

Aecon Group Inc.

RENEWAL ANNUAL INFORMATION FORM

May 19, 2004

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document or incorporated herein by reference may constitute "forward-looking statements". These forward-looking statements can generally be identified as such because of the context of the statements including words such as the Corporation "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or general industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, without limitation: general economic and business conditions which will, among other things, impact demand for and market prices of the Corporation's services; foreign currency and exchange rates; economic conditions in the countries and regions in which the Corporation conducts business; the ability of the Corporation to implement its business strategy; actions by governmental authorities including governmental demand for the services provided by the Corporation; government regulations and the associated expenditures required to comply with said regulations (especially safety and environmental laws and regulations); seasonal weather conditions; labour unrest or a strike involving the Corporation's unionized workers; costs or penalties associated with unanticipated delays in project completion; the continued ability of the Corporation to successfully bid for large scale development projects; risks associated with the use of guaranteed maximum price contracts; and other circumstances affecting revenues and expenses. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future considering all information then available. See "Risks".

Readers are cautioned that the foregoing list of factors is not exhaustive. Although the Corporation believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Corporation assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

ITEM 2 CORPORATE STRUCTURE

Name and Incorporation

Aecon Group Inc. ("Aecon" or the "Corporation") and its predecessor companies have carried on business in Canada since 1910. The Corporation was originally incorporated on January 14, 1957 under the name "Prefac Concrete Co. Ltd." and was continued under the Canada Business Corporations Act by certificate of continuance dated May 16, 1978. On June 18, 2001, the Corporation's name was changed to its current name, "Aecon Group Inc."

The Corporation's registered and principal office is located at 3660 Midland Avenue, Scarborough, Ontario, M1V 4V3, telephone: (416) 754-8735, telecopier: (416) 754-8736. The common shares of the Corporation are listed and posted for trading on The Toronto Stock Exchange (the "TSX") under the symbol "ARE".

Intercorporate Relationships

As at December 31, 2002, its most recent fiscal year end, Aecon conducted its business principally through the following direct subsidiary companies, all of which are wholly owned by Aecon unless indicated otherwise:

Subsidiary	Jurisdiction of Incorporation
Aecon Buildings Inc.	Washington State
Aecon Construction and Materials Limited	Ontario
Aecon Construction Group Inc.	Canada
Aecon Holdings Inc.	Ontario

Joint Ventures and Affiliates

Aecon also conducts a substantial portion of its business through joint ventures with other Canadian and international companies. The Cross Israel Toll highway project (the "Cross Israel Highway") and the Nathpa Jhakri hydro-electric project in India (the "Nathpa Jhakri Project") constitute the Corporation's two most significant joint ventures. Aecon has an effective 22.2% interest in the construction joint venture and a 34% interest in the operator company in respect of the Cross Israel Highway. Aecon has a 45% interest in the joint venture which is undertaking the Nathpa Jhakri Project.

ITEM 3 GENERAL DEVELOPMENT OF THE BUSINESS

Aecon is Canada's largest publicly traded construction and infrastructure development company and serves private and public sector clients across Canada and internationally. Aecon's capabilities include the infrastructure, civil, utilities, buildings, industrial and nuclear sectors. Services range from financing, design, construction and operation to procurement, materials engineering and fabrication. Active since 1910, Aecon has become one of the most diverse and multi-disciplined companies in its industry.

Significant business developments during the Corporation's past three financial years were as follows:

Acquisitions and Divestitures

Gdansk Grain Terminal Project

In 2000, Aecon increased its interest in Europort Poland Sp. z.o.o., a company developing a grain terminal and handling facility in Gdansk, Poland from 11.3% to 54.4%. Construction was halted in 2000 while attempts were made to replace the previous controlling shareholder and to receive project financing on reasonable terms. Throughout 2001, the Corporation attempted to obtain project financing in order to complete the facility but without success. The Corporation therefore determined that its share of the partially completed grain terminal was impaired and recorded a provision of \$12.9 million to write down the Corporation's investment in the project. With this provision, the net carrying value of the Gdansk project, representing identifiable assets and liabilities, was reduced to \$ nil. Subsequent to December 31, 2003, Aecon completed the sale of its interest in the grain terminal and handling facility as well as its subsidiary that was the general contractor on the project. Proceeds were nominal. Since the net carrying value of Aecon's investment in the Gdansk project had previously been reduced to \$ nil and proceeds were nominal, there was no gain or loss on disposition. See Note 13 to the consolidated financial statements of the Corporation as at and for the years ending December 2003 and 2002 (the "Consolidated Financial Statements") which are herein incorporated by reference.

Westeinde Construction Ltd.

In November 2003, Aecon acquired the assets and operations of Westeinde Construction Ltd. (Westeinde). At the time, Westeinde was a private company based in Ottawa, Ontario. As a result of the acquisition, Aecon's capacity and market knowledge as it relates to the Buildings business in the Ottawa area and certain other specific markets was significantly increased.

Cegerco CCI Inc.

In May 2004, Aecon acquired the assets and operations of Cegerco CCI Inc. (Cegerco). At the time Cegerco was a subsidiary of Groupe Cegerco Inc., a private company based in Chicoutimi, Quebec. As a result of the acquisition, Aecon's capacity and market knowledge as it relates to the Buildings business in the Montreal area was significantly increased.

Outlook

Aecon's backlog, sometimes viewed as a good indicator of future revenue prospects, increased to \$583.7 million at March 31, 2004, an increase of \$26.6 million from the same time last year. This increase was achieved despite a decline in major project backlog, which fell by \$80.1 million over the past 12 months as Aecon's major projects in India and Israel progressed toward completion. The decline in major project backlog is expected to be reversed later this year when the anticipated financial close of the Quito Airport project will add approximately \$250 million to Aecon's backlog (based on current expectations that Aecon will perform 50% of the project's construction).

Aecon's core backlog increased by \$106.8 million to \$565.9 million at March 31, 2004, a 23.3% increase compared to a year earlier. On a segmented basis, an increase of \$108.2 million in the Buildings segment and a \$5.1 million increase in the Industrial segment were partially offset by a decrease of \$6.5 million in the Infrastructure segment. Aecon's core backlog is defined as all backlog not related to the company's major projects in India and Israel.

The decline in the Infrastructure segment's roadbuilding revenues recorded in the first quarter as compared with the same period in 2003 is expected to be regained throughout the year as the Ministry of Transportation of Ontario begins to release greater volumes of work and as Aecon's increased concentration on winning municipal and private sector work continues to pay-off. In this respect, Aecon's backlog of roadbuilding work for municipal and private sector clients has grown substantially and this bodes well for the balance of 2004.

Notwithstanding the decline in first quarter roadbuilding revenues as compared to last year and a smaller revenue decline experienced in the Infrastructure segment's utilities sector, ongoing margin improvement in both of these sectors is expected to result in improved operating results for the year as compared to 2003.

The Infrastructure segment's heavy civil sector will also be positively impacted later this year when the Eastmain hydro-electric project in northern Quebec reaches the stage of completion (generally 20%) where probable results can be determined and, according to Aecon's accounting policy, construction profits can begin to be booked. This project is expected to contribute towards increased operating profit in Aecon's Infrastructure segment in 2004.

While the Buildings segment is expected to reverse the operating losses reported in the first quarter, the increased revenues anticipated in 2004 are not expected to translate into increased operating profit at year-end. In addition to the operating losses incurred at Westeinde and at a renovation project in Ontario, increased pressure on operating margins across much of the Buildings segment is expected to result in a decreased profit contribution from the this segment in 2004 as compared to 2003.

This pressure on margins is due in part to a continuing shift in the market away from the commercial buildings sector, where new projects are often negotiated between clients and contractors, to the institutional sector, where each contract must generally be competitively tendered. Negotiated contracts often result in faster turnaround and greater contractor input for the client and improved margins for the contractor.

Aecon is continuing its strategic focus on growing its Buildings business in major markets across Canada. The recently announced expansion of its Montreal area operations through the acquisition of Cegerco CCI Inc. builds on last year's expansion into the Ottawa and Halifax markets. These expansions generally do not provide significant earnings contributions immediately, but, over the medium term, all are expected to contribute positively to Aecon's earnings. Aecon is also considering options for expanding in the western Canada market in order to position itself for active participation in the building-related activities leading up to the 2010 winter Olympics in Vancouver/Whistler. In addition, Aecon plans to strengthen its already strong presence in Seattle, Washington.

In the Industrial segment, a trend established last year, where growth in the segment is led by Aecon's manufacturing and fabrication operations, is expected to continue throughout the year.

The very strong growth recorded in 2003 and the first quarter of 2004 at Aecon's fabrication and module assembly operations in western Canada is expected to slow somewhat in the second and third quarters due to a lack of large capital projects in the oil and gas sector currently at the stage where they are purchasing specialty pipe and modules. As a result of the very strong first quarter, contributions from western operations are expected to match those achieved last year, but the balance of Aecon's fabrication and module assembly operations are expected to lag last year's results.

The turnaround at IST, which began in 2003, continued in the first quarter - reinforcing management's expectations of a return to profitability for this division in 2004. In fact, as a result of the six new steam generators sold in the quarter, and the resulting addition of \$18.9 million to backlog, IST should have sufficient backlog to achieve at least breakeven results in 2004.

Aecon recorded unrealized foreign exchange gains of \$1 million in the first quarter of 2004, reversing the trend seen in 2003 when unrealized losses of \$2.3 million and \$6.4 million were recorded in the first quarter and the year respectively. While Aecon hedges all of its transactional foreign exchange exposure, its translational exposure cannot be efficiently hedged. As a result, Aecon remains exposed to fluctuations in the value of the Canadian dollar and there is a risk that a stronger Canadian dollar could reverse some or all of the unrealized foreign exchange gains made to date.

Overall, management believes that Aecon's financial turnaround, after two years of disappointing results, has begun to take hold. Results in the first quarter of 2004 serve to reinforce management's expectations for significant bottom line improvements and a return to profitability in 2004.

ITEM 4 NARRATIVE DESCRIPTION OF THE BUSINESS

Company Overview

Aecon is Canada's largest publicly traded construction and infrastructure development company. It serves both private and public sector clients across Canada and internationally, with services ranging from financing, design, construction and operation to procurement, materials engineering and fabrication. Active since 1910, Aecon is one of the most diverse companies in its industry.

Aecon conducts its business in three principal operating segments – Infrastructure, Buildings and Industrial. Aecon's corporate activities are generally referred to as Corporate and Other.

Infrastructure

Infrastructure, which accounted for approximately 47% of the Corporation's consolidated revenues in fiscal 2003, is Aecon's largest segment from a revenue perspective. The Infrastructure segment includes all aspects of the construction and development of both public and private infrastructure, including roads and highways, expressways and toll routes, dams, tunnels, bridges, airports, marine facilities, transit systems and power projects. This segment, which operates both in Canada and internationally, also encompasses utility distribution systems for natural gas, telecommunications and electrical networks, as well as water and sewer mains, traffic signals and highway lighting.

Services provided in the Infrastructure segment include conventional construction of civil infrastructure works as well as development initiatives including the development, design, construction, operation and financing of infrastructure projects in Canada and internationally. Aecon provides a full range of infrastructure services through build-operate-transfer (BOT), build-own-operate-transfer (BOOT) and public private partnership (PPP) contract structures, as well as providing conventional construction services on a more traditional fee for service or lump sum contract basis. See "Industry Background and Trends-Infrastructure Development".

Buildings

Aecon's Buildings segment, which accounted for approximately 31% of the Corporation's consolidated revenues in fiscal 2003, specializes in the construction and renovation of commercial, institutional and multi-family residential buildings, including retail complexes, office buildings, entertainment facilities, schools, embassies and high rise condominium buildings among others.

Work in this segment is concentrated primarily in Canada and the northwestern United States, as well as selected international venues. Services include general contracting and fee for service construction management.

Industrial

The Industrial segment, which accounted for approximately 22% of the Corporation's consolidated revenues in fiscal 2003, encompasses all of Aecon's industrial construction and industrial manufacturing activities as well as a joint venture interest in the nuclear power market. Activities include in-plant construction and module assembly in the manufacturing, energy, petrochemical, steel and automotive sectors as well as the fabrication of small and large diameter specialty pipe and the design and manufacture of once-through heat recovery steam generators for industrial and power plant applications.

Although activity in this segment is concentrated primarily in Canada, with selected projects in the United States, Aecon sells and installs once-through steam generators throughout the world.

This segment also includes Aecon's 38.75% interest in Canatom NPM Inc., which provides engineering, procurement, construction and commissioning services to the Canadian and International nuclear power markets.

Corporate and Other

Corporate and Other includes any other activities and corporate costs not directly allocable to or associated with its three principal operating segments.

Industry Background and Trends

Construction

The construction industry is one of the largest in Canada. Construction is also among the most fragmented of Canada's large industries, with a significant portion of the market dominated by a large number of small, often family owned, businesses competing in very small geographic markets. As a result, it is not unusual for a highly successful company in one city or region to be totally absent from the market in a neighbouring city or region. Although Aecon has benefited from a trend toward consolidation in recent years, the fragmented nature of the Canadian construction industry is deeply ingrained, both economically and politically, and is unlikely to change significantly in the foreseeable future.

Even among the larger firms in the industry – those with the ability to manage large projects and operate in a number of markets – most specialize in a small number of trades and tend to focus on just one, or in some cases two, sectors of the industry.

As such, it is common in Canada that a dominant firm in, for example, industrial construction does not compete at all in the road building or commercial construction sectors, just as the market leaders in those sectors do not compete outside of their defined specialty. In this respect, Aecon, with its breadth of operations and experience, is one of the exceptions.

Another factor important to the Canadian construction industry is the seasonal nature of the industry. The Canadian climate dictates that much of the construction work must be done in the late spring, summer and fall months. For this reason, construction firms in Canada tend to show operating losses in the first quarter of the year, with improved results in the second and especially third quarters. This seasonal pattern is reflected in employment levels within the industry and tends to increase the importance of a company's ability to manage its fixed costs, equipment and manpower.

In the broadest sense, the Canadian construction market is self-contained in that the large majority of construction work carried out in Canada is performed by Canadian firms. To the extent international competition is a factor, it is usually limited to large infrastructure projects and is normally performed in concert with a Canadian partner. Similarly, the vast majority of Canadian construction firms limit their focus to the Canadian market.

While a small number of Canadian firms (including Aecon) have achieved success in markets outside Canada, this is the exception rather than the rule. Most work done by Canadian firms in the international market is performed in the United States, where distance and cultural factors are minimal, or in emerging economies where local companies do not have the technical expertise or financing capacity to undertake significant projects.

Infrastructure Development

In contrast to the fragmented and self contained Canadian construction industry, the infrastructure development business is becoming increasingly global in nature, dominated by a relatively small number of international firms with the capacity to develop very large projects.

The nature of the infrastructure development business has been dictated, to a large extent, by a number of important trends in recent years. Some of these trends have emerged from changing economic realities, others from political judgements made by governments. Taken together, however, these trends tend to reinforce one another in the impact they have had on the infrastructure development business.

Many large infrastructure projects, which in the past would have been owned and developed by governments, are today developed through some form of public private partnership (PPP). These partnerships take many shapes, fashioned both by the nature of the project and by the political climate in the host jurisdiction and require the participants to be creative and responsive to the specific requirements relating to a project. In some cases, the end result may be complete privatization of the asset, while in other cases it may be a fixed price design, build, operate, transfer (BOT) contract. In all cases, however, PPPs represent a shift in responsibility, scope and risk away from government and towards the private sector as governments move from their traditional role of owner, developer and manager of infrastructure to more of an oversight role.

The trend toward PPPs in the development of infrastructure has led to growth in the number of fixed-price turnkey packages of goods and services, often including the private provision of financing for the project.

These design, build, own, operate and transfer (BOOT) arrangements generally require the industry participants to enhance both their services and their financing capabilities. No longer can BOOT projects be led simply by a large construction firm that is able to coordinate the various design and construction elements of the project. Increasingly, infrastructure development must be led by firms that can combine design and construction capabilities with the financial resources and expertise necessary to arrange project financing (often including direct equity participation) and the subsequent operation of the facility.

The increased scope and risk profile inherent in BOOT arrangements, combined with a growing trend among governments to require local content (in terms of both equity and services) and technology/knowledge transfer to local firms, has resulted in an increase in partnerships and joint ventures in the development of large infrastructure projects. Typically, one or two large international firms join with one or two local firms to form a consortium to lead the project, performing a certain amount of the work themselves, and contracting the balance to other local and specialized firms.

This approach to infrastructure development provides returns to participating companies in three ways: development income, construction income and operating income. Typically, development income is derived from development fees paid at the time the contract is awarded and from a return on invested equity generated from distributions of free cash flow (after payment of operating, capital and other project costs and after payment of interest and principal on project financing). Construction income is earned primarily in the first few years of a project by those members of the consortium (and sub contractors) providing design and construction services to the project. Finally, operating income is earned by those providing operational services to the project over the life of the contract, often 25 - 30 years or longer.

Business Strategy

Aecon's strategy, is to continue to be a leading provider of construction and infrastructure development services in Canada. Core elements of this strategy are discussed below, the combination of which the Corporation believes is unique in the industry.

Operational Diversity

Aecon's operational diversity and broad revenue base allows it to capitalize on opportunities in a variety of sectors within the industry while mitigating the effects of a cyclical downturn in any one sector. The diverse nature of Aecon's operations also provides it with cross-selling opportunities and allows it to participate in projects beyond the scope of any one discipline or division. Further, interdivisional cooperation allows for synergies and cost savings across the Corporation through economies of scale and resource sharing.

Divisional Autonomy

While certain elements of the Corporation's operations (such as certain management and control aspects of the treasury and risk management functions, legal, safety, purchasing, human resources and information technology) are centralized, Aecon's operational model is based largely on the ability of each individual division to manage its area of responsibility with relative autonomy. In this way, divisional managers, who are the closest to their markets, are able to apply their industry expertise with maximum effectiveness. The Corporation's incentive plan rewards divisional managers with incentives based primarily on division results and is intended to facilitate the recruitment of qualified people.

Industry Innovator

The construction and infrastructure development industry has experienced several important changes in recent years, a trend toward public private partnerships (PPPs), and an increase in large projects requiring expertise in a variety of disciplines. The resulting importance within the industry of a company's ability to develop and manage alliances have created an opportunity for innovative companies. Aecon placed an early and high priority on the development of these skills, enabling Aecon to capitalize on a number of the emerging opportunities created by this trend, thereby establishing itself as a leader in PPPs and large project development in Canada.

Other examples of Aecon's innovative approach include its unique once through steam generator design using proprietary technology for heat recovery steam generators and the establishment of a materials engineering group to provide quality testing and research services.

Building on the Hochtief Relationship

Aecon's strong relationship with its largest shareholder, Hochtief AG (which holds its common shares through Hochtief), and other members of the Hochtief AG group (including Turner Construction ("Turner") in the United States and Leighton Holdings in Australia) provides many opportunities for cooperative ventures of significant benefit to Aecon. In the past, Aecon has participated in cooperative bids with Hochtief AG companies, benefited from Hochtief AG's global procurement program, accessed Hochtief AG's European network of relationships to create new opportunities for Aecon divisions, received referral business from Turner, and shared business practices, processes and data with Hochtief AG companies. In 2003, Aecon entered into a cooperation agreement with Hochtief Construction AG and established its first construction joint venture for the construction of a hydro-electric facility in Northern Quebec. Building on these relationships with Hochtief AG companies, primarily in the buildings, heavy civil, PPP, and industrial sectors, is a key part of Aecon's growth strategy.

Focus on the Canadian Market

While international projects have often been important sources of revenue and income for Aecon over the years, Canada remains Aecon's core market and its primary business development focus. Recent improvements in prospects within Canada, including those in the PPP and heavy civil sectors where Aecon has done most of its international work, are expected to allow an increased concentration on the Canadian market over the next few years. In addition to having a positive impact on bid costs and corporate focus, this increased concentration on the Canadian market should also serve to lower Aecon's risk profile.

Continued Growth

Although Aecon's strategy is to grow organically and geographically, acquisitions continue to be a key element of the Corporation's plans for growing its business. Since 1998, Aecon has made six acquisitions, most notably BFC Construction Corporation, and has developed an expertise in acquiring and integrating companies that complement and expand Aecon's existing core business. Aecon's most recent acquisitions are the 2003 acquisition of the assets and operations of Westeinde Construction Ltd. of Ottawa, Ontario and the 2004 acquisition of the assets and operations of Cegerco CCI Inc. of Boucherville Quebec, near Montreal. As the right opportunities arise, acquisitions remain an important component of Aecon's growth strategy.

Business Operations

a) Infrastructure

Infrastructure is Aecon's largest operating segment and includes all aspects of the development and construction of Infrastructure. Aecon conducts its Infrastructure operations through a number of wholly owned subsidiaries and business units as well as through a number of joint ventures. Primary among these are:

- Aecon Construction and Materials Limited which specializes in road and bridge construction as well as the provision of construction products and materials;
- Aecon Constructors, specializing in heavy civil construction such as dams and tunnels;
- Aecon Utilities, one of Canada's largest utilities contractors;
- Groupe Aecon Ltée, a Quebec based construction company with expertise primarily in civil, buildings and industrial construction; and
- Aecon Infrastructure and Canadian Highways Infrastructure Corporation, infrastructure developers with capabilities in the design, construction, financing and operation of infrastructure projects in both Canada and internationally.

Aecon's key primary areas of business in the Infrastructure segment are outlined below.

Infrastructure Development

Aecon entered the infrastructure development business in 1990 through its participation in the redevelopment of the Prague International Airport in the Czech Republic. Since that time, Aecon has established itself as a leader in the Canadian infrastructure development industry, resulting in the award of the contract to design, build, operate and transfer Highway 407 in Toronto, Ontario to Canadian Highways International Corporation, in which the Corporation was a founding member.

The success of the Highway 407 project has led directly to two additional toll road developments for Aecon: (a) the Highway 104 Cobequid Pass Toll Highway in Nova Scotia, which opened in 1997; and (b) the US\$1.2 billion Cross Israel Toll Highway which opened its final sections earlier this year and is now fully opened and tolled. Both projects involved design, build, finance and operate contracts. In addition, Aecon has completed, with joint venture partners, construction of the Sky Train Project, and is currently pursuing infrastructure development projects in the airport, toll highway, public transit and hospital sectors, the most advanced of which is the new international airport in Quito, Ecuador.

Since 2002, when a series of core agreements were signed relating to the proposed development, financing, construction and operation of a new international airport in Quito, Ecuador ("Quito Airport"), Aecon and its partners in Corporacion Quiport S.A. (holder of the development and construction rights for the airport) have been working diligently to achieve closing of all financial arrangements for the new development. While financial close has taken longer than originally anticipated due to the complicated nature of the deal and the multitude of international public lending agencies involved, Aecon expects that financial close will be achieved in 2004.

Aecon participates in infrastructure development, usually in joint venture arrangements, primarily through design, build, operate, transfer (BOT) and design, build, own, operate and transfer (BOOT) contracts in both Canada and internationally.

Road Building

One of Aecon's longstanding core businesses is the provision of road and bridge construction services for both the private and public sectors. Aecon's key clients in this area are provincial and municipal governments, primarily in Ontario and Quebec, for whom Aecon has over the years constructed, expanded and maintained thousands of miles of roads, bridges and highways.

Other important clients for these services are the government of Canada and its agencies, for whom Aecon builds and maintains airport runways, marine facilities and similar infrastructure, and commercial developers to whom Aecon provides site development services such as subdivision grading and the construction of concrete curbs, sidewalks, parking facilities and roads. Since its predecessors began building roads in 1929, Aecon has become one of the largest road builders in Ontario.

Aecon's 1998 acquisition of Miwel Construction also provided it with a profitable customer base and expertise in winter road maintenance activities.

The large majority of Aecon's work in the road building and maintenance sector is won through low bid fixed-price tenders.

Heavy Civil Construction

In addition to its road building activities in Ontario and Quebec, Aecon also provides heavy civil construction services in Canada, the United States and internationally. These services include construction of large-scale energy developments, complex building structures, transit systems, bridges, dams, tunnels, toll roads and expressways.

Aecon's experience in heavy civil construction includes international projects such as the Cross Israel toll highway and the Nathpa Jhakri hydro-electric project, and domestic projects such as the Eastmain and Touloustouc hydro-electric dams in Quebec and parts of the Sheppard Subway system in Toronto, Ontario.

Most of Aecon's work in the heavy civil construction sector is obtained through fixed-price tenders or design-build contracts and is normally carried out through joint ventures.

Utilities Construction

Aecon is one of Canada's largest utilities contractor, with expertise in a wide variety of underground utilities work including installation and maintenance of gas distribution lines, cable, fibre optic and telecommunications lines as well as the installation of hydro electric power distribution systems and the construction of water and sewer lines. Major clients for these services include gas and electric utilities, cable companies, telephone companies and municipalities.

Aecon has also developed specific expertise in traffic signal systems, traffic management systems, high mast highway lighting and inset lighting for airport runways.

Most utilities construction work is traditionally awarded on a fixed-price basis, with compensation based on the units of work performed. However, Aecon has pioneered a successful new “client alliance” model based on cost reimbursable work and fees earned upon the achievement of incentives and other performance targets.

Construction Products and Materials Engineering

Aecon owns production rights at five aggregate reserves in Ontario including two gravel pits in Caledon, one at which Aecon shares production rights with Lafarge Canada Inc., a limestone quarry near Ottawa, a gravel pit in Dumfries and a former iron ore mine in Marmora. Management estimates that, as of December 31, 2002, the Corporation’s remaining reserves were as follows:

Caledon	-	37 million tonnes
Pinchin	-	4 million tonnes
Ottawa	-	22 million tonnes
Marmora	-	78 million tonnes
Oliver	-	8 million tonnes

Aggregates are the key material used in road building and serve as raw material for the production of asphalt and concrete. The aggregates produced at these facilities are used in Aecon’s own activities and sold to third parties.

Aecon also operates a permanent asphalt plant in Brampton, Ontario and three mobile asphalt plants that produce a secure, cost effective supply of asphalt for Aecon job sites, providing a competitive advantage in securing new contracts for asphalt intensive projects. The plants also provide a source of revenue and profit from the sale of asphalt materials to third parties.

In 1996, Aecon established its own full service materials testing facility to provide quality control and materials testing for its operations in Ontario. The facility has proven successful enough that, in addition to serving Aecon’s own needs, it now provides an additional revenue source for the company as its services are sold to other contractors and materials suppliers.

Major Projects

The Corporation is currently involved in a number of significant projects, both domestically and internationally. Among others, these projects include the development and construction of the Cross Israel Highway, the construction of the Nathpa Jhakri Project and the new terminal redevelopment project at Pearson International Airport in Toronto.

The Cross Israel Highway is a US \$1.2 billion electronic toll highway spanning approximately 86 kilometres from south of Tel Aviv, northward to Hedera in Israel. Now fully open and tolled, it is the most advanced and sophisticated all-electronic toll highway in the world.

Aecon has invested US\$27 million to hold a 22.2 percent economic interest in Derech Eretz Consortium (DEC) who hold the concession rights for the Cross Israel Highway. Based on the traffic volumes anticipated for the highway (72% of which are guaranteed by the government of Israel) and supported by the first few months of operation, the financial model forecasts that the partners in DEC will begin to receive returns on their investment of equity commencing in 2009 and escalating through to 2029 when ownership of the highway will revert to the State of Israel.

Aecon has a 45% interest in the joint venture undertaking the Nathpa Jhakri Project. Located in the Himalayan foothills of Northern India, the Nathpa Jhakri Project is a \$547 million, 1500 megawatt "Run of the River" project, including a 61-metre concrete dam and a 27-kilometre head race tunnel, of which the Corporation is constructing 16 kilometres. Following significant initial delays, construction of the project is nearing final completion. Early in 2004, the last of six 250 megawatt units were successfully synchronized and made available for power production.

Finally, the Corporation is also playing a leading role in the redevelopment of Toronto's Pearson International Airport, specifically in the construction management of a new \$4.4 billion terminal building. Commissioned by the Greater Toronto Airport Authority to ease passenger congestion at Canada's busiest airport, the new terminal is scheduled to be completed in 2005. Aecon is a 50% partner in the construction management joint venture that is completing the project. Phase One of the terminal is now complete and opened to passenger traffic.

(b) Buildings

The Buildings segment includes all of Aecon's work in the construction and renovation of commercial, institutional and multi-unit residential buildings. Aecon's focus in this segment is primarily in southern and eastern Ontario, southern Quebec, the lower mainland of British Columbia, Atlantic Canada and the northwestern United States through offices in Toronto, Montreal, Ottawa, Halifax, Vancouver and Seattle. Aecon also operates in this segment, on a selected basis, in markets outside of North America.

Aecon's U.S. Buildings operations are managed through a wholly owned subsidiary, Aecon Buildings Inc., incorporated in the State of Washington, while its British Columbia operations are managed through Aecon's 49% participation in Scott Management Inc., located in Vancouver. Aecon's Building operations in eastern Ontario are managed through a wholly-owned subsidiary, Westeinde Construction Ltd., acquired in 2003, and its Buildings operations in Montreal are managed through Cegerco/Aecon, formed following Aecon's acquisition of Cegerco CCI Inc. in 2004.

General Contracting

On many projects in the Buildings segment, Aecon operates as a general contractor, providing clients with a lump sum fixed price for the project. In these cases, Aecon normally subcontracts most work elements to other contractors who are managed by Aecon throughout the course of the project. This results in much of the risk being transferred to the subcontractors, albeit this also typically results in lower margin returns for work in this sector.

Construction Management

In other cases, Aecon works on a fee for service basis in a construction management role, managing, on behalf of the client, work performed by a number of contractors whose contractual arrangements are directly with the client. Construction management contracts generally involve less risk than work as a general contractor and they are becoming an increasingly larger strategic focus for this operating segment.

Interiors and Renovations

In urban markets, Aecon has developed an expertise in the growing market for commercial renovation and retrofit services. Much of Canada's stock of prime commercial property was built in the 1960s, 70s and 80s, and is in need of substantial renovation. Meeting this need has become a growing focus of Aecon's work in the Buildings segment through a dedicated business unit, Aecon Interiors and renovations.

Other markets in the Buildings segment in which Aecon has developed specific expertise include retail construction, institutional construction (such as educational facilities and court houses) and entertainment facilities such as theatres and casinos. Aecon has also developed expertise in the construction of airport terminals, such as the Pearson International Airport redevelopment, where Aecon is a 50% partner in the joint venture managing construction of the new terminal building, phase one of which opened in April, 2004.

(c) Industrial

The Industrial segment includes all of Aecon's work in the industrial construction and manufacturing sectors, from in-plant construction and module assembly to fabrication of speciality pipe and the manufacture of once-through steam generators for the power sector. The Industrial segment also performs facilities management maintenance and rehabilitation services and includes a joint venture interest in the nuclear power market. With the exception of the steam generator and nuclear businesses, which market their products around the world, Aecon's primary focus in this segment is the southern Ontario, Alberta and Atlantic Canada markets, with selected projects undertaken in other North American markets.

Aecon's work in this segment is managed primarily from its offices in Cambridge, Ontario, with manufacturing and fabrication plants in Cambridge and Oakville, Ontario as well as Edmonton, Alberta and Dartmouth, Nova Scotia.

Construction

Aecon's industrial construction activities are focussed primarily on in-plant construction for clients undergoing plant modifications and upgrades. This work includes platform construction and assembly as well as the installation and maintenance of specialized industrial systems and equipment. Aecon self-performs its work in the piping, electrical and mechanical trades.

Aecon has established itself in the automotive and manufacturing construction sectors as well as the power sector where its construction capabilities include nuclear, fossil and hydro-electric generation and natural gas cogeneration facilities. In addition, Aecon provides industrial construction services in the petrochemical, steel, metals processing and natural gas industries.

Fabrication

Aecon's pipe fabrication business, which started as a value-added service for its industrial construction clients, has grown to the point where Aecon is now Canada's largest fabricator of specialized industrial pipe.

From its two Ontario facilities in Cambridge and Oakville, Aecon provides specialized process piping, modules and related components to the automotive, power, natural gas, petrochemical and other industries throughout Ontario, while its facility in Edmonton is focussed on serving the major energy projects in western Canada, principally in the oil sands of northern Alberta.

Steam Generators

Aecon's participation in the steam generator business is through its 100% interest in Innovative Steam Technologies ("IST"). IST designs and manufactures once-through heat recovery steam generators that recover the heat produced by the exhaust from gas turbines and, through a patented once-through technology, uses this heat to create high-purity, super-heated steam.

This steam is primarily used for the production of additional power through a steam turbine, or to re-inject into the gas turbine to increase efficiency and reduce emissions. IST's units, designed primarily for use with 5 to 50 megawatt gas turbines, can increase a power plant's generation efficiency by up to 30%.

IST has had much success due to the innovative design features of its units, which offer a more cost effective alternative to traditional heat recovery generators, with lower maintenance costs, shorter installation times and smaller footprint or area required than other products on the market. The dramatic downturn in the power industry experienced in 2002 significantly reduced IST's core market. As a result, in 2002 and 2003 IST's overhead was substantially reduced, cutting its breakeven revenue requirements in half and its marketing efforts were more tightly focused. In 2003 IST entered into a licensing agreement with Lurgi Lentjes Standardkessel Group of Germany. Under the terms of the ten year agreement, Standardkessel will market IST's patented technology throughout Europe and the former Soviet Union countries. In addition to an up front fee and ongoing royalties, IST will also manufacture and provide the licensee with the bulk of the key pressure part components. As a result of the changes made in 2002 and 2003, and the beginning of a market recovery, IST expects to return to profitability in 2004.

Nuclear

Aecon has a 38.75% interest in Canatom NPM Inc ("Canatom") while SNC-Lavalin holds the remainder of the shares. Canatom specializes in the provision of engineering, procurement, construction and commissioning services to the Canadian and international nuclear power markets. It is the largest Canadian private sector engineering company operating exclusively in the nuclear field, with offices in Oakville, Ontario and Montreal, Quebec.

Included in Canatom's services are: the civil and structural design of all buildings on nuclear sites; construction management including overall site management as well as quality surveillance, contract administration and material control; procurement management, including commercial bid evaluations, contract administration and quality control; and radioactive waste management.

(d) Corporate and Other

Corporate and Other includes all of Aecon's corporate costs.

Revenues by Business Segment and Country of Origin

For the last two fiscal years, the Corporation's revenues were as follows:

	2003	2002	% Increase (Decrease)
Revenue (\$ millions)			
Infrastructure	\$ 456.7	\$ 536.1	(14.8)%
Buildings	299.3	332.9	(10.1)%
Industrial	218.3	208.4	4.7%
Corporate and Other	(1.8)	(4.4)	-
	<u>\$ 972.5</u>	<u>\$1,073.0</u>	<u>(9.4)%</u>
Revenue Distribution (%)			
Infrastructure	47%	50%	
Buildings	31%	31%	
Industrial	22%	19%	

Revenues generated by Aecon in 2003 and 2002 are set out below with Country of origin.

	2003		2002	
Revenues (\$ millions)				
Canada	\$ 772.2	79.4%	790.8	73.7%
United States	72.8	7.5%	70.3	6.6%
Other	127.5	13.1%	211.9	19.7%
	<u>\$ 972.5</u>	<u>100.0%</u>	<u>\$ 1,073.0</u>	<u>100.0%</u>

Risks and Uncertainties

Large Contract Factors

A substantial portion of Aecon's revenues is derived from large projects, some of which are conducted through joint ventures. These large projects provide opportunities for large revenue and profit contributions but can occasionally result in significant contract losses.

Opportunities for Aecon to compete for these larger projects do not occur regularly. As a result, Aecon's ability to successfully compete for these opportunities and the length of time required to execute these projects are not predictable and therefore the Company may experience periods of irregular or reduced revenues.

The recording of the impact of large project contracts can distort revenues and incomes on both a quarterly and an annual basis and in some cases makes comparison of financial results difficult in particular reporting periods.

As described more fully in Note 11 to the Annual Financial Statements, Aecon has a number of commitments and contingencies. If Aecon was called upon to honour these obligations its financial results would be adversely affected.

The Nathpa Jhakri Project has incurred significant delays in respect of which the joint venture, in which Aecon has a 45% interest, has submitted numerous requests for an extension of contract time as well as claims for significant compensation arising from the costs of delays and extra work resulting from changed conditions and other compensable matters.

As at February 29, 2004, these claims and payment disputes amounted to approximately \$154.0 million of which \$17.8 million, at current exchange rates, has been received by the joint venture since commencing the project. The owner of the project, Satluj Jal Vidyut Nigam Ltd. ("SJVN") (formerly Nathpa Jhakri Power Corporation Limited), has granted a number of provisional requests for extensions of contract time. In the event that SJVN denies the current request for a further extension of contract time and the joint venture is unsuccessful in its claims for additional compensation, the joint venture may be faced with potential liquidated damages claims by SJVN of up to a maximum amount equal to \$28.4 million (10% of the original contract value) for which Aecon is jointly and severally liable.

If such possible claims were to materialize and were ultimately successful, the financial results and the financial position of Aecon would be adversely affected. As at February 29, 2004, the Company had outstanding guarantees and letters of credit in the amount of \$36.8 million in support of financial and performance related obligations for the Nathpa Jhakri Project.

As at December 31, 2003, the Company has accrued cost recoveries and profits of approximately \$12.2 million after income taxes relating to this project which have not yet been distributed to the Company. Although the Company currently anticipates that the Nathpa Jhakri Project will be substantially completed by June 30, 2004, if such guarantees were to be called upon or if the project was not completed, whether prior to June 30, 2004 or not at all, penalties may be imposed against Aecon, and/or if Aecon were not able to collect its accrued cost recoveries and profits, Aecon's financial results and the financial position of Aecon would be adversely affected.

The Cross Israel Highway's substantial completion is being forecasted for April 27, 2004. Tolling commenced in December 2002. As of January 6, 2004, the full 86 km of highway was open to traffic and was being tolled. Traffic levels are approaching anticipated levels.

There are a number of claims and change (task) requests which have been issued or are in the process of being issued, both against the construction joint venture by its subcontractors and against the client by the construction joint venture. Allowances have been taken for these costs and probable recoveries on change (task) requests.

The joint venture has guaranteed that a minimum level of revenue will be generated from early operations of the highway during construction and participates in any surpluses of such revenues to the extent earned. The joint venture also may be faced with liquidated damages of US \$200,000 per day that are capped at US \$69 million if it delivers the project late. Aecon is jointly and severally liable for all of these joint venture obligations.

Management believes that the joint venture has adequate provisions to cover any liabilities that could arise from its revenue guarantee during the construction period and from any assessment of liquidated damages.

As at February 29, 2004, Aecon has provided joint and several guarantees in the amount of \$74 million in support of its various performance and financial obligations in this project. Aecon has also provided two other joint and several guarantees in support of the project, a continuous guarantee, which guarantees the performance of DEC as the concessionaire under the concession agreement dated February 16, 1998 between DEC and the Government of Israel and a leakage guarantee, which is a guarantee by the operator, in which Aecon has a 34% interest, to DEC and covers toll capture and collection rates generated from users of the Cross Israel Highway during the operating period.

These guarantees extend through to the end of the concession period which ends in 2029. The continuous guarantee is in the amount of \$18 million and is renewed annually to its full amount, irrespective of any drawings made thereunder. The leakage guarantee comes into effect once construction is complete and is renewable annually for the lesser of \$13 million or 6% of the annual toll revenue. The values of these two guarantees are indexed and the amounts used are as at February 29, 2004. If such guarantees were to be called upon the financial results and the financial position of Aecon would be adversely affected.

In addition, a significant portion of Aecon's capital is invested, directly or indirectly, in the Cross Israel Highway. As a result, any material diminution in the value of the Cross Israel Highway would adversely affect the financial results and condition of the Company.

The Quito Airport financial close has taken longer than originally anticipated due to the complicated nature of the transaction and the multitude of international public lending agencies involved, and although Aecon expects that financial close will be achieved in 2004, there is a risk that closing may not occur which would result in capitalized development costs being written off. Development costs of \$7.2 million have been capitalized in respect of this project as at December 31, 2003, with further costs expected to be incurred and capitalized until financial close is achieved.

The Company is currently engaged in the construction in Toulmoustou, Quebec of a hydro-electric facility for Hydro Quebec. To date, the project has incurred cost overruns, primarily because of customer changes to the original contract scope. The Company is currently negotiating with Hydro Quebec for a full recovery of these cost overruns and expects that it will be successful in doing so. Should the Company not be successful in recovering any of these cost overruns, its financial results and position would be materially impacted.

Ongoing Financing Availability

Aecon's business strategy involves the continued growth of its operations through internal growth and acquisitions. Aecon's ability to successfully bid on contracts for major projects is fundamental to its internal growth. Certain of Aecon's operating segments, including its infrastructure development and heavy civil business, require substantial working capital in order to bid on and execute large contracts. Aecon is continually seeking to enhance its access to funding in support of its growth. However, from time to time, Aecon is constrained in its ability to capitalize on new infrastructure development and other growth opportunities to the extent that financing is insufficient or unavailable. Aecon's capital base includes a revolving term loan which provides a stable and flexible financing source. However, Aecon remains highly dependent upon its working capital facility, which follows a distinct seasonal pattern in parallel with the seasonal changes in investments in current assets. This working capital facility is highly structured with certain financial ratios and other terms and conditions, and is subject to annual review and renewal. The renewal of this facility, which expires on June 4, 2004, is expected but is not certain.

Aecon is dependent upon the continued access to working capital and equipment related financing sources to finance its day to day operations. Aecon's direct access to working capital lines of credit is subject to continued compliance with certain financial ratios and other terms and conditions and annual renewal of these accommodations by Aecon's lenders. To the extent that Aecon's cash flow is generated through, and its assets reside in joint ventures, Aecon's access to financing is limited as the Company's lenders generally do not consider such cash flow and assets in their credit assessments.

Access to Bonding and Pre-qualification Rating

Most of Aecon's construction contracts require either sufficient bonding or pre-qualification rating. As a result of the worldwide reduction in surety capacity, the Company continually monitors the surety market through its broker and surety firm. Although the Company believes that its current surety capacity is adequate to satisfy its current requirements, should those requirements be materially greater than anticipated or should sufficient surety capacity not be available, this would have a material adverse effect on the ability of Aecon to operate its business.

International/Foreign Jurisdiction Factors

Aecon is from time to time engaged in large international projects in foreign jurisdictions. Currently Aecon is involved in projects in India, Israel, Ecuador and the United States. International projects such as the Nathpa Jhakri Project in northern India, the Cross Israel Highway in Israel and the Quito Airport in Ecuador can expose Aecon to risks beyond those typical for its activities in its home market, including geopolitical and military risks and currency and foreign exchange risks.

The anticipated contribution of various foreign projects to the financial results of Aecon may be adversely affected by local political, military, economic and other events beyond the Company's control including several current projects that are located in regions that are, at the present time, facing heightened geopolitical tensions. Aecon continually evaluates its exposure to unusual risks inherent in international projects and, where deemed appropriate in the circumstances, mitigates these risks through specific contract provisions, insurance coverage and forward exchange agreements. However, there are no assurances that such measures would offset or materially reduce the effects of such risks.

Foreign exchange risks are actively managed and hedged where possible and considered cost effective, when directly tied to quantifiable contractual cash flows accruing directly to Aecon within periods of one or two years. Major projects executed through joint ventures generally have a longer term and result in foreign exchange translation exposures which Aecon has not hedged. Such translation exposure will have an impact on Aecon's consolidated financial results. Practical and cost effective hedging options to fully hedge this longer term translational exposure are not generally available to Aecon. In fiscal 2003, the strengthening of the Canadian dollar against other currencies such as the US dollar had a significant adverse impact on Aecon's consolidated financial results.

Contractual Factors

A substantial portion of Aecon's revenue is derived from lump-sum contracts pursuant to which a commitment is provided to the owner of the project to complete the project at a guaranteed maximum price ("GMP"). In GMP projects, in addition to the risk factors of a unit price contract

(as described below), any errors in quantity estimates must be absorbed within the GMP, thereby adding a further risk component to the contract.

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

In certain instances, Aecon guarantees to a customer that it will complete a project by a scheduled date or that the facility will achieve certain performance standards. If the project or facility subsequently fails to meet the schedule or performance standards, Aecon could incur additional costs or penalties commonly referred to as liquidated damages.

Aecon is increasingly involved in design-build contracts where, in addition to the responsibilities and risks of a unit price or lump-sum construction contract, Aecon is responsible for certain aspects of the design of the facility being constructed. This form of contract adds the risk of Aecon's liability for design errors as well as additional construction costs which might result from such design errors.

Certain of Aecon's contractual requirements may also involve financing elements, where Aecon is required to provide one or more of letters of credit, performance bonds, financial guarantees or equity investments. There can be no assurance that Aecon will be able to obtain the necessary financing on favourable or commercially reasonable terms and conditions for such equity investments, nor that its available working capital and bonding facilities will be adequate in order to issue the required letters of credit and performance bonds.

Revenues from change orders are recorded when recovery is likely to occur. Disputes with clients resulting in claims for additional payments owing as a result of changes in contract specifications, delays, additional work or changed conditions are an unfortunate but sometimes unavoidable part of the construction process. Aecon's accounting policy is to record all costs for these changes when known and not record the revenue anticipated from claims until they are resolved. The timing of the resolution of such events can thereby have a material impact on income and liquidity and thus can cause fluctuations in the revenue and income of Aecon in any one reporting period.

Economic Factors

Aecon's profitability is closely tied to the general state of the economy in those geographic areas in which it operates. More specifically, the demand for infrastructure, which is the principal component of Aecon's operations, is perhaps the largest single driver of the Company's growth and profitability.

In North America, which tends to have relatively sophisticated infrastructure, Aecon's profitability is dependent both on the development of basic infrastructure (highways, airports, dams, hydro-electric plants, etc.) and on the type of infrastructure that flows from commercial and population growth. Commercial growth demands incremental facilities for the movement of goods within and outside of the community, along with water and sewer systems and heat, light and power supplies. Population growth creates a need to move people to and from work, schools and other public facilities, and demands similar services to new homes.

Since growth in both these areas, with the possible exception of road maintenance and construction, is directly affected by the general state of the local economy, the general strength or weakness of the economy can have a significant impact on Aecon's operations.

Internationally, Aecon is much more involved with the development of basic infrastructure, particularly in developing countries. As such, the Company's growth and profitability from this work depends largely on the pace of growth in these foreign jurisdictions and the ability of these countries to allow for the arrangement of long-term financing.

Environmental Factors

Unfavourable weather conditions represent one of the most significant uncontrollable risks for Aecon. Construction projects are susceptible to delays as a result of extended periods of poor weather which can have an adverse effect on profitability from either late completion penalties imposed by the contract owner or from the incremental costs arising from loss of productivity, compressed schedules, or from overtime work utilized to offset the time lost due to adverse weather.

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

Aecon is subject to and complies with federal, provincial and municipal environmental legislation in all of its manufacturing and construction operations. Aecon recognizes that it must conduct all of its business in such a manner as to both protect and preserve the environment in accordance with this legislation. At each place where work is performed, Aecon develops and implements a detailed quality control plan as the primary tool to demonstrate and maintain compliance with all environmental regulations and conditions of permits and approvals. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position, although there can be no guarantee that future legislation will not be proposed, and if implemented, it may have a material impact on the Company and its financial results.

Litigation Risk

In the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial. In view of the quantum of the amounts claimed and the insurance coverage maintained by the Company in respect of these matters, management of the Company does not believe that any of the legal actions or proceedings that are presently known to or anticipated by the Company are likely to have a material adverse effect on the Company's financial position. However, there is no assurance that the Company's insurance arrangements will be sufficient to cover any particular claim or claims that may arise in the future. Furthermore, the Company is subject to the risk of claims and legal actions for various commercial and contractual matters, primarily arising from construction disputes, in respect of which insurance is not available. The Company is currently aware of three such contractual claims or disputes which may adversely affect its financial position if not resolved in a manner favourable to the Company. These include potential claims for liquidated damages and outstanding guarantees and letters of credit in respect of the Nathpa Jhakri Project and the Cross Israel Highway, and potential claims in respect of the hydro-electric facility in Toulmoustou, Quebec, each of which is described above under "Large Contract Factors".

Labour Factors

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

Dependence on the Public Sector

A significant portion of Aecon's revenues is derived from contracts with various governments or their agencies. Consequently, any reduction in demand for Aecon's services by the public sector whether from funding constraints, changing political priorities, or delays in projects caused by elections would likely have an adverse effect on the Company if that business could not be replaced from within the private sector.

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

Potential Fluctuation in Financial Results

Aecon's quarterly and annual financial results may be impacted by a variety of factors including, without limitation: the recognition of revenue from existing large project contracts; the opportunity to compete for new large projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the markets in which Aecon operates which may impact pricing levels of its services; actions by governmental authorities including government demand for the services provided by Aecon; government regulations and the associated expenditures required to comply with regulations; labour action involving Aecon's unionized workers; seasonal or materially adverse weather conditions; the risk associated with the use of guaranteed maximum price contracts; geopolitical risks in the foreign jurisdictions in which Aecon operates as well as risk associated with foreign currency and exchange rates; and other circumstances affecting revenue and expenses. Aecon's operating expenses are incurred throughout the year. As a result, if expected revenues are not realized as anticipated, there may be significant variations in Aecon's quarterly and annual financial results.

In particular, during the nine months ended September 30, 2003, the Company's consolidated revenues declined by \$69.2 million or 9.1%, and the Company's consolidated net loss increased by \$8.9 million or 392% compared to the nine months ended September 30, 2002. These poorer results are attributable to a combination of factors including generally soft demand across several sectors, the reduced contribution from a number of major contracts that are nearing completion, foreign exchange losses, contract losses and severe weather conditions in the first half of fiscal 2003. Management does not expect the results for the fourth quarter of fiscal 2003 will reduce the loss reported in the first nine months of fiscal 2003.

Protection of Intellectual Property and Proprietary Rights

The Company, particularly through its 100% interest in IST depends, in part, on its ability to protect its intellectual property rights. Aecon relies primarily on patent, copyright, trademark and trade secret laws to protect its proprietary technologies.

The failure of any patents or other intellectual property rights to provide protection to Aecon's technologies would make it easier for competitors to offer similar products, which could result in lower sales or gross margins.

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

In addition, IST holds a number of patents on its once-through heat recovery system. Nevertheless, there remains a threat of others attempting to copy IST's proprietary technology and processes. To mitigate this risk, the normal business practice of IST includes the signing of confidentiality agreements with all parties to which confidential information is supplied including all customers and licensees.

Acceptance of Innovation Steam Technologies

IST has yet to gain wide acceptance within the industry and, consequently, earnings derived from IST can fluctuate from quarter to quarter and from year to year. The success of IST's business will depend upon its ability to promote commercial acceptance of its steam generators and associated technology, its ability to successfully develop its existing and future licence agreements in key markets outside of its core North American market, and to convince its customers of the reduced life cycle costs that IST's products offer compared to its competitors products based upon more traditional technology.

Hochtief AG and Certain Directors and Officers may be Able to Control Actions of the Company

Hochtief AG indirectly owns 48.14% of the outstanding common shares, holds a debenture which is convertible into a further 2,061,972 common shares, has provided significant financial guarantees and direct loans to the Company and has four nominees on the Company's board of directors. Two officers of the Company, who are also directors, beneficially own or control, directly or indirectly, approximately 6.4% of the common shares as of February 29, 2004. By virtue of their significant shareholdings, Hochtief AG and those officers may therefore be in a position to significantly influence the election of the Company's directors, appointment of officers and other matters requiring the approval of the shareholders or directors of the Company. This concentration of ownership may also have an impact on a change of control or other significant transaction involving the Company.

Tax Accrual Risks

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

Aecon has accumulated a significant amount of non-capital income tax losses which may be used to reduce future taxable income. The benefit of these tax losses has been recognized in its financial statements. Should Aecon not be able to utilize these tax losses before they expire, the resulting charges to income could have a significant negative impact on the Company's future results and financial condition.

Aecon Operates in a Highly Competitive Industry

Aecon carries on businesses in highly competitive product and geographic markets in Canada, the United States and internationally. The Company competes with many companies that have financial resources and staff larger than Aecon's and which may be able to benefit from economies of scale, pricing advantages and greater resources. Aecon has little control over and cannot otherwise affect these competitive factors. If the Company is unable to effectively respond to these competitive factors or if the competition in any of the Company's markets results in price reductions or decreased demand for Aecon's services, results of operations and financial condition will be materially impacted.

Loss of Key Management; Inability to Attract and Retain Management

The Company's future prospects depend to a significant extent upon the continued service of its key executives. Furthermore, the Company's continued growth and future success depends on its ability to identify, recruit and retain key management personnel. The competition for such employees is intense and there can be no assurance that the Company will be successful in identifying, recruiting or retaining such personnel.

Principal Properties

Aecon owns, leases and operates equipment for its construction operations. This equipment is located from time to time at various construction sites and at principal repair shops and storage facilities located in Halifax, Nova Scotia; Toronto, Brampton, Barrie and Cambridge, Ontario; and Edmonton, Alberta. For more information on the property, plant and equipment owned by Aecon, see note 6 to the Consolidated Financial Statements, incorporated by reference herein.

A portion of Aecon's construction equipment and vehicles, recorded as capital assets, is financed by long-term capital leases and equipment loans with specific equipment provided as security (see note 8 to the Consolidated Financial Statements, incorporated by reference herein).

Additionally, a portion of Aecon's construction equipment and vehicles is leased under operating leases with various terms and conditions (see note 11 to the Consolidated Financial Statements, incorporated by reference herein).

The following is a summary of the principal properties as at December 31, 2003:

- The corporate offices, located in a leased 66,000 square-foot building on a 3.1-acre site in Scarborough, Ontario. This property was sold on May 30, 2002 for \$4.5 million which consideration has been received. Aecon has entered into an eight-year lease on the property at a rental rate of \$7.00 per square foot (triple net), with two renewal options. The Corporation has an option to repurchase the property for \$4.7 million during years three to five of the lease.

During the first quarter of 2004, the Company reached agreement with its landlord to terminate, effective July 5, 2004, the lease on the Company's premises at 3660 Midland Avenue in Toronto. By exercising its right to terminate the lease before the lease termination date, the Company is required to pay on July 5, 2004 the sum of \$2,550 to the landlord of the premises, which payment, in accordance with Canadian generally accepted accounting principles, has been charged to operations in the three months ended March 31, 2004 and included in Corporate and Other. The lease is being terminated to facilitate the consolidation of the Company's Midland Avenue, Victoria Park (Toronto) and Indell Lane (Brampton) offices into one jointly used leased facility located near Toronto's Pearson Airport. Other costs associated with the consolidation of premises, which are estimated to be \$1,000, will, also in accordance with Canadian generally accepted accounting principles, be expensed when incurred.

- Aecon Buildings Inc. leases 12,960 square feet of office space in Lynwood, Washington.
- Aecon Civil and Utilities leases the following properties in Ontario: 31,450 square feet for its corporate offices at 11 Indell Lane in Brampton; 2,396 square feet at Unit 6, 117 Ringwood Drive in Stouffville; 4.45 acres at 152 Canam Cr. in Brampton; and a 2.5-acre property with a 7,800 square-foot building in Gormley for Miwel.
- Aecon Civil and utilities owns pits and quarries in Ontario as follows: 225.9 acres at Concession 5 in Marmora; 307 acres at 4949 Bank Street in Gloucester; 1,413 acres at Highways 24 and 10 in Caledon; and 167.2 acres at Highway 24 and Mississauga Road near Caledon, as well as 7.5 acres of land at 55 Van Kirk Drive in Brampton for the Asphalt Plant.
- Aecon Constructors owns a 1.8-acre facility in Eastern Passage, Nova Scotia. This property has a 3,000 square-foot office building and a 5,000 square-foot warehouse and is occupied by Aecon Atlantic Group.
- Aecon Industrial operates from an 18-acre site in Cambridge, Ontario, which includes 10,000 square feet of office space and 32,000 square feet of indoor storage space and a leased 100,000 square-foot fabrication shop. The Alberta operations lease 5,000 square feet of office space in Edmonton and a 40-acre yard in Sherwood Park including an 85,000-square-foot fabrication shop and 8,000 square feet of warehouse space. Aecon Industrial also leases 35,000 square feet on 5 acres of land in Oakville, Ontario.
- Aecon Utilities leases the following properties in Ontario: a 29,342-square-foot office and shop in Milton; an office and yard facility in Oshawa consisting of a 600-square-foot office and 2 acres for outside storage; approximately 2 acres of outside storage and a 10,000-square-foot storage building in Brampton; an equipment storage and operations yard of 5.1 acres in Markham; a 30,320 square-foot garage and a manufacturing facility for Footage Tools in Toronto, located on approximately 2.3 acres also used for equipment storage; 3.5 acres in Mississauga; a small property in East York; a 2,812 square-foot building in Breslau consisting of office space and storage for QX Technical Services Ltd.; a 2,157 square-foot building designated for industrial use in Mississauga; a 1,500 square-foot building designated for industrial use in Belleville used primarily by Premiere Cable; and a 2.35 acres property with office space on Wickstead Avenue in Toronto.

- Aecon Civil and Utilities own properties in Ontario as follows: 3.5 acres in the Newmarket area; 4.8 acres in Burlington; 2.1 acres in Breslau; and a repair shop, garage facility and outside storage area on 10 acres in Barrie.
- AGI Traffic Technology, a division of Aecon Utilities, leases 3.5 acres in Scarborough, Ontario. This site includes a 6,600 square-foot building consisting of a shop, office and storage.
- Groupe Aecon Ltée leases 21,000 square feet of office space in Montreal, Quebec.
- IST operates from a 5-acre facility owned by the Corporation in Cambridge, Ontario. On the site is a 96,000-square-foot building comprised of 72,000 square feet of manufacturing space and 24,000 square feet of office space.

Temporary office, repair shop and storage yard facilities are established at each construction site, usually on land made available by the client. These are dismantled and removed following completion of the contract.

Environmental

Aecon is subject to federal, provincial and municipal environmental legislation in all of its manufacturing and construction operations. Aecon recognises that it must conduct all of its business in such a manner to both protect and preserve the environment. At each place where work is performed, Aecon develops and implements a detailed quality control plan as the primary tool to demonstrate and maintain compliance with all environmental regulations and conditions of permits and approvals. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position.

Employees

Aecon had 732 full time salaried employees and 1,322 hourly employees as at December 31, 2003 for a total of 2,054 employees. This number is not indicative of the total number of employees at any time throughout the year as the construction industry is seasonal in nature, with little work performed in the winter and early spring months. At its peak operating capacity level during 2003, Aecon employed a total of 3,039. None of the Corporation's full time salaried employees are unionized. Aecon recruits its unionized labour pool on an "as needed" basis consistent with the relevant union contracts and traditional hiring practices. These employees are laid off upon the completion of the job they were working on unless transferred to another job. Management believes that its relationship with its employees is generally excellent.

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ITEM 5
SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected historical consolidated financial data of the Corporation for the periods indicated. The information set forth below should be read in conjunction with the Management's Discussion and Analysis referred to under Item 6. The selected historical consolidated financial data for the Corporation as at and for each of the years in the five year period ended December 31, 2003 are derived from and should be read in conjunction with the audited consolidated financial statements of the Corporation and the notes thereto. Historic results are not necessarily indicative of the results that may be expected for any future period or for a full year. The Corporation prepares its consolidated financial statements in accordance with Canadian GAAP.

Selected Financial Data ⁽¹⁾

(In thousands of dollars except earnings and dividends per share data)

	2003	2002	2001	2000* ⁽⁵⁾	1999*
Revenues	\$972,486	\$1,072,964	\$1,138,864	\$1,006,330	\$ 213,114
Net Income (loss)	\$(13,872)	\$ 230	\$ 12,386	\$ 10,622	\$ 6,072
Earnings (loss) per share					
Basic	\$(0.59)	\$ 0.01	\$ 0.69	\$ 0.66	\$ 0.65
Diluted ⁽²⁾	\$(0.59)	\$ 0.01	\$ 0.61	\$ 0.64	\$ 0.64
Dividends per common share ⁽³⁾	-	\$ 0.03	\$ 0.12	\$ 0.10	\$ -
Total assets	\$483,358	\$ 515,720	\$ 589,253	\$ 525,764	\$ 460,550
Total long-term debt, including current portion ⁽⁴⁾	\$51,211	\$ 34,654	\$ 46,738	\$ 45,864	\$ 114,854

* All figures prior to 2000 predate the acquisition by Armbro Enterprises Inc. (now Aecon) of BFC Construction

- (1) In 2000 Aecon adopted the asset and liability method of accounting for income taxes. In 1999, the deferral method of tax allocation was followed. The impact of the different methodologies, particularly with respect to the accounting for tax losses, can be significant.
- (2) Diluted earnings per share are calculated using the treasury stock method.
- (3) Dividends were actually paid in the year following the fiscal year but relate to earnings for the year shown.
- (4) Including debt portion of convertible debenture.
- (5) On December 23, 1999, the Corporation acquired 100% of the outstanding shares of BFC. As a result of the acquisition, Aecon's revenues increased significantly in 2000. Of the \$793,216 increase in revenues in fiscal 2000 over fiscal 1999, management estimates that approximately \$688,400 reflects the impact of the acquisition of BFC, for which the results of the full year of operations were consolidated in fiscal 2000 compared to only one week in fiscal 1999.

Selected Quarterly Financial Data

(Unaudited - in millions of dollars except earnings (loss) per share data)

	2003			
	March 31	June 30	Sept. 30	Dec. 31
Revenues	\$184.3	\$241.7	\$269.0	\$277.5
Net income (loss)	\$(9.9)	\$(2.0)	\$0.7	\$(2.7)
Earnings per share				
Basic	\$(0.42)	\$(0.08)	\$(0.03)	\$(0.11)
Diluted	\$(0.42)	\$(0.08)	\$(0.03)	\$(0.11)

(Unaudited - in millions of dollars except earnings (loss) per share data)

	2002			
	March 31	June 30	Sept. 30	Dec. 31
Revenues	\$228.0	\$236.3	\$299.9	\$308.7
Net income	\$(1.0)	\$(3.9)	\$2.7	\$2.4
Earnings per share				
Basic	\$(0.06)	\$(0.17)	\$0.11	\$0.10
Diluted	\$(0.06)	\$(0.17)	\$0.10	\$0.09

Diluted earnings per share are calculated in accordance with new recommendations of The Canadian Institute of Chartered Accountants. Under the new method, the Corporation's diluted earnings per share are determined using the treasury stock method for the effect of outstanding share options and the dilution impact of the convertible debenture.

Dividends

Aecon has established a formal dividend policy whereby a dividend will be declared each year at the time of the release of Aecon's annual financial statements. The size of the dividend will be determined each year based on the Corporation's financial performance. At its meeting on March 25, 2004, Aecon's Board of Directors elected not to declare a dividend in 2004.

Pursuant to a loan agreement dated May 29, 2003 between the Corporation and the Toronto Dominion Bank as agent and the Toronto Dominion Bank, National Bank of Canada and the Bank of Montreal as participants (the "Loan Agreement"), the Corporation is restricted from paying dividends, except for an aggregate of \$4 million per fiscal year which may be declared by the board of directors provided that the financial covenants set forth in the Loan Agreement remain satisfied both before and after payment of the dividend.

**ITEM 6
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The information appearing under "Management's Discussion and Analysis of Operating Results and Financial Condition" in the Corporation's Annual Report for the year ended December 31, 2003 is incorporated herein by reference. See "Additional Information".

**ITEM 7
MARKET FOR SECURITIES**

The common shares of Aecon are listed and posted for trading on the TSX under the symbol "ARE".

**ITEM 8
DIRECTORS AND OFFICERS**

Directors

The names, municipalities of residence and principal occupations of the directors of Aecon are set out below. Each director will hold office until the next annual meeting of shareholders or until a successor is elected or appointed. The information contained at pages three and four of Aecon's Management Information Circular dated May 14, 2003 is incorporated herein by reference.

Name and Municipality of Residence	Year First Became Director	Principal Occupation Within the Last Five Years
Scott C. Balfour Oakville, Ontario	1995	Executive Vice President and Chief Financial Officer of the Corporation
John M. Beck Toronto, Ontario	1963	Chairman and Chief Executive Officer of the Corporation
Michel A. Butt Gormley, Ontario	1994	President, Buttcon Limited (a general contractor)
Rolf Kindbom Georgetown, Ontario	2000	Consultant and Officer and Director of Hochtief Canada Inc.
Hans-Wolfgang Koch Meerbusch, Germany	2000	Deputy Chairman of the Corporation, Director and President of Hochtief Canada Inc. and Member of the Executive Board, Hochtief AG
Thomas Leppert Dallas, Texas	2000	Chairman and Chief Executive Officer of The Turner Corporation (a construction company)
Dr. Busso Peus Essen, Germany	2000	Chairman of Hochtief Australia Limited
Robert P. E. Wildeboer Burlington, Ontario	1993	Vice Chairman of the Corporation; Chairman, Martinrea International Inc. (a manufacturing company)

Members of the Audit Committee are Michael Butt, Rolf Kindbom and Thomas Leppert (Chair).

Members of the Human Resources and Compensation Committee are Michael Butt, Hans-Wolfgang Koch (Chair) and Robert Wildeboer.

There is no Executive Committee of the Board of Directors.

Michael Butt is President and a Director of Buttcon Limited (“Buttcon”), a general contractor based in the Toronto, Ontario area. Buttcon may bid on some projects in the Buildings segment that Aecon is also bidding on. Mr. Butt has agreed to excuse himself from portions of Board of Directors’ meetings when discussions take place on projects where he may be in a potential conflict of interest.

Officers

The names, municipalities of residence and titles of the executive officers of Aecon are:

Name and Municipality of Residence	Office
John M. Beck, Toronto, Ontario	Chairman and Chief Executive Officer
Scott C. Balfour, Oakville, Ontario	Executive Vice President and Chief Financial Officer
Andy DeHaan, Oakville, Ontario	Vice President, Management Information Systems
Norman A. Harrison, Aurora, Ontario	Executive Vice President
James Hewitt, Toronto, Ontario	Controller
Gerry Kelly, Toronto, Ontario	Vice President, Finance
Paul P. Koenderman	Executive Vice President
Bernard L. Krayne, Oakville, Ontario	Vice President and Treasurer
Steven N. Nackan, Vaughan, Ontario	Assistant Corporate Secretary
Mitch Patten, Markham, Ontario	Vice President, Corporate Affairs
H. William Pearson, Oakville, Ontario	Executive Vice President
L. Brian Swartz, Markham, Ontario	Vice President, Legal Services and Secretary

Biographies of Directors and Executive Officers

Scott C. Balfour is an Executive Vice President and Chief Financial Officer of Aecon and has executive responsibility for all aspects of the Corporation's 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 CHIC. Mr. Beck has been a member of the Board of Directors since 1963. Mr. Beck, a graduate in Civil Engineering from McGill University, 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.

Michael A. Butt is the President of Buttcon Limited, 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 and is a member of numerous organizations including the Ontario General Contractors Association and the Canadian Construction Association for which he served as chairman of both. Mr. Butt is a recent chairman of the Greater Toronto Airport Authority.

Andy DeHaan is the Vice President of Information Technology of Aecon and is responsible for all aspects of information technology for the Corporation. Prior to joining Aecon, Mr. DeHaan had an extensive career in information technology and held senior information technology positions in some of Canada's largest organizations, including McCarthy Tetrault, one of Canada's largest law firms, Agra Inc., now Amec Inc., Maclean Hunter and Extendicare. Mr. DeHaan has a Masters in Computer Science from the University of Waterloo.

Norman A. Harrison is an Executive Vice President of Aecon and has corporate responsibility as Chairman for Aecon Civil Group. He is also a director of Canatom. Mr. Harrison has forty years experience in the construction and engineering industries. Prior to Aecon's acquisition of BFC, he was President and CEO of BFC and its predecessor company Banister Foundation Inc. Before joining BFC, Mr. Harrison was President of Majestic Contractors Ltd. Mr. Harrison is a member of the Certified General Accountants Association of Ontario and of Financial Executives International (Canada).

C. G. J. (James) Hewitt is the Controller of Aecon. Mr. Hewitt has more than 25 years experience in financial management. Prior to joining Aecon in 2000, he held senior management positions at Southam Inc. and NHB Industries Limited, a subsidiary of Fortune Brands Inc. Mr. Hewitt is a Chartered Accountant and has a Bachelor of Commerce degree from the University of Toronto.

Gerry Kelly is the Vice President, Finance of Aecon and is responsible for financial reporting, management and control within the Aecon Group. Mr. Kelly has experience in all aspects of financial management having held senior financial positions at Canadian Pacific and Marathon Realty. His most recent position prior to joining Aecon in 2001 was as Chief Financial Officer at ProFac Facilities Management Services Inc., a subsidiary of SNC-Lavalin. Mr. Kelly is a Chartered Accountant and has a B. Comm. (Honours) degree from University College Dublin.

Rolf Kindbom is a consultant, an officer and a director of Hochtief 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. He is a member of the Board of the Swedish-Canadian Chamber of Commerce, Toronto and a member of the Arbitration and Mediation Institute of Ontario.

Hans-Wolfgang Koch is the Deputy Chairman of Aecon and a member of the executive board of Hochtief AG. Mr. Koch has been a member of the Board of Directors since 2000. Prior to joining Hochtief he held a variety of senior management positions including Chairman of the Executive Board of Balcke-Durr AG and Chief Executive Officer of Balcke-Durr GmbH. Mr. Koch studied economics and social studies in Munich and Cologne.

Paul Koenderman is Executive Vice President, Aecon Group Inc. and CEO, Aecon Industrial Group. Mr Koenderman has extensive experience in the industrial sector, serving in senior positions in the power generation field as well as the petro-chemical and pulp & paper industries. He was President of Babcock & Wilcox Canada for over 10 years and spent 5 years in the Babcock & Wilcox U.S. operations, where he became Senior Vice President and Group Executive of the Power Generation Group responsible for all of the Babcock & Wilcox U.S. operations. He graduated from the University of Waterloo with a degree in Mechanical Engineering in 1971 and completed an Executive MBA program at Northeastern University, Boston Massachusetts in 1981.

Bernard L. Kruyne is Vice President and Treasurer of Aecon and is responsible for Group Treasury and Corporate Finance. Prior to joining Aecon in the spring of 2001, Mr. Kruyne was a Managing Director at RBC-Dominion Securities. Before coming to Canada in 1989 and joining the financial services arm of a chartered bank in Toronto, his corporate banking career included postings with a major international bank in Rotterdam, San Francisco, Hong Kong and London, UK. Mr. Kruyne has an MBA from the Graduate School of Management, Erasmus University, The Netherlands.

Thomas Leppert is the Chairman of the Board and Chief Executive Officer of The Turner Corporation. Mr. Leppert has been a member of the Board of Directors of Aecon since 2000. He has a wide range of business and financial experience having held senior positions at Pacific Century Financial Corporation and Castle & Cooke Properties Inc. Prior to joining The Turner Corporation, Mr. Leppert acted as trustee for the Estate of James Campbell. In 1984, Mr. Leppert was appointed a White House Fellow by U.S. President Ronald Reagan and was assigned to both the Department of Treasury and the White House Staff. He has a B.A. in economics from Claremont McKenna College and an MBA from the Harvard Business School.

Steven N. Nackan is the Assistant Corporate Secretary of Aecon. Mr. Nackan has spent several years practicing as a lawyer in the field of project and infrastructure finance. Prior to joining Aecon, he was employed with White & Case LLP as a senior project finance lawyer in its Global Project Finance Group. Mr. Nackan has a Bachelor of Arts degree in Psychology from Brandeis University and a Juris Doctor degree from Boston College Law School.

J. Mitchell Patten is the Vice President, Corporate Affairs of Aecon and is responsible for managing the Corporation's positioning in the marketplace (including marketing, investor relations, public affairs and corporate communications) and for managing Aecon's human resources department. Prior to joining Aecon in 2001, Mr. Patten was President of the Olympic Sports and Waterfront Development Agency, established by the Ontario government to coordinate its involvement in the redevelopment of Toronto's waterfront and in the city's 2008 Olympic bid. His career has included service in the office of three Ontario Premiers as well as several years as a strategic planning consultant and as Vice President of Canadian Highways International Corporation from 1996 to 1999.

H. William (Bill) Pearson is an Executive Vice President of Aecon and the President and CEO of CHIC. In addition to his responsibilities at CHIC, Mr. Pearson has executive responsibility for Aecon Infrastructure. Mr. Pearson's career in the construction, engineering and development industry spans over 30 years. He spent more than ten years with AGRA Inc., including time as President of the AGRA Development Group. Prior to joining AGRA, Mr. Pearson worked with SNC-Lavalin where he gained an extensive background in international projects, eventually becoming President of SNC International. Mr. Pearson has a B.Sc., Civil Engineering from the University of Detroit and has completed numerous graduate level courses in hydrodynamics and mathematics.

Dr. Busso Peus has been a member of the Board of Directors since 2000. Dr. Peus is also the Chairman of Hochtief Australia Ltd. since January 2002 and was a member of the Executive Board of Hochtief AG from 1994 until December 31,2001. Dr. Peus was also a member of the Advisory Board of Ballast Nedam N.V until December 31,2001 and since August 1994 he has been a member of the Executive Board of Leighton Holdings Ltd., Sydney. Dr. Peus has almost seven years of experience in the electrical industry, 25 years of experience in the construction industry and has served on the board of directors of companies in 11 countries. He studied law in Munster, Lausanne and Berlin and has a doctorate from the University of Munster.

L. Brian Swartz is the Vice President, Legal Services and Secretary of Aecon and is responsible for managing the provision of legal, corporate secretarial, labour relations and procurement services to the Aecon group of companies. Prior to joining Aecon in 1997, Mr. Swartz was General Counsel and Corporate Secretary to the Ontario Transportation Capital Corporation. He has been actively involved in the development of several major infrastructure projects in Canada and abroad. Mr. Swartz is a graduate of Osgoode Hall Law School in Toronto and is a member of the Executive Committee of the Construction Law Section of the Ontario Bar Association. Mr. Swartz has spoken and written papers for many professional conferences. He has recently written the Builders Liens (Western) Highways and Utilities titles for the Canadian Encyclopedic Digest.

Robert P. Wildeboer is the Chairman of Martinrea International Inc., a leading automotive supplier and industrial company, where he focuses on the strategic direction and development of the company, and is a partner in the law firm Wildeboer Rand Thomson Apps & Dellelce, LLP. Mr. Wildeboer is the Vice Chairman of Aecon and a member of the Board of Directors since 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.

The directors and executive officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 2,000,060 common shares, representing 6.67% of the issued and outstanding common shares of Aecon.

ITEM 9

ADDITIONAL INFORMATION

The Corporation will provide to any person or Corporation, upon request to the Corporate Secretary of the Corporation at the registered office of the Corporation:

- (a) when the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a proposed distribution of its securities,
 - (i) one copy of the current annual information form ("AIF") of the Corporation, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference into the AIF;
 - (ii) one copy of the comparative financial statements of the Corporation for the Corporation's most recently completed financial year for which financial statements had been issued, together with the report of the auditors thereon, and one copy of any interim financial statements of the Corporation for any period after its most recently completed financial year;
 - (iii) one copy of the information circular of the Corporation in respect of its most recent annual meeting of the shareholders which involves the election of directors or one copy of any annual filing prepared in lieu of that information circular;
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and not required to be provided under (i) to (iii) above; or
- (b) at any time, one copy of any of the documents referred to in (a)(i), (a)(ii), and (a)(iii) above, provided the Corporation may require the payment of a reasonable charge if the request is made by a person or Corporation who is not a security holder of the Corporation.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Corporation's Management Information Circular dated May 25, 2004. Additional financial information is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2003. A copy of the foregoing documents may be obtained upon request from the Secretary of the Corporation.