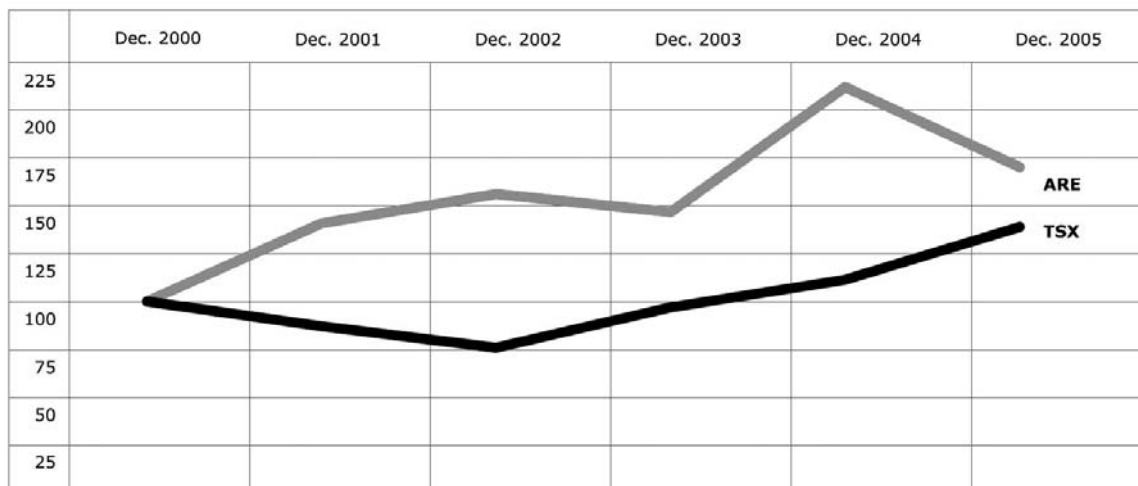
- The benefit formula under this plan is as follows:  
x minus y, where:  
x = 2.0% of Final Average Earnings \*3\* Credited Years of Service; and  
y = the amount prescribed by the Income Tax Act as the maximum benefit allowed under a defined benefit plan in any year \* Credited Year of Service.
- The remuneration shown above and used in the calculations is assumed to represent the member's final average earnings at his date of termination/retirement.
- Since the only member of this plan is John Beck, only scenarios that may be applicable to his situation at retirement have been considered.
- The definition of final average earnings under the plan is the best consecutive 12 months salary, excluding bonus.
- Mr. Beck will cease to accrue Credited Service under the plan on the earlier of his date of termination/retirement and the date he attains age 67, at which time he will have accrued 7.833 years of service.
- The estimated benefit amounts shown above are annual pensions payable at age 65 (or such later date), for life, guaranteed for 10 years and indexed annually at a rate equal to 100% of CPI.
- It is assumed that the amount prescribed by the Income Tax Act (Canada) as the maximum benefit allowed under a defined benefit plan will increase as follows:

Year 6 (2006)	2,111.11
Year 7 (2007)	2,222.22
Year 8 (2008)	2,333.33

### Performance Graph

The following graph compares the cumulative Shareholder return for \$100 invested in Common Shares against the cumulative return for \$100 on the S&P/TSX Composite Total Return Index for the five-year period from January 1, 2001 to December 31, 2005:

### Five-Year Cumulative Return



\$100 Invested in Aecon Common Shares\* (ARE) vs S&P/TSX Composite Total Return Index\* (TSX)

\*Includes dividend payments

	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005
<b>ARE</b> <sup>(1)</sup>	\$100	\$139.68	\$154.60	\$145.40	\$208.89	\$168.25
<b>S&amp;P/TSX Total Return Index</b> <sup>(1)</sup>	\$100	\$87.43	\$76.55	\$97.01	\$111.06	\$137.85

#### Note:

- (1) Includes share price plus dividends, if any. The closing price of the Common Shares on December 31, 2005 was \$5.30. All prices for the Common Shares were obtained from the records of the TSX.

### Employment Contracts

The Corporation has entered into employment agreements with John M. Beck, Chairman and Chief Executive Officer, and Scott C. Balfour, President and Chief Financial Officer. The Corporation has also entered into an employment agreement with Paul P. Koenderman, Executive Vice-President and Chief Executive Officer of the Corporation's Industrial division.

The agreements with Mr. Beck and Mr. Balfour 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, 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 salary and bonus.

The agreement with Mr. Koenderman came into effect on April 1, 2003. The agreement sets out Mr. Koenderman's duties and responsibilities and annual compensation, benefits and incentives. The agreement provides for a severance payment in the event of termination without just cause in the form of a continuation of salary and benefits and bi-monthly payments of one twenty-fourth (1/24) of the average cash incentive paid over the previous three years, all for a period of 12 months, subject to any greater entitlement under Ontario law. In the event that a third party or group other than Hochtief or its affiliated companies acquires a controlling interest in the Corporation, Mr. Koenderman may elect, if he resigns or is dismissed, to receive a lump sum payment equal to 12 months salary plus the average cash incentive paid over the previous three (3) years, without continuation of benefits.

The agreement with Mr. McKibbon came into effect on November 1, 2005 upon his appointment to the position of President, Aecon Civil and Utilities Group, and supersedes his original employment agreement dating back to May 13, 1996. The agreement sets out Mr. McKibbon's duties and responsibilities as well as annual compensation, benefits and incentives. The agreement provides for a severance payment in the event of termination without just cause in the form of a continuation of salary and benefits including pension plan contributions for a period of three months, plus one month per year of service to a maximum of 18 months.

### **Compensation of Directors**

In 2005, the Corporation paid each director an annual retainer of \$22,500, a meeting fee of \$1,250 for each meeting attended and an annual retainer payable to Committee Chairs of \$6,000.

The Corporation also pays an annual fee for Committee membership of \$4,000 and an annual fee for Vice Chair of \$10,000.

Mr. Kindbom, or companies controlled by him, received consulting fees from the Corporation or its affiliates of \$25,000 during fiscal 2004 and \$77,000 during fiscal 2005.

### **Corporate Governance**

The Board of Directors is committed to fostering a healthy governance culture at the Corporation. The Corporation believes that a healthy governance culture requires that directors be informed of both internal corporate and external developments that may affect the business and affairs of the Corporation and that an atmosphere of open communication, trust, candor, healthy debate and even constructive dissent be part of the corporate decision making and directorial oversight process. Mere formulaic or structural approaches to corporate governance issues, such as tests of independence, numerical guidelines for outside directors, number of directors, director age, number of committees, director incentive programs, number of formal meetings, and similar requirements are not themselves sufficient and, in some cases, not particularly helpful in ensuring that the board of directors of a public corporation fulfills its mandate of properly supervising the management of the Corporation, addressing potential conflict of interest situations and, in general, representing the interest of Shareholders to encourage what they ultimately want, namely, good and proper corporate performance. Simply put, directors have statutory and fiduciary obligations to act honestly and in good faith with a view to the best interests of the Corporation and the Shareholders as a whole. They also have a duty of care in making decisions, including a duty to be properly informed so they can perform the tasks their position entails. The Board of Directors demands that these standards are met by its members at all times.

The Corporation's corporate governance practices have attempted to ensure that the business and affairs of the Corporation are effectively managed so as to promote and enhance Shareholder value. The Corporation's Board of Directors has been very actively involved in many aspects of the Corporation's business. The Corporation believes that its Board of Directors, through participating directly in planning and implementation, has taken on greater responsibility and a more active role than is believed to be customary for boards of directors generally. Management has been able to draw assistance from individual Board members, as well as seek advice from the Board of Directors as a whole, when circumstances require it.

Over the past year, both Management and the Board of Directors have closely monitored and, where appropriate, responded to Canadian regulatory developments aimed at improving corporate governance, increasing corporate accountability and maximizing the transparency of public company disclosure.

In April 2005, the Ontario Securities Commission (the "OSC") adopted National Instrument 58-101 – Disclosure of Corporate Governance Practices and National Policy 58-201 – Corporate Governance Guidelines ("NP 58-201"), providing corporate governance "best practices". In June 2005, the OSC issued Amendments to Multilateral Instrument 52-110 – Audit Committees ("MI 52-110") which introduced new standards for the composition of Audit Committees, as well as additional disclosure standards in respect of Audit Committees (collectively, the "OSC Guidelines").

The OSC Guidelines as well as the evolving best practices in corporate governance, including amendments to MI 52-110, are considered by the Board in the context of the Corporation's objectives in order to implement the most effective corporate governance policies and practices for the Corporation. Under MI 52-110, a director is "**independent**" if he or she has no direct or indirect material relationship with the issuer. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a director's independent judgment. By reference to MI 52-110, the OSC has established a specific list of material relationships which compromise a director's independence. The Corporation has opted to apply the standards set out in the OSC Guidelines, with a view to communicating and demonstrating to investors of the Corporation's "**best practices**" approach to responsible corporate governance.

The Corporation is also subject to the requirements of Canadian provincial securities legislation, including those relating to the certification of financial and other information by the Corporation's principal executive officer and principal financial officer; oversight of the Corporation's external auditors; enhanced independence criteria for audit committee members; the pre-approval of permissible non-audit services to be performed by the Corporation's external auditors; and the establishment of procedures for the anonymous submission of employee complaints regarding the Corporation's accounting practices (commonly known as whistle-blower procedures). In its consideration of evolving best practices in corporate governance matters, over the past several years among other matters discussed below and in Appendix 3, the Corporation has: (i) adopted and/or updated a broad range of corporate policies; (ii) established a confidential procedure for the anonymous submission to the Audit Committee of employee complaints regarding the Corporation's accounting practices; (iii) established policies and procedures for audit committee pre-approval of services provided by the independent auditor; (iv) established a formal Disclosure Committee; and (v) established a Bill 198 Steering Committee and project implementation team.

### **Code of Conduct and Whistle Blower Policy**

The Corporation first adopted a Code of Conduct in 2002. In May 2005, the Corporation approved a new Whistle Blower Policy in light of its continued commitment to honesty and integrity in the conduct of its business. Both the Code of Conduct and the Whistle Blower Policy are available on SEDAR at [www.sedar.com](http://www.sedar.com). For additional information please see "**Culture of Integrity**" in Appendix 3.

Management, under the direction of the Board, has undertaken a number of initiatives to promote ethical behaviour including email updates re key policies, new employee seminars and the first Company wide Safety Day. No material change reports were filed in 2005 with respect to the Code of Conduct.

### **Mandate of the Board of Directors**

The mandate of the Board of Directors is to oversee the management of the business of the Corporation by the senior officers of the Corporation and includes, without limitation, the following duties and responsibilities:

1. approving and monitoring the Corporation's overall strategy;
2. reviewing and approving strategic investments, divestitures and alliances;
3. assessing the principal risks inherent to the businesses of the Corporation;
4. reviewing the Corporation's public disclosure policies and practices;
5. reviewing and assessing the integrity of the Corporation's internal control and management;
6. reviewing and monitoring the corporate governance policies and practices of the Corporation; and
7. establish annual performance expectations, corporate goals and objectives for the Chief Executive Officer (including setting appropriate compensation and benefits) and monitor progress against expectations.

A copy of the Board Mandate is attached as Appendix 3 hereto.

## **Composition of the Board of Directors**

The Board of Directors is currently comprised of ten members. These directors include community and business leaders active at the local, national and international level who provide a depth and range of experience. Seven (7) members of the Board are considered to be “**independent**” under the CSA Guidelines. To assist the Board with its determination, all Directors annually complete a detailed questionnaire about their business relationships and shareholdings. The Board believes that a sufficient number of directors are independent of the Corporation, as no material corporate decision requiring director approval can be passed without the consent of the independent directors. In addition both the Audit Committee and the Human Resources and Compensation Committee are comprised of independent directors. The directors who are considered to be independent are Messrs. Beutel, Butt, DiCiurcio, Lütkestratkötter, Rohr, Tobin and Wildeboer. The directors who are considered not to be independent are Messrs. Balfour, Beck and Kindbom. For more information see Section 3 of Appendix 1- “**Corporate Governance Practices**”.

## **Independence of the Board of Directors**

Although John Beck is both the CEO and the Chairman of the Board, Rob Wildeboer the Vice Chairman of the Board of Directors is independent and each of the Audit Committee and Compensation Committee is comprised solely of independent directors. The chairman of each of the Board’s Committees is “**independent**” within the meaning of MI 52-110 and, consequently, within the meaning of The CSA Guidelines. It should also be noted that individual directors may retain outside advisors at the Corporation’s expense in appropriate circumstances with the approval of the Audit Committee. There is no material corporate decision or a decision involving a potential conflict of interest that can be approved by the Board without the approval of the independent directors.

## **Board Committees**

The Board of Directors has established two standing committees of directors: The Human Resources and Compensation Committee and the Audit Committee. The Board of Directors has established, and recently revised a charter for the Audit Committee. From time to time, special committees of the Board of Directors may be and have been appointed to consider special issues, in particular, any issues that may involve related party transactions.

## **Human Resources and Compensation Committee**

The Human Resources and Compensation Committee oversees overall corporate policy with respect to compensation and benefits and makes recommendations to the Board of Directors on, among other things, the compensation of senior management. In assessing compensation issues, the Committee reviews and examines in detail the performance of senior management. For its deliberations in 2005, see “**Report on Executive Compensation**”.

The Human Resources and Compensation Committee is comprised of three members, all of whom are considered to be “**unrelated**” and “**independent**” as determined under the CSA Guidelines. The Human Resources and Compensation Committee is comprised of Robert P. Wildeboer (Chair), Dr. Ing. Herbert Lütkestratkötter and the Hon. Brian V. Tobin, P.C.

The Human Resources and Compensation Committee met six (6) times in fiscal 2005.

## **Audit Committee**

The Audit Committee is composed of three directors, all of whom are considered to be “**unrelated**” and “**independent**” as defined in MI 52-110. The Corporation believes the oversight responsibility of the Committee provides a key stewardship role for the Committee in the Corporation’s financial disclosure issues, internal controls, risk management, corporate finance and related matters.

In reviewing the audited financial statements of the Corporation, the Committee discusses the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of

disclosure in the financial statements. In addition, the Committee discusses with the Corporation's auditors the overall scope and plans for their audit. The Committee meets with the auditors with and without management present, to discuss the results of their examination and the overall quality of the Corporation's financial reporting. The Committee also carefully reviews evolving audit committee regulations and best practices to ensure corporate alignment with the spirit and intent of such regulations and practices.

The Audit Committee is currently comprised of Michael A. Butt (Chair), Austin C. Beutel and John DiCiurcio, all of whom are unrelated and independent directors and all of whom are financially literate.

The Audit Committee met four (4) times in fiscal 2005.

The Audit Committee Charter is attached as Appendix 2.

### **Nominating Committee**

Given the size of the Board, the qualifications of its members and the fact that a significant portion of the common shares are represented, directly or indirectly, the Board does not currently have a separate nominating Committee.

### **Orientation of New Directors and Continuing Education**

Members of the Board of Directors are regularly updated on the Corporation's activities and operations. There are a significant number of committee and board meetings. In 2005, topics for presentation and discussion included financial and operational reviews; acquisition and divestiture opportunities; Strategic Planning; director duties; Bill 198 compliance; new civil liabilities, etc.; and so forth. The Corporation believes a director must be well informed and takes, in its view, extra measures to so inform them. Reports relating to the Corporation's business and affairs are provided to new directors. Typically, Board materials include information relating to current regulatory, accounting and financial issues, and the Board regularly discusses them at the Board and Committee level. The Corporation's auditors and legal counsel have updated directors on regulatory developments. In addition, Board members meet with senior management of the Corporation to review the business and affairs of the Corporation on an ongoing basis. Currently, the Board is responsible for the orientation and education of new directors. See Section 6 of Appendix 1 "**Corporate Governance Practices**" for additional detail.

### **Other Public Company Directorships**

Please see Appendix 4 for a list of directorships held by individual members of the Board.

### **Director Performance Review and Attendance**

The Board of Directors regularly considers and assesses its performance relating to its effectiveness, size, compensation policies and assessment of management performance. Its standards and expectations for director participation and performance are set out above. In a board atmosphere that encourages candour and constructive dissent, the use of written director surveys is unnecessary.

The following table summarizes the attendance of directors at the fiscal 2005 Board meetings:

<b>DIRECTOR</b>	<b>BOARD MEETINGS ATTENDED</b>	<b>AUDIT COMMITTEE MEETINGS ATTENDED <sup>(1)</sup></b>	<b>HUMAN RESOURCE AND COMPENSATION COMMITTEE MEETINGS ATTENDED <sup>(2)</sup></b>
SCOTT C. BALFOUR	13/13	NA	NA
JOHN M. BECK	13/13	NA	NA
AUSTIN C. BEUTEL	8/9 <sup>(3)</sup>	4/4	NA
MICHAEL A. BUTT	13/13	4/4	2/2
JOHN A. DICIURCIO	10/13	2/2	NA
ROLF KINDBOM	13/13	NA	NA
DR. ING. HERBERT	7/7 <sup>(4)</sup>	NA	4/4

LÜTKESTRATKÖTTER			
DR. MARTIN ROHR	11/13	NA	NA
THE HON. BRIAN V. TOBIN	7/9 <sup>(3)</sup>	NA	4/4
ROBERT P. WILDEBOER	13/13	2/2	6/6

**Note:**

- (1) (2) Management directors routinely attend meetings of these committees if, as, and when invited. For each individual director, the total number of meetings listed reflects the number of meetings held by a particular Committee while they were a member of the Committee.
- (3) There were 9 board meetings after the appointments of Beutel and Tobin.
- (4) There were 7 board meetings after his appointment to the Board of Directors.

**Chief Executive Officer Performance**

On an annual basis, the Corporation circulates a proposed strategic plan and budgets which are discussed and, if appropriate, adopted by the Board of Directors. These form the basis of the corporate objectives which the Chief Executive Officer is responsible for meeting. The Human Resource and Compensation Committee assesses management performance and reviews compensation. See “**Report on Executive Compensation**”.

**Shareholder Feedback and Communication**

The Corporation views its shareholders and investors as owners and partners, and senior management - the Chairman & Chief Executive Officer, the President & Chief Financial Officer, and the Vice- Chairman – are all committed to being accessible. The Disclosure Committee which consists of the President, the Senior Vice President, Legal & Commercial Affairs, the Vice President of Corporate Affairs and Human Resources and the Assistant Corporate Secretary monitors all communications consistently and coherently. The Corporation also communicates regularly with its shareholders through annual and quarterly reports. At the Corporation’s annual general meeting of shareholders, a full opportunity is afforded for shareholders to ask questions concerning the Corporation’s business. Each shareholder and investor inquiry receives a prompt response from an appropriate officer of the Corporation. Information about the Corporation, including annual reports, interim financial reports and recent news releases, is also available on the Corporation’s website at [www.aecon.com](http://www.aecon.com) and at [www.sedar.com](http://www.sedar.com). In addition, the Corporation provides the opportunity for investors to pose questions to senior management, including , the Chairman & Chief Executive Officer the President & Chief Financial Officer and the Vice-President, Corporate Affairs through direct telephone calls in connection with its quarterly earnings releases. Correspondence to the Corporation or any of its directors and officers can be sent to the following address:

20 Carlson Court  
Suite 800  
Toronto, Ontario  
M9W 7K6

**Board of Directors’ Expectations of Management**

Management is responsible for the day-to-day operations of the Corporation and is expected to implement approved strategic business plans and initiatives within the context of authorized budgets and corporate policies and procedures. The information which management provides to the Board of Directors is critical. Management is expected to report regularly to the Board of Directors in a comprehensive, accurate and timely fashion on the business and affairs of the Corporation. The Board of Directors monitors the nature of the information requested by and provided to it so that it can effectively identify issues and opportunities for the Corporation. The Chairman operates the Board in a manner that ensures the Board can be adequately informed and can be an effective monitor.

At the same time, the Board recognizes that the operations of the Corporation, its strategies, and ultimately, its success, will depend on management being successful. The Board’s job is to monitor and supervise, not to manage and operate the business, and it does not do so.

## Comparison of Corporate Governance Practices to TSX Guidelines and CSA Guidelines

The Board of Directors, as part of its responsibilities, must establish a structure and procedure for good corporate governance. The Board has reviewed the Corporation's corporate governance practices with reference to the guidelines for effective corporate governance contained in the TSX Company Manual (the "TSX Guidelines"). Cross-reference is made to the disclosure requirements of National Instrument 58-101 – Disclosure of Corporate Governance Practices (the "CSA Guidelines").

To compare prior years' disclosure of corporate governance practices, the Corporation prepared a comparison between its current corporate governance practices, as outlined herein, the TSX Guidelines and the CSA Guidelines. The comparison is attached hereto as Appendix 1. In circumstances where the corporate governance practices of the Corporation during fiscal 2005 were different from the TSX Guidelines or the CSA Guidelines, this has been noted.

Corporate governance guidelines change from time to time. The Board of Directors currently monitors and will continue to monitor pending regulatory initiatives and developments in the corporate governance area.

### Indebtedness of Executive and Senior 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, 2005 except as set out in the table below, other than routine indebtedness or indebtedness that has been repaid. As of March 31, 2006, 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 \$1,634,161.23. 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 2005	Amount Outstanding as at Dec. 31, 2005	Assisted Securities Purchases During 2005	Security for Indebtedness
John M. Beck Chairman and Chief Executive Officer/Director	\$993,920	\$993,920	None	None <sup>(2)</sup>
Scott C. Balfour <sup>(1)</sup> President and Chief Financial Officer/Director	\$610,202	\$610,202	62,900 <sup>(3)</sup>	None <sup>(3)</sup>

#### **Notes:**

- (1) On April 28, 2006, Mr. Balfour repaid \$25,000 of the loan relating to the purchase of securities in 2005.
- (2) Mr. Beck has entered into a loan agreement, the terms of which include: (a) interest rates at a rate prescribed by the CRA; (b) acceleration of payment in specified circumstances, including retirement; and (c) a right of set-off against amounts owing to Mr. Beck by the Corporation, including payments under the Supplementary Executive Retirement Plan or contributions by the Corporation.
- (3) Mr. Balfour has entered into a loan agreement pertaining to the 2005 purchase, the terms of which include: (a) interest payments at a rate prescribed by the CRA; (b) acceleration of payment in specified circumstances; (c) a right of set-off against amounts owing to Mr. Balfour by the Corporation; and (d) repayment in the event the number of shares held is insufficient to repay the then outstanding balance of the loan.

This indebtedness arose to assist the executives and directors with the cost of acquiring and exercising options to purchase Common Shares. These loans bear interest at the "prescribed rate" as determined by the Canada Revenue Agency. All financial assistance was provided by the Corporation and not by any subsidiary. The loans to Mr. Beck and Mr. Balfour may be repaid at any time but no later than the date such individuals cease to be

employed by the Corporation. The loans are unsecured.

As of April 30, 2006, the aggregate indebtedness to the Corporation and its subsidiaries of all officers, directors, employees and former officers, directors and employees of the Corporation not in connection with the purchase of securities 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 period December 31, 2005 through December 31, 2006, the premium payable by the Corporation and the total amount of insurance purchased for the directors and officers as a group are \$188,000 (for the period in question) and \$25,000,000 million respectively. For indemnified losses, there is a deductible of \$250,000 per wrongful act except for securities and oppressive conduct claims for which a deductible of \$500,000 per wrongful act applies. The directors and officers are not required to pay any premium in respect of the insurance.

## Reappointment of 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, 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 Audit Committee and the Board of Directors negotiate with the auditors of the Corporation on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based upon the complexity of the matters dealt with and the time expended by the auditors in providing services to the Corporation. 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 2005, audit fees provided by the auditors for the Corporation and its subsidiaries amounted to \$616,500. Other services were also provided by PricewaterhouseCoopers LLP to the Corporation and its subsidiaries in the amount of \$250,000 as set out below:

Description	2005	2004
Audit Fees	\$616,500	\$585,950
<b>Audit Related Fees</b>		
Quito Bid Cost Report	\$45,000	--
Joint Venture Audit	--	\$10,000
Pension Plan Audit	\$37,500	\$37,500
Quarterly Meeting and Accounting Matters	\$35,500	\$35,500
Prospectus and Related Translation	\$60,000	\$164,500
Translation Services	\$60,000	\$61,500
Tax Services	\$12,000	--
<b>Total Fees</b>	<b>\$866,500</b>	<b>\$894,950</b>

## Shareholder Proposals

In accordance with the provisions of the *Business Corporations Act* (Canada), a Shareholder may be entitled to submit to the Corporation notice of any matter that the person proposes to raise at the next annual meeting and the Corporation shall set out such proposal and the accompanying supporting statement, if any, in the management proxy circular for the next annual meeting, provided such notice is given to the Corporation by February 9, 2007. No shareholder proposals were received by the Corporation with respect to the 2006 annual meeting.

## AVAILABILITY OF DOCUMENTS

Copies of the following documents are available upon request from the Corporate Secretary: the Corporation's latest Annual Information Form; the 2004 Annual Report of the Corporation to Shareholders containing the comparative financial statements for the year ended December 31, 2005 together with the auditors' report thereon and the Management's Discussion and Analysis; Interim Financial Statements for periods subsequent to December 31, 2005; and this Circular. These documents are also available for review on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at [www.sedar.com](http://www.sedar.com).

## APPROVAL

The contents and the sending of this Circular have been approved by the directors of the Corporation.

A handwritten signature in black ink, appearing to read "L. Brian Swartz". The signature is fluid and cursive, with a large initial "L" and "B".

L. Brian Swartz  
Senior Vice-President, Legal and Commercial Services  
and Corporate Secretary

Dated at Toronto, Ontario  
May 19, 2006

## CORPORATE GOVERNANCE PRACTICES

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
<p>1. Board should explicitly assume responsibility for stewardship of the Corporation and adopt a formal mandate, specifically for:</p> <p>(The CSA Guidelines require disclosure of the Board's written mandate or if no written policy exists a statement as to how the Board delineates its responsibilities)</p>	Yes	<p>The Board of Directors is responsible for supervising the Corporation's management and business affairs and assumes responsibility for corporate stewardship and all major policy decisions. The Board's authority is exercised in accordance with:</p> <ul style="list-style-type: none"> <li>• the <i>Business Corporation Act</i> (Canada);</li> <li>• the Corporation's articles of incorporation and by-laws;</li> <li>• the Code (as defined herein);</li> <li>• the charters of the Board and the Board committees; and</li> <li>• other applicable laws and regulations including those imposed on the Corporation by Canadian Securities Administrators ("CSA") and the TSX (on which the Corporation's Common Shares are listed).</li> </ul> <p>Although the Board delegates to management the authority and responsibility for the day-to-day affairs of the Corporation, all fundamental decisions relating to the management of the Corporation are reviewed and approved in advance by the Board. The Board expects management to manage the Corporation in a manner that enhances shareholder value, is consistent with the highest level of integrity and within the law.</p> <p>See Appendix 3 for the text of the Board's Mandate.</p>
(a) Adoption of a strategic planning process and approval of a strategic plan which takes into account, among other things, the opportunities and risks of the business	Yes	<p>The Board participates in the strategic planning process as the acceptor/adopter of strategic plans developed and proposed by management. Key strategic matters are discussed thoroughly at board meetings and background and informal discussions between board meetings are very common. Discussion is encouraged and management benefits from the advice and guidance of the Board on important strategic issues. The Board participates each year in a strategic planning process with management pursuant to which management's strategic plans for the year are reviewed and, if thought appropriate, approved.</p>
(b) Identification of principal risks and implementing risk management systems	Yes	<p>The Board, on its own and through the Audit Committee, has specifically identified the Corporation's principal risks and manages these risks through regular appraisal of management's practices on an ongoing basis. In 2002 and since, the Corporation has embarked on the development of detailed risk management procedures; implementation and assessment is ongoing. 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 or identified for implementation by management.</p>
(c) Succession planning and	Yes	The Board reviews its organizational structure and succession

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
monitoring senior management		planning matters at least annually. The Compensation Committee and the Board monitor the performance of senior management generally. The addition and internal development of senior management over the past several years reflects a concerted effort to build a management team that can address succession issues.
(d) Communications policies which address interaction with stakeholders, include measures to comply with disclosure obligations and avoid selective disclosure, and which should be reviewed annually	Yes	<p>The Board 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 President and Chief Financial Officer. The Board, through and with the assistance of senior management, has adopted a Disclosure Policy to ensure consistency in the manner that communications with the investment community, the media, government and the general public are managed and which requires compliance with disclosure laws. The Audit Committee and the Board review press releases containing the quarterly and annual results of the Corporation prior to release.</p> <p>The Corporation is in the process of responding to new (and evolving) internal control guidelines proposed by securities regulators and has established a Steering Committee of senior officers to ensure compliance. The Corporation’s communications policy has been established in accordance with the relevant disclosure requirements under applicable securities laws. The Corporation has established a Disclosure Committee consisting of the President, the Senior Vice President, Legal &amp; Commercial Affairs, the Vice President of Corporate Affairs and Human Resources and the Assistant Corporate Secretary to monitor communication policy and public disclosure. The Committee seeks the advice of outside counsel on an as needed basis.</p>
(e) Integrity of internal control and management information systems	Yes	<p>The Audit Committee has the responsibility to oversee the integrity of internal controls to manage information systems with respect to financial matters.</p> <p>The Board, through management, has established and is working to improve internal controls and management information systems with respect to other operations matters. The Corporation, under the supervision of the Bill 198 Steering Committee, is in the process of responding to the evolving internal control guidelines proposed by securities regulators and in addition to a dedicated, full-time internal team of professionals engages outside consultants on an as needed basis to monitor and ensure compliance with current regulatory standards.</p> <p>The Chief Executive Officer and the Chief Financial Officer, based on a series of certificates and representations provided by senior officers across the Corporation, provide certificates prescribed by the CSA.</p>
2. Majority of directors should be “unrelated”	Yes	In determining whether a particular director is “unrelated”, the Board examines the factual circumstances in the context of that

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
<p>(independent of management and free from any interest, business or relationship which could or could reasonably be 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).</p> <p>(CSA requires disclosure of independent directors)</p>		<p>particular year.</p> <p>Eight of the Corporation’s directors are unrelated. Messrs. John M. Beck and Scott C. Balfour are related directors. Both have significant equity participation and are members of Senior Management. Messrs. Beutel, Butt, DiCiurcio, Kindbom, Lütkestratkötter, Rohr, Tobin and Wildeboer are unrelated directors, in that they are free from any interest and any business or other relationship which could, or could reasonably be 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.</p>
<p>(a) If the Corporation has a significant shareholder, the Board should include a number of directors who do not have interests in or relationships with either the Corporation or the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the Board of Directors.</p> <p>(The CSA Guidelines require disclosure of any directorships held by the directors in other reporting issuers.)</p>	Yes	<p>The Corporation does not have a “<b>significant shareholder</b>” as no shareholder may exercise a majority of the votes for the election of the Board of Directors.</p>
<p>3. Disclosure for each director whether he or she is related to the Corporation or significant shareholder and how that conclusion was reached.</p>	Yes	<p>An “<b>unrelated director</b>” is a director who is independent of management and is free from any interest and any business or other relationship which could materially interfere with his or her ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding.</p> <p>An “<b>outside director</b>” is a director who is not a member of management.</p> <p>An “<b>independent director</b>” is a director who has no material relationship with the Corporation. A “<b>material</b>” relationship is one which could, in the view of the issuer’s Board, reasonably interfere with the exercise of a member’s independent judgment.</p>

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments																																												
		<p>Mr. John M. Beck – Related – is the Chairman and Chief Executive Officer of the Corporation.</p> <p>Mr. Scott C. Balfour – Related – is the President and Chief Financial Officer of the Corporation.</p> <p>Mr. John A. DiCiurcio is the Executive Vice-President of Turner Construction Company, a subsidiary of Hochtief.</p> <p>Mr. Rolf Kindbom is a consultant and a director of HT Civil Canada Inc. and Hochtief Canada Inc., an affiliate of Hochtief. As a result of a consulting relationship, Mr. Kindbom is precluded from being defined as Independent. (See “<b>Compensation of Directors</b>” at page 14).</p> <p>Mr. Herbert Lütkestratkötter is a member of the Executive Board of Hochtief.</p> <p>Mr. Martin Rohr is a member of the Executive Board of Hochtief.</p> <p>Mr. Michael A. Butt, Mr. Robert P. Wildeboer, Mr. Austin C. Beutel and the Honourable Brian V. Tobin, P.C. are not related to, nor do they have relationships with, Hochtief or the Corporation. Mr. Wildeboer is the non-executive Vice-Chairman of the Corporation.</p> <p>Several directors have from time to time received payments for services rendered to the Corporation in addition to director fees (see “<b>Compensation of Directors</b>”), but the Board believes none of these relationships has interfered with the directors’ ability to act with a view to the best interests of the Corporation. Certain of the directors also hold significant numbers of shares of the Corporation, as described in the Management Information Circular.</p> <p>Summary:</p> <table border="1"> <thead> <tr> <th data-bbox="813 1451 902 1472">Nominees</th> <th data-bbox="1016 1451 1101 1472">Unrelated</th> <th data-bbox="1170 1451 1239 1472">Outside</th> <th data-bbox="1279 1451 1386 1472">Independent</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 1476 954 1497">Scott C. Balfour</td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="813 1501 935 1522">John M. Beck</td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="813 1526 959 1547">Austin C. Beutel</td> <td data-bbox="1016 1526 1032 1547">✓</td> <td data-bbox="1170 1526 1187 1547">✓</td> <td data-bbox="1279 1526 1295 1547">✓</td> </tr> <tr> <td data-bbox="813 1551 943 1572">Michael A. Butt</td> <td data-bbox="1016 1551 1032 1572">✓</td> <td data-bbox="1170 1551 1187 1572">✓</td> <td data-bbox="1279 1551 1295 1572">✓</td> </tr> <tr> <td data-bbox="813 1577 971 1598">John A. DiCiurcio</td> <td data-bbox="1016 1577 1032 1598">✓</td> <td data-bbox="1170 1577 1187 1598">✓</td> <td data-bbox="1279 1577 1295 1598">✓</td> </tr> <tr> <td data-bbox="813 1602 935 1623">Rolf Kindbom</td> <td data-bbox="1016 1602 1032 1623">✓</td> <td data-bbox="1170 1602 1187 1623">✓</td> <td></td> </tr> <tr> <td data-bbox="813 1627 954 1648">Dr. Ing. Herbert Lütkestratkötter</td> <td data-bbox="1016 1627 1032 1648">✓</td> <td data-bbox="1170 1627 1187 1648">✓</td> <td data-bbox="1279 1627 1295 1648">✓</td> </tr> <tr> <td data-bbox="813 1673 954 1694">Dr. Martin Rohr</td> <td data-bbox="1016 1673 1032 1694">✓</td> <td data-bbox="1170 1673 1187 1694">✓</td> <td data-bbox="1279 1673 1295 1694">✓</td> </tr> <tr> <td data-bbox="813 1698 943 1719">The Hon. Brian Tobin, P.C.</td> <td data-bbox="1016 1698 1032 1719">✓</td> <td data-bbox="1170 1698 1187 1719">✓</td> <td data-bbox="1279 1698 1295 1719">✓</td> </tr> <tr> <td data-bbox="813 1745 902 1766">Robert P. Wildeboer</td> <td data-bbox="1016 1745 1032 1766">✓</td> <td data-bbox="1170 1745 1187 1766">✓</td> <td data-bbox="1279 1745 1295 1766">✓</td> </tr> </tbody> </table>	Nominees	Unrelated	Outside	Independent	Scott C. Balfour				John M. Beck				Austin C. Beutel	✓	✓	✓	Michael A. Butt	✓	✓	✓	John A. DiCiurcio	✓	✓	✓	Rolf Kindbom	✓	✓		Dr. Ing. Herbert Lütkestratkötter	✓	✓	✓	Dr. Martin Rohr	✓	✓	✓	The Hon. Brian Tobin, P.C.	✓	✓	✓	Robert P. Wildeboer	✓	✓	✓
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Dr. Martin Rohr	✓	✓	✓																																											
The Hon. Brian Tobin, P.C.	✓	✓	✓																																											
Robert P. Wildeboer	✓	✓	✓																																											
4. (a) Appoint a committee responsible for appointment/assessment	No	Due to the size of the Board and the fact that a significant majority of the Corporation’s Common Shares are represented at the Board directly or indirectly, the Board has not created a stand-																																												

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
of directors		alone committee to deal with such matters. Rather, such determination is made by the Board as a whole. The Board fosters an ongoing open communication about all levels of corporate performance, including that of Board members.
(b) Composed exclusively of outside directors, the majority of whom are unrelated	N/A	
5. Implement a process for assessing the effectiveness of the Board, its committees and directors (The CSA Guidelines contain similar requirements)	Yes	The Board monitors the effectiveness of the relationship between management and the Board, the effectiveness of Board operations, the operations of the Board committees and that of individual directors, to recommend improvements to each of the above. Because of the high level of Board member involvement in corporate decisions, the excellent attendance record of Board members at Board and Committee meetings, and the high level of corporate disclosure to directors, the Board believes the Board, its Committees and its members are very effective. The Board believes it has added excellent directors with significant experience over the past several years and attempts to continue to improve its processes.
6. Provide orientation and education programs for new directors  (The CSA Guidelines require disclosure of measures relating to the orientation and continuing education of directors)	Yes	Reports relating to the Corporation's business and affairs are provided to new directors. New directors who joined the Board in 2005 included persons associated with Hochtief, well versed in Aecon and its business in part as representatives of Aecon's largest shareholder, Hochtief. Mr. Austin C. Beutel had previously served on Aecon's Board of Directors, and as such is familiar with Aecon. The Honourable Brian V. Tobin P.C. was given a wide variety of materials and held exclusive meetings with management in order to familiarize himself with Aecon. Mr. Tobin is also an experienced director. Typically, Board materials include information relating to current regulatory, accounting and financial issues, and the Board regularly discusses them at the Board or Committee level. In addition, Board members meet with senior management of the Corporation to review the business and affairs of the Corporation on an ongoing basis. In 2002 and since, Board members have been apprised in depth of a broad range of regulatory, accounting and corporate governance developments.
7. Consider reducing size of Board and undertake, where appropriate, a program to establish a board size which facilitates effective decision making	Yes	The Board has determined its size is appropriate for the Corporation at this time and offers the flexibility to respond quickly to corporate opportunities and challenges as they arise from time to time. The Board, as currently constituted, brings together a mix of skills, backgrounds and attitudes that the Board considers appropriate for the stewardship of the Corporation.
8. Committee of unrelated directors should review compensation of senior	Yes	The Compensation Committee and the Board as a whole periodically consider the compensation of directors and senior management and bring the resulting suggestions to the Board for

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
management and directors in light of risks and responsibilities	Yes	its consideration. The Board recognizes that excellent director candidates and executives must be appropriately compensated. See “ <b>Compensation of Directors</b> ”.
<p>9. Subject to Guidelines 8 and 13, committees should generally be composed of outside directors, a majority of whom are unrelated directors</p> <p>(The CSA Guidelines require disclosure of whether or not the board has a nominating committee and a compensation committee comprised entirely of independent directors and a description of the responsibilities and powers of the committees)</p>	Yes	<p>The Audit Committee and the Human Resources &amp; Compensation Committee are composed entirely of outside, unrelated directors.</p> <p><b>Audit Committee</b></p> <p>This committee has three members: Michael A. Butt (Chair), Austin C. Beutel and John DiCiurcio.</p> <p><b>HRCC</b></p> <p>This committee has three members: Robert P. Wildeboer (Chair), Dr. Ing. Herbert Lütkestratkötter and the Hon. Brian V. Tobin, P.C.</p> <p>The Board does not currently have a separate Nominating Committee.</p>
10. Board to expressly assume or appoint a committee responsible for approach to corporate governance issues	Yes	<p>Given the size of the Board and the fact the majority of the Corporation’s shares are represented at the Board level directly or through nominees, the Corporation does not have a Corporate Governance Committee. However, the Board has assumed the responsibility for and regularly reviews matters pertaining to governance including: committee membership and mandates, making recommendations for change and for other such initiatives that may be deemed to be in the interest of the Board in order to improve corporate governance. These initiatives include the adoption of a Whistle Blower Policy and Board Mandate as well as the establishment of a formal Disclosure Committee. The Board, as a whole, considers corporate governance matters at all times. Its committees are wholly composed of unrelated directors. For the Board’s approach to corporate governance, see also “<b>Corporate Governance</b>”.</p>
11.(a) Define limits to management's responsibilities by developing mandates for:	Yes	<p>(i) the Board</p> <p>The mandate of the Board is to assume responsibility for the stewardship of the Corporation. Key elements of both the TSX and CSA Guidelines are included in this mandate. See Appendix 2 for the complete text of the Board Mandate. Board Committees are given mandates, and each Board Committee adopted a charter</p>

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
(ii) the CEO	Yes	<p>in 2002, approved by the Board. Any responsibility which is not delegated to senior management or a Board committee, and even those that are delegated, remains the ultimate responsibility of the Board, which is ultimately responsible to the shareholders as a body. The Board of Directors has 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.</p> <p>The written objectives and the strategic plan of the Corporation, as ultimately determined annually by the Board, constitute the mandate of the CEO.</p>
(b) Board should approve CEO's corporate objectives and assess the CEO against these objectives	Yes	<p>The Board, in conjunction with management, establishes the Corporation's corporate objectives and strategic plan annually which, in turn, are expected to be implemented by the CEO. The Board of Directors has not developed a formal position description or mandate for the Chief Executive Officer. There is regular discussion between the Board and the 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 Compensation Committee as part of that Committee's review of compensation, benefits and option entitlements which is reported to its Board.</p>
12. Implement structures and procedures which ensure that the Board can function independently of management  (The CSA Guidelines contain similar requirements)	Yes	<p>Board members are encouraged to independently review and comment on the business of the Corporation. Because the Board and management are constantly in contact regarding all matters, no formal procedures are generally required. Board Committees have charters, and can and do meet and operate independently of management in fulfilling their mandates and making recommendations to the Board. 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. Rob Wildeboer the Vice Chairman represents 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.</p>

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
13(a) All members of the Audit Committee should be unrelated directors	Yes	The three present members of the Audit Committee are unrelated directors.
(b) All of the members of the Audit Committee should be financially literate and at least one member should have accounting or related financial expertise	Yes	The Audit Committee members are experienced businessmen with significant financial expertise. All three members are persons who have senior management experience, are financially literate and have appropriate financial expertise. One is a chartered financial analyst. “ <b>Financially literate</b> ” means the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto. “ <b>Accounting or related financial expertise</b> ” is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.
(c) The Audit Committee should have direct communication channels with the internal and external auditors	Yes	The Audit Committee meets with the external auditor on a quarterly basis and under the charter may do so at any time. At present, the Corporation does not have an internal audit function although this is being reviewed by the Audit Committee and management.
(d) The Audit Committee is responsible for overseeing internal control	Yes	In 2003, the Audit Committee commissioned an enterprise wide risk management assessment to consider an internal audit function. In 2004, in the aftermath of Bill 198, Aecon established a multi-disciplinary Steering Committee, and engaged third party consultants to assist the Audit Committee, senior management and the internal professionals assigned to the project in completing the documentation and assessments required to: (a) comply with Multilateral Instrument (“MI”) 52-111 “ <b>Reporting On Internal Control Over Financial Reporting</b> ”; and (b) comply with MI 52-109 “ <b>Certification of Disclosure</b> ”. MI 52-111 was recently revoked by the CSA pursuant to CSA Staff Notice 52-311. The Audit Committee, Steering Committee, senior management and appropriate third consultants are working diligently to ensure that all necessary controls and procedures are in place prior to the specified deadlines as they continue to evolve. Furthermore, in compliance with the provisions of MI 52-110 on May 11, 2005 the Board of Directors adopted a Whistle Blower Policy.
14. The Audit Committee charter should set out explicitly the role and oversight responsibility of the Audit Committee	Yes	A formal charter was adopted in 2002 and is set forth in Appendix 2 of this Circular. It will be updated as appropriate to reflect regulatory requirements and changes.  The Audit Committee is mandated, among other things, to monitor audit functions, the preparation of financial statements, review press releases on financial results, review other regulatory documents as required and meet with outside auditors independently of management.

TSX Corporate Governance Committee Guidelines	Does the Corporation Align?	Comments
15. Implement a system to enable individual directors to engage outside advisors, at Corporation's expense	Yes	Outside advisors may be retained in accordance with the procedures set forth in the charters of the Board committees. No formal system for the engagement of outside advisors has been implemented. There is no policy in place prohibiting this activity or establishing specific guidelines as to how such arrangements are to be made. Outside advisors to the Corporation do on occasion meet directly with unrelated directors to discuss accounting, regulatory or governance issues.

## 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.
  - (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) Confirm 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 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.

**Purpose**

The Board of Directors is responsible for the stewardship of Aecon as well as the supervision of the management of its business and affairs. The objective of the Board is to improve corporate performance and thereby shareholder value.

Although management is responsible for the day-to-day operations of Aecon, the Board regularly assesses and monitors management’s performance.

In spite of the fact that Directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Board member must be made in the best interests of Aecon.

**Members**

The majority of the Directors shall be resident Canadians. From time to time the Board or a committee thereof will review the size, composition and experience of the Board to ensure that it continues to have the proper mix of skills and backgrounds to ensure proper stewardship of Aecon in the construction industry.

**Responsibilities and Duties**

The Board shall, either directly or through its Committees, be responsible for performing the duties set out in this Board Mandate and shall perform such other duties as may be necessary or appropriate in order for it to fulfill its stewardship responsibilities. In carrying out its duties, the Board shall take into account the recommendations of its Committees, as applicable.

*Culture of Integrity*

The Board is responsible for ensuring a culture of integrity at Aecon and in fulfilling this responsibility shall:

- satisfy itself as to the integrity of the Chief Executive Officer and other executive officers;
- ensure that Aecon and its management maintains the highest standards of safety in the workplace;

- approve the policies that comprise the code of business conduct and ethics, including Aecon’s statement of Vision, Mission and Values as well as appropriate policies including the Code of Conduct, Whistle Blower and Disclosure policies (collectively, the “**Code**”); and
- ensure that management monitors compliance with the Code and amends the Code from time to time to adopt and conform to evolving “**best practices**” of corporate governance.

*Strategic Planning*

The Board is responsible for overseeing Aecon’s strategic planning and in fulfilling this responsibility shall:

- approve Aecon’s strategic plan;
- approve all strategic corporate decisions in accordance with established procedures and protocols;
- monitor the implementation and effectiveness of Aecon’s approved strategic and operating plans; and
- advise the Board on strategic issues.

*Identification and Management of Risks*

- The Board is responsible for overseeing the identification and management of the principal risks associated with Aecon’s business and in fulfilling this responsibility shall:
  - identify the principal risks faced by Aecon and ensure the implementation of appropriate systems and/or controls to manage or mitigate risk; and
  - ensure that appropriate action is taken to ensure compliance with applicable legal requirements.

*Internal Controls*

The Board is responsible for overseeing Aecon’s internal controls and in fulfilling this responsibility shall:

- approve Aecon’s internal control systems and monitors their integrity and effectiveness; and
- ensure that appropriate action is taken to ensure compliance with applicable legal requirements.

*Evaluation of Management Performance*

The Board is responsible for overseeing the performance of the Chief Executive Officer (“CEO”) and senior management and in fulfilling this responsibility shall:

- establish annual performance expectations and corporate goals and objectives for the CEO and monitor progress against said expectations; and
- determine the appropriate compensation and benefits of the CEO and senior management.

*Financial Matters*

The Board is responsible for overseeing Aecon’s financial reporting and in fulfilling this responsibility shall:

- review and approve Aecon’s financial objectives, plans and actions, including significant capital allocations and expenditures;
- review the general content of, and the Audit Committee’s report on the financial aspects of, Aecon’s Management Proxy Circular, Management’s Discussion and Analysis, prospectuses and any other documents required to be disclosed or filed by Aecon before their public disclosure or filing with regulatory authorities;
- monitor the integrity and quality of Aecon’s financial statements and the appropriateness of their disclosure; and
- determine dividend policies and procedures.

*Oversight of Communications and Public Disclosure*

The Board is responsible for overseeing communication and public disclosure and in fulfilling this responsibility shall:

- approve Aecon’s communication policy;
- ensure that Aecon’s public disclosure continues to meet all applicable legal and regulatory requirements and guidelines; and
- monitor feedback received by Aecon from stakeholders.

*Corporate Governance*

The Board is responsible for overseeing Aecon’s corporate governance policies and practices and in fulfilling this responsibility shall:

- develop Aecon’s approach to corporate governance, including maintaining a culture

that promotes and encourages high ethical standards and a culture of integrity;

- approve the process for the orientation and continuing education of new Directors;
- establish Board Committees and define their mandates to assist the Board in carrying out its duties and responsibilities;
- take all reasonable measures to ensure an appropriate level of performance for the Board, Board committees, Board and committee chairs and individual directors;
- review on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback; and
- review and recommend changes to the Board Policies and, where appropriate, Aecon’s corporate policies.

*Succession Planning*

The Board is responsible for overseeing the creation and implementation of appropriate succession plans for senior management, and in fulfilling this responsibility shall:

- Approve Aecon’s overall senior management succession planning process;
- Ensure that this process is updated on a regular basis;
- Approve, on a regular basis, the substance of Aecon’s succession management plan for the positions of Chief Executive Officer as well as President and Chief Financial Officer.

*Director Expectations and Responsibilities*

Each Director must act honestly and in good faith with a view to the best interests of Aecon and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and responsibilities set out below are a framework to guide Directors in the execution of their duties, thereby enabling the Board as a whole to discharge its mandate and fiduciary obligations.

The duties and responsibilities of an Aecon director include:

- the stewardship, in conjunction with the other members of the Board, of the management of the business and affairs of Aecon;
- understanding Aecon’s Vision, Mission and Values;
- becoming knowledgeable about Aecon’s business and the industry segments and markets in which it operates;
- promote a culture of safety and ethical conduct including compliance with the Code;
- understanding Aecon’s current corporate governance policies and practices, Board Policies, Mandates, and Committee Charters (as applicable);
- exercising an appropriate level of oversight on senior management;
- preparing thoroughly for each Board and Committee meeting by reviewing the materials provided and requesting, as appropriate, clarification or additional information in order to fully participate in Board deliberations, making informed business judgments;
- take responsibility, as a member of the Board, for doing their part to ensure compliance with the Board Mandate;
- attending all Board and Committee meetings and actively participating in deliberations and decisions, and informing themselves of significant matters dealt with at meetings not attended; and
- preventing personal interests from conflicting with, or appearing to conflict with, the interests of Aecon and disclosing potential conflicts and, where necessary refrain from voting.

*Director Attributes*

The Board believes that the following characteristics, qualifications and attributes are required to effectively discharge the duties and obligations of a director. As such, the Board expects that the Directors shall:

**Integrity and Accountability**

- understand the role, responsibilities, expectations and legal duties of a director;
- demonstrate high ethical and moral standards and in their personal, business and professional dealings; and
- be willing to be accountable for and be bound by Board decisions.

**Informed Judgment**

- provide input and informed counsel on a broad spectrum of issues, through a combination of business knowledge and experience;
- be able to think strategically about complex issues;
- proactively apply their own knowledge, experience and expertise to issues; and
- have a track record of achievement and of making good business decisions.

**Financial Literacy**

- members of the Audit Committee are required to demonstrate a high level of financial literacy, including the ability to read financial statements.

**Independence**

- be able to act in the best interests of Aecon; and
- where necessary advocate a position contrary to prevailing opinion or orthodoxy.

**Communication Skills**

- be willing to listen and keep an open mind in decision making;
- take initiative to raise tough questions and encourage open discussion;
- demonstrate leadership; and
- communicate in a concise and reasoned manner.

**Teamwork**

- work effectively with others and manage conflict constructively.

Name of Director	Company or Board	Stock Exchange/Symbol
Scott C. Balfour	None	
John M. Beck	<ul style="list-style-type: none"> <li>• Ontario Power Authority</li> </ul>	
Austin C. Beutel	<ul style="list-style-type: none"> <li>• Accord Financial Corp.</li> <li>• Astral Media Inc.</li> <li>• Equitable Group</li> </ul>	<ul style="list-style-type: none"> <li>• TSX:ACD</li> <li>• TSX:ACM</li> <li>• TSX:ETC</li> </ul>
Michael A. Butt	<ul style="list-style-type: none"> <li>• Trent University (Board of Governors)</li> </ul>	
John A. DiCiurcio	None	
Rolf Kindbom	None	
Dr. Ing. Herbert Lütkestratkötter	<ul style="list-style-type: none"> <li>• Hochtief AG</li> <li>• Thyssen Krupp Elevator (Supervisory Board Member)</li> </ul>	<ul style="list-style-type: none"> <li>• Frankfurt Stock Exchange: HOTG; XETRA</li> <li>• London:THK Frankfurt:TKA</li> </ul>
Dr. Martin Rohr	<ul style="list-style-type: none"> <li>• Hochtief AG (Member of Executive Board)</li> <li>• Flughafen Hamburg GmbH (Member of Supervisory Board)</li> <li>• Arenberg-Recklinghausen GmbH (Chairman of Supervisory Board)</li> </ul>	<ul style="list-style-type: none"> <li>• Frankfurt Stock Exchange: HOTG; XETRA</li> </ul>
Hon. Brian V. Tobin, P.C.	<ul style="list-style-type: none"> <li>• Consolidated Thomson – Lundmark Gold Mines Limited (CLM)</li> <li>• Lions Gate Entertainment Corp (LGF)</li> <li>• New Flyer Industries Inc. (NFI)</li> </ul>	<ul style="list-style-type: none"> <li>• TSXVE:CLM</li> <li>• NYSE, TSX:LGF</li> <li>• TSX:NFI</li> </ul>
Robert P. Wildeboer	<ul style="list-style-type: none"> <li>• Martinrea International Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• TSX: MRE</li> </ul>

