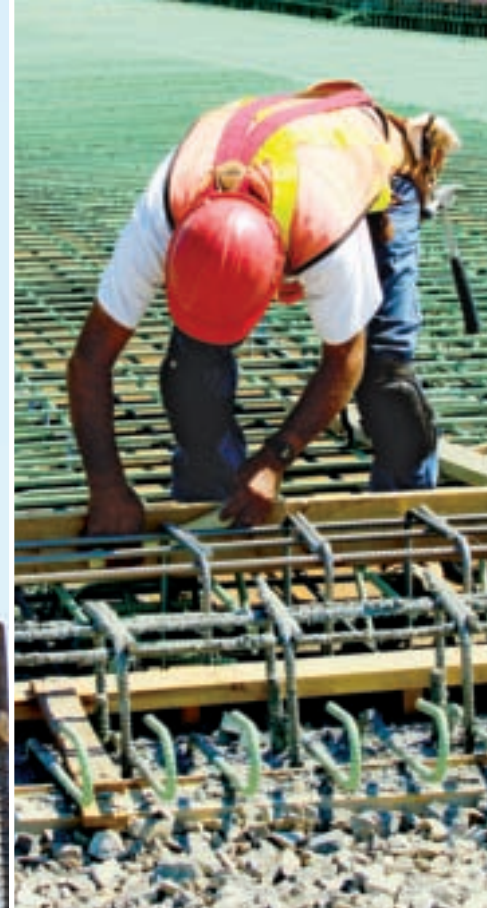


STRENGTH IN NUMBERS

AECON GROUP INC.
SHAREHOLDERS' REPORT 2008

AECON



Together we are 5000 strong.
Every day, each of us brings something special to work...
experience... innovation... leadership... trust.
Together we span a century of Canadian construction history.
Together we deliver quality to our customers.
Together we build things that matter.

Together – we are Aecon.

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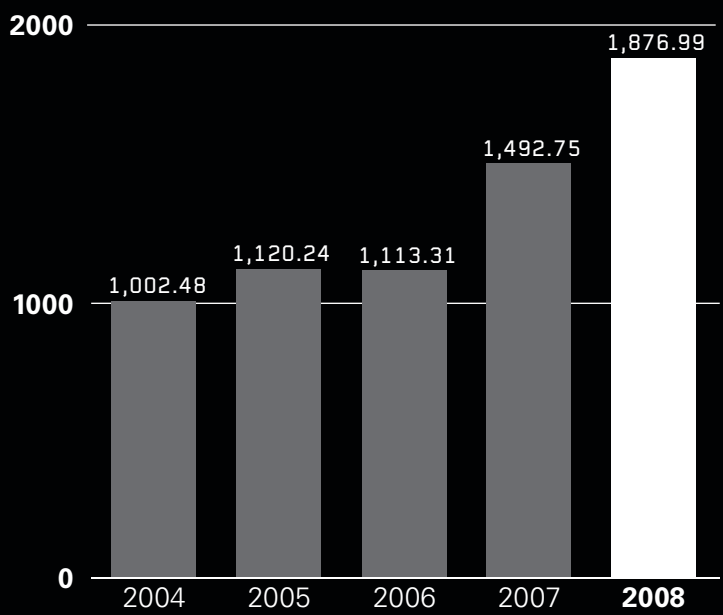
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FINANCIAL
HIGHLIGHTS

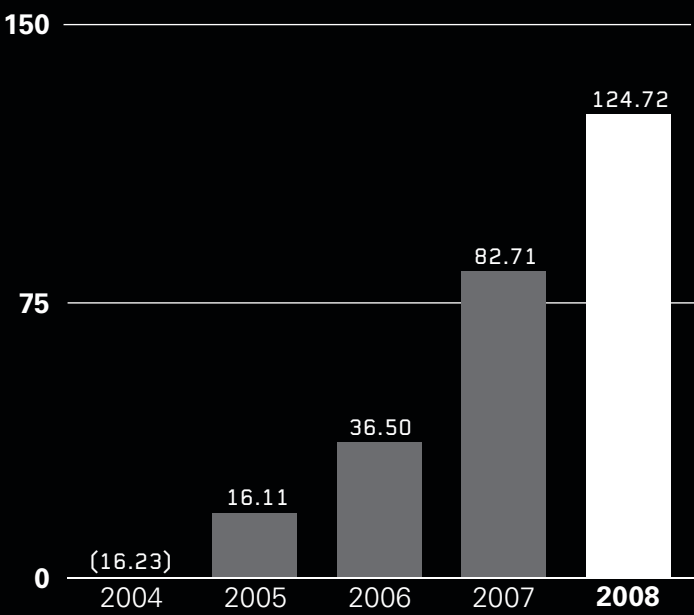
REVENUES

(\$ MILLIONS)



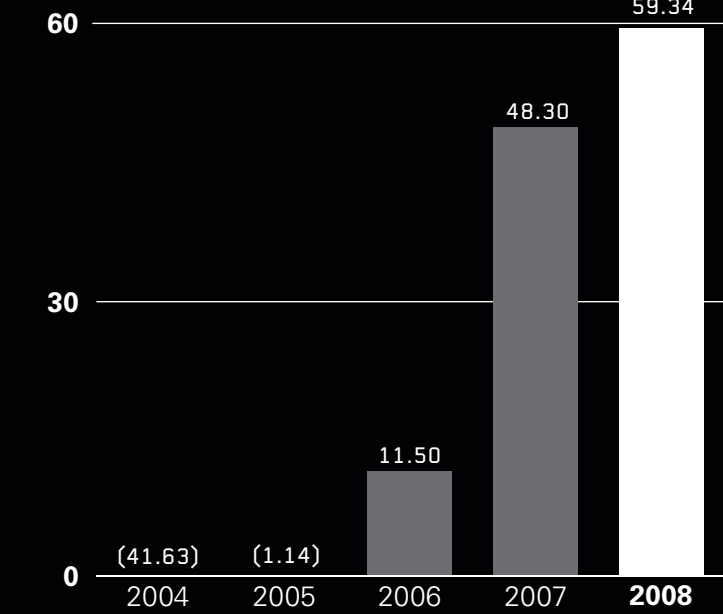
EBITDA³

(\$ MILLIONS)

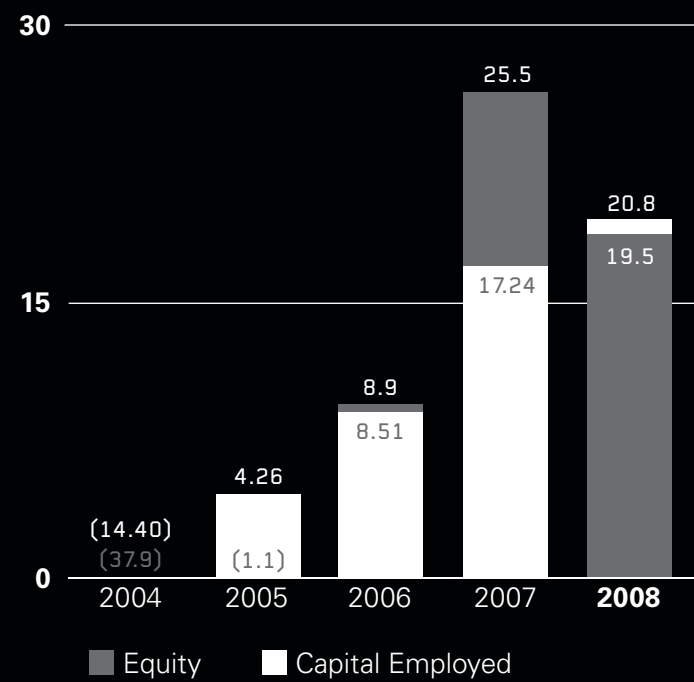


NET INCOME (LOSS)¹

(\$ MILLIONS)

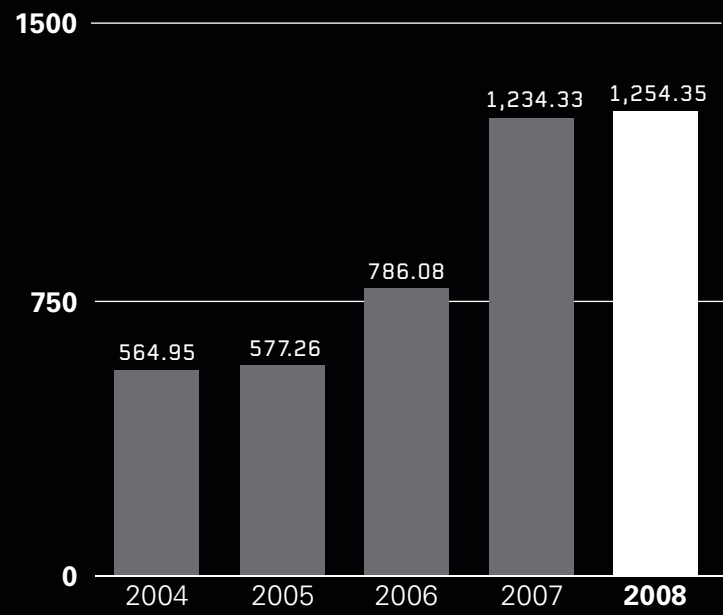


RETURN ON EQUITY⁴ AND
RETURN ON CAPITAL
EMPLOYED⁵ (%)

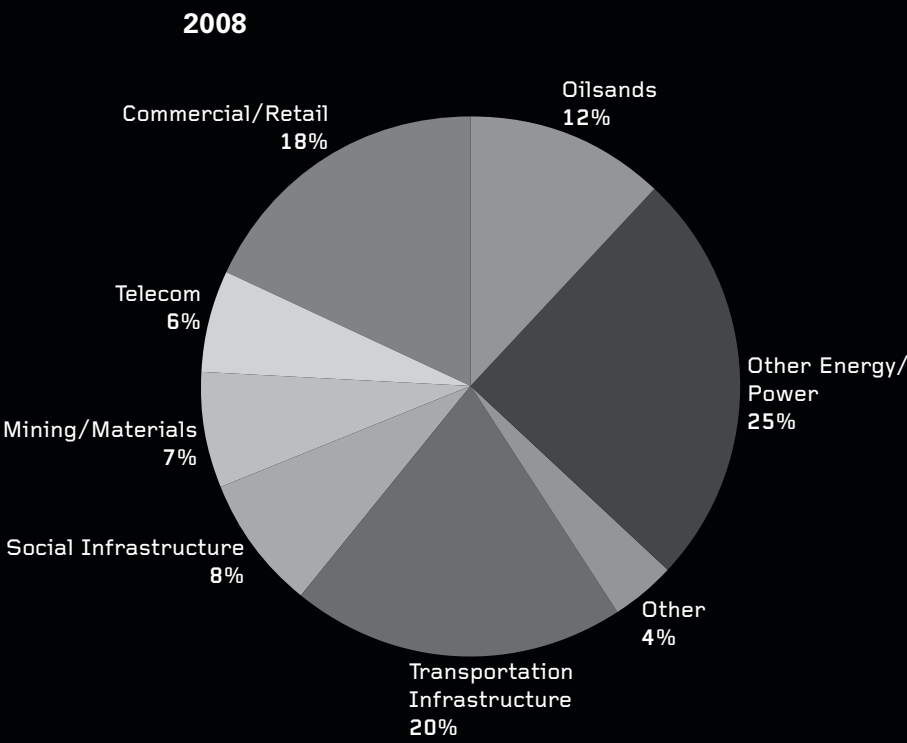


BACKLOG REVENUES

(\$ MILLIONS)



REVENUES BY
SECTOR (%)



NOTE: See page 12 for notes to graphs.

DEAR FELLOW SHAREHOLDERS

We are very pleased to report another year of record financial performance for Aecon.





There is strength in the diversity of the construction businesses that we operate, the different regions of the country where we are established and the range of markets and customers that we serve.



In 2008 Aecon generated net income of \$59.3 million on revenues of \$1.88 billion, an increase of 23 percent and 26 percent respectively over the same period last year. Gross margins increased to \$211.1 million from \$142.4 million in 2007 bringing gross margins as a percentage of revenues to 112 percent from 9.5 percent. Operating profit grew by 60 percent to \$97.2 million and earnings before taxes increased by 77% to \$87.9 million from \$49.6 million in 2007.

Net income in 2008 grew to \$59.3 million or \$1.20 per diluted share from \$48.3 million or \$1.16 per diluted share in 2007. The year-over-year increase in net income was moderated by a \$14.6 million reversal of tax valuation allowances in 2007 (vs. \$3.4 million in 2008). This tax valuation reversal reduced taxes that would otherwise have been recorded on income.

Backlog at the end of 2008 was \$1.25 billion, a \$20 million increase over the backlog reported at the end of 2007, and the highest year end backlog Aecon has ever reported. The Infrastructure and Buildings segments saw significant backlog growth in 2008, while Industrial backlog fell on a year-over-year basis. Not included in backlog, but important to Aecon's prospects due to the significant volumes involved, are the expected revenues from Aecon's growing alliances and supplier-of-choice arrangements where the amount of work to be carried out is not specified. New contract awards of \$1.9 billion were booked in 2008, which is comparable to the new contract awards granted in the previous year.

By every measure, the people of Aecon delivered exceptional results in 2008. The financial statements enclosed with this report provide further details of this performance. But these numbers tell only a part of the story. The evidence of what Aecon achieved last year comes in many forms. In 2008, we were awarded a 98.8 percent audit rating by the Construction Safety Association of Ontario – one of the highest rankings in the Association's history. Also in 2008, Aecon was once again recognized by Hewitt Associates and the Globe & Mail as one of Canada's 50 Best Employers. In fact, Aecon was notified in December that we had improved our ranking to become one the country's Top 10 Employers for 2009.

These achievements are a credit to the more than 5,000 employees who proudly work under the Aecon banner. They are Aecon's strength. They represent the legacy of more than a dozen founding entrepreneurs – from C.B. Jackson who founded Jackson-Lewis in 1913, to Elgin and Ted Armstrong who founded Armbro in 1929, to Etienne and Rose Beck who founded Prefac in 1952 and to Bill Nicholls and Dave Radtke who established Nicholls-Radtke in 1975. These innovators built the enterprises that are now woven into the Aecon fabric. We draw our strength from each of these people and the years of experience they brought with them to Aecon – experience that spans the last century.

While the current period of economic uncertainty and weakness will be a test of this strength, we believe the diversification of our business by region, by service and by market focus – together with the commitment by all levels of government to stimulate economic growth through investments in various forms of infrastructure – positions Aecon to continue to perform well through this global downturn.

There is strength in the diversity of the construction businesses that we operate, the different regions of the country where we are established and the range of markets and customers that we serve. This broad footprint gives Aecon greater stability when demand in the construction industry suddenly shifts. For example, for most of 2008 Aecon's Industrial segment was the dominant contributor to our top line. With \$612 million in sales, the Industrial segment accounted for one in every three dollars that Aecon reported in revenues last year. By the end of the year, the economy had shifted, and a greater balance of Aecon's work was being booked by the Infrastructure segment which opened 2009 with a \$470 million backlog, a 26 percent increase over last year.

Ten years ago, when Aecon was less diversified, revenues swings of this magnitude, in one or two segments or markets, would have had a much more pronounced effect on our bottom line. Today, our diversified portfolio of services and skills, spread across different regions and markets, helps to minimize the impact of sudden changes in demand.

For Aecon, there is also strength in the alignment of the municipal, provincial and federal levels of government behind the commitment to stimulate economic activity by investing in the renewal of virtually every type of infrastructure – from transportation networks, to power generation and distribution systems, to healthcare and education facilities.

We are strategically positioned at the crossroads of these public sector initiatives in the two regions of the country – Ontario and Alberta – where a substantial portion of this investment activity is taking place. Our core capabilities in roadbuilding and civil infrastructure were strengthened in Ontario with our 2007 acquisitions of The Karson Group in eastern Ontario and Leo Alarie and Sons in northern Ontario. This past year we added South Rock's roadbuilding capabilities to our growing presence in the Alberta civil construction market. Then, earlier this year we joined forces with Lockerbie & Hole which further strengthened our presence in the western Canadian industrial market and added capabilities in the mechanical and water/wastewater markets.

We are very fortunate that the Lockerbie & Hole transaction also allowed Aecon to broaden our management team and our Board of Directors. Of special note, J.D. Hole, former Chairman of Lockerbie & Hole, has been appointed to the Aecon Board of Directors. We are also very pleased to welcome more than 350 salaried employees and over 1,300 hourly employees into the Aecon family from the ranks of Lockerbie & Hole.

Also a recent addition to the Aecon team is Tony Franceschini, former President and Chief Executive Officer of Stantec Inc., who joined our Board of Directors in March 2009. At Stantec, Tony established and achieved the ambitious goal of becoming one of the top 10 global design firms. The addition of Tony Franceschini and J. D. Hole to our Board adds a significant depth of experience in our industry and expands our western Canadian representation. We thank John DiCiurcio, who has served as an Aecon director since 2004 and who will not be standing for re-election, for the contribution he has provided to Aecon and its shareholders over the past five years.

Aecon is very focused on managed growth. To us, how we grow is just as important as how much we grow. We have positioned ourselves in segments of the market where we see sustained demand for quality construction services. We have grown our capacity to serve these markets through the development of our own people, through local recruitment and selectively through acquisitions. Adding these people, adding this expertise, adding these markets and adding these opportunities gives Aecon more than the value of these individual parts. Together they give us resilience and energy.

Together they give us strength.

John M. Beck
Chairman and Chief Executive Officer

Scott C. Balfour
President and Chief Financial Officer

May 2009

CORE CAPABILITIES

- Roadbuilding (highways, bridges)
- Heavy civil construction (tunnels, hydro dams, public transit, airports)
- Utilities construction/installation (gas distribution, telecommunications, hydro transmission/distribution, sewer and water)
- Aggregate and asphalt supply

PRIMARY REGIONAL FOCUS

- Ontario • Alberta • British Columbia • Quebec • International (Quito Airport)

PRIMARY BUSINESS DRIVERS

- Upgrade and expansion of Canada’s highway network
- Build-out of Canada’s urban infrastructure (incl. public transit and water)
- Expansion of Canada’s energy and communication networks

2008 CONTRIBUTION

- Revenue: \$739 million
- Operating Profit: \$23.7 million
- Return on Revenue: 3.2%
- Backlog: \$470 million

OUTLOOK

Significantly increased backlog, the introduction of government stimulus packages targeted at the infrastructure sector, and a strong bidding pipeline signal a strong outlook for the Infrastructure segment.

LEADERSHIP

Teri McKibbin is CEO of Aecon’s Infrastructure Group. Teri has been with Aecon since 1996, and has been involved with managing construction-related companies for over 25 years, including founding, acquiring and integrating infrastructure construction companies.

INFRASTRUCTURE

BUILDINGS

CORE CAPABILITIES

- Hospitals
- Institutional facilities (universities, airport terminals, arts centres)
- Commercial buildings (offices, hotels and entertainment facilities)
- Tenant fit-up and renovation work

PRIMARY REGIONAL FOCUS

- Ontario • Nova Scotia • Quebec
- British Columbia • Northwestern USA

PRIMARY BUSINESS DRIVERS

- Upgrade and renewal of Canada's social infrastructure, especially healthcare and education related facilities

2008 CONTRIBUTION

- Revenue: \$461 million
- Operating Profit: \$0.4 million
- Return on Revenue: 0.1%
- Backlog: \$534 million

OUTLOOK

Highest ever year end backlog, the introduction of government stimulus packages in the social infrastructure sector, and a strong bidding pipeline signal a strong outlook for the Buildings segment.

LEADERSHIP

Frank Ross is President of Aecon's Buildings Group. Frank has 35 years experience in all aspects of the Canadian construction industry. He has been with Aecon since 2003, most recently as President of Aecon Atlantic Group, where he guided Aecon's Industrial and Buildings activities in Canada's Eastern provinces.

BUILDING STRENGTH

1800s

1877

Adam Clark, a Scottish immigrant, establishes a plumbing and gas fitting business in Hamilton, Ontario

Adam Clark Company Limited becomes a multi-trade process contractor specializing in mining, automotive and gas and oil transmission projects and ultimately becomes part of Lockerbie & Hole

1898

Jack Lockerbie opens plumbing business in Edmonton

Ultimately becomes Lockerbie & Hole, a leader in mechanical construction and industrial fabrication and construction

1910–1920

1910

Foundation Company is established in Montreal

Becomes one of Canada’s leading civil contractors and a predecessor of Aecon Constructors

1913

Jackson-Lewis Company is founded in Toronto

One of Canada’s early ‘general contractors’ and a predecessor of Aecon Buildings

1920–1930

1929

Armbro Construction is founded in Brampton

Becomes one of Ontario’s leading roadbuilders and aggregate suppliers

Ultimately the brand predecessor to Aecon

1940–1950

1942

C.A. Pitts General Contractor Ltd. is founded in Ontario

Later becomes Pitts Engineering Construction Ltd., a major heavy civil contractor that ultimately becomes part of Aecon Constructors

1948

Banister Pipelines is founded in Alberta

Later becomes BFC Construction, an important consolidator that ultimately becomes part of Aecon

1980

Miwel Construction Limited is founded in Ontario

Becomes an important part of Aecon’s civil construction business, providing expertise in concrete paving and slip forming of concrete curb and barrier wall

1983

Foundation acquires Jackson-Lewis

1987

Prefac acquires Armbro Construction

Changes name to Armbro Enterprises

1987

Banister acquires Foundation and Jackson-Lewis

1992

IST is founded in Cambridge

Becomes a world leader in OTSGs and a key part of the Aecon Industrial group

1996

Banister acquires Nicholls-Radtke

1998

Armbro acquires Miwel

Strengthens Aecon’s position in parts of the civil construction market in the Toronto area

1999

Armbro acquires BFC (formerly Banister)

Makes Armbro the largest publicly traded construction and infrastructure development company in Canada

1980–1990

1990–2000

1950–1960

1955

Leo Alarie and Sons Limited is founded in Matheson, Ontario

Becomes an integrated construction and materials company active in Northern Ontario and the cornerstone of Aecon's civil construction in the region

1957

Prefac Concrete is incorporated in Montreal

Beck family business that goes public in 1971 and ultimately becomes Aecon Group Inc.

1957

Cliffside Pipelayers founded in Toronto

Becomes one of Ontario's leading utilities contractors and a predecessor of Aecon Utilities

1970–1980

1973

Karson Kartage Inc. is founded in Carp, Ontario

Becomes The Karson Group, a leading construction and materials firm in Eastern Ontario and the cornerstone of Aecon's civil construction business in the region

1973

South Rock Limited is founded in Medicine Hat, Alberta

Becomes one of the leading construction and materials firms in Alberta and the cornerstone of Aecon's civil construction business in Southern Alberta

1975

Nicholls-Radtke founded in Cambridge

Becomes a leading Industrial contractor and a predecessor of Aecon Industrial

1976

Cegerco CCI Inc. is founded in Montreal

Becomes a noted general contractor in Montreal and the cornerstone of Aecon's Buildings business in Quebec

1978

Banister acquires Cliffside Pipelayers

1978

Westeinde Construction Ltd. is founded in Ottawa

Becomes a noted general contractor in Eastern Ontario and the cornerstone of Aecon's Buildings business in the region

2000–PRESENT

2001

Lockerbie & Hole acquires Adam Clark Company Limited

2001

Ambro changes its name to Aecon

The Aecon brand is introduced to the marketplace for the first time

2003

Aecon acquires Westeinde Construction Ltd.

Strengthens Aecon's position in the Ottawa Buildings market

2004

Aecon acquires Cegerco CCI Inc.

Doubles Aecon's size in the Montreal Buildings market

2007

Aecon acquires The Karson Group

Triples Aecon's aggregate reserves and substantially increases its asphalt production and construction capabilities in Eastern Ontario

2007

Aecon acquires Leo Alarie and Sons Limited

Positions Aecon well in the northern Ontario civil construction and mining markets and adds substantial aggregate reserves

2009

Aecon acquires South Rock Ltd.

Doubles the capacity of Aecon's civil construction operations in Alberta and gives Aecon strategically important aggregate reserves in Alberta

2009

Aecon acquires Lockerbie & Hole

The most recent piece of the puzzle that is Aecon today

CORE CAPABILITIES

- EPC contracting and industrial construction (including alternative, fossil fuel and cogen power plants)
- In-plant construction at nuclear power plants
- Specialty pipe fabrication
- Assembly of large pipe and equipment modules for the power and oil and gas sectors
- Contract maintenance and marine repair
- Design and manufacture of “once-through” heat recovery steam generators (OTSGs)

PRIMARY REGIONAL FOCUS

- Ontario • Alberta • Atlantic Canada • OTSGs marketed around the world

PRIMARY BUSINESS DRIVERS

- Expansion and retrofit of Ontario’s electrical generation capacity
- Maintenance and build-out of Alberta’s oilsands

2008 CONTRIBUTION

- Revenue: \$612 million
- Operating Profit: \$75 million
- Return on Revenue: 12.3%
- Backlog: \$250 million

OUTLOOK

The general downturn in Canada’s industrial outlook, including reduced activity in Alberta’s oil sands, signal a more difficult year for Aecon’s Industrial segment in 2009. Nonetheless, ongoing demand in Ontario’s power sector should ensure that Aecon Industrial continues to make an important contribution to Aecon this year.

LEADERSHIP

Paul Koenderman is CEO of Aecon’s Industrial Group. Paul has over 35 years of industry experience and has held a number of executive leadership positions in the industry both in Canada and the USA. Before joining Aecon in 2003, Paul was President of Babcock & Wilcox Canada.

INDUSTRIAL

CONCESSIONS

CORE CAPABILITIES

- Project development from inception to delivery
- Project finance
- Overall project management including integration of engineering, construction, finance and operating teams

PRIMARY REGIONAL FOCUS

- Canadian Public-Private Partnership projects in all regions of the country
- Also managing significant concession assets in Israel and Ecuador

PRIMARY BUSINESS DRIVERS

- Ongoing need for infrastructure renewal in Canada, especially in the transportation and social infrastructure sectors
- Demand for private sector involvement in the financing of infrastructure renewal

2008 CONTRIBUTION

- Revenue: \$72 million
- Operating Profit: \$10.6 million
- Return on Revenue: 14.7%

OUTLOOK

Overall, the outlook for Public-Private Partnerships in Canada remains strong as the dual trend of government promotion of infrastructure development and government demand for private sector investment continues.

LEADERSHIP

Steve Nackan is President of Aecon Concessions. Prior to joining Aecon in 2002, Steve worked for the global law firm of White & Case LLP, advising government agencies, banks and industry in the development, implementation and financing of major international infrastructure projects.



2008 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED DECEMBER 31
(in millions of dollars, except per share amounts)

	2008	2007
	\$	\$
Revenues	1,877.0	1,492.7
EBITDA*	124.7	82.7
Income before income taxes and non-controlling interests	87.9	49.6
Net income	59.3	48.3
Backlog revenues	1,254.3	1,234.3
Dividends per share	0.20	0.07
Earnings per share		
Basic	1.23	1.28
Diluted	1.20	1.16
Book value per share		
Basic	7.61	5.36
Diluted	7.61	5.36
Shares outstanding		
Basic	50,207,924	42,079,119
Diluted	51,477,629	47,538,732

* Operating profit (loss) and EBITDA are not recognized measures under Canadian generally accepted accounting principles (GAAP). Readers should be cautioned that operating profit (loss) and EBITDA should not be construed as alternatives to net income (loss) determined in accordance with GAAP as indicators of Aecon's performance or as alternatives to cash flow from operating, investing and financing activities as a measure of liquidity and cash flow. Aecon's methods of calculating operating profit (loss) and EBITDA may differ from other companies and, accordingly, operating profit (loss) and EBITDA may not be comparable to measures used by other companies.

NOTE: See page 12 for notes to graphs.

ONE OF CANADA'S BEST EMPLOYERS.

Aecon improved its ranking in the annual Hewitt Associates/ Globe & Mail list of the 50 Best Employers in Canada... ranking among Canada's 10 Best Employers for the first time.



GROWING THE AECON FAMILY.

Two important acquisitions were initiated in 2008 and concluded early in 2009. The addition of Lockerbie & Hole and South Rock significantly expands Aecon's market position in Western Canada.

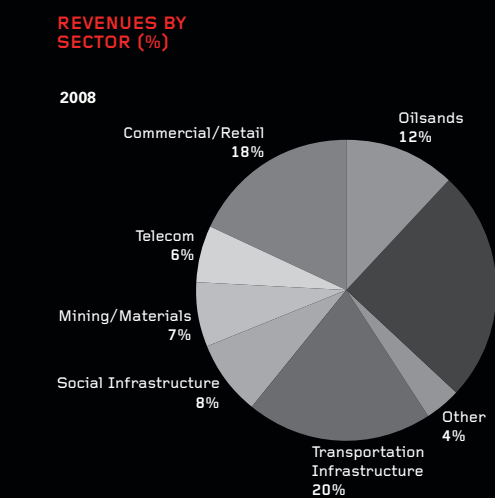
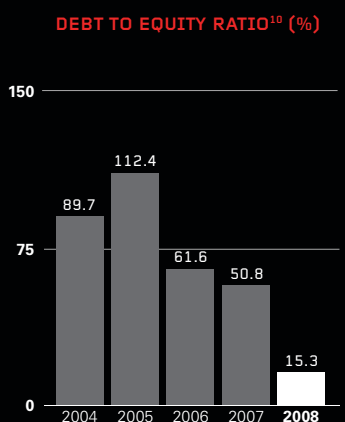
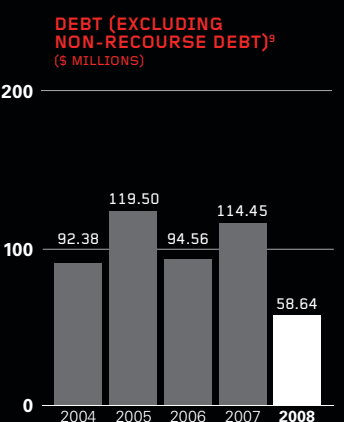
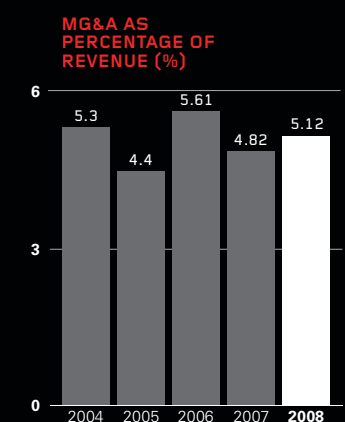
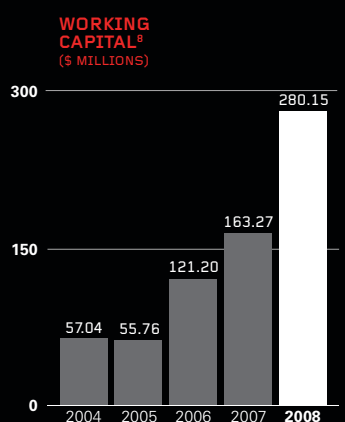
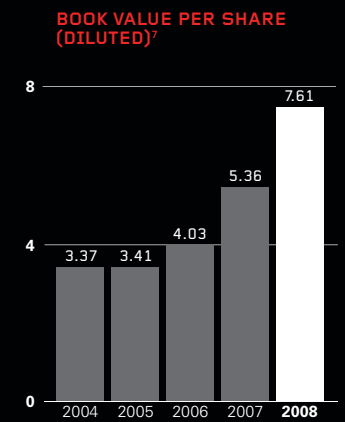
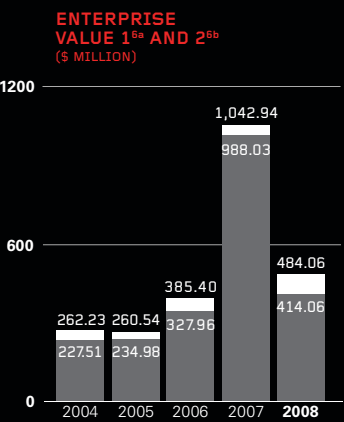
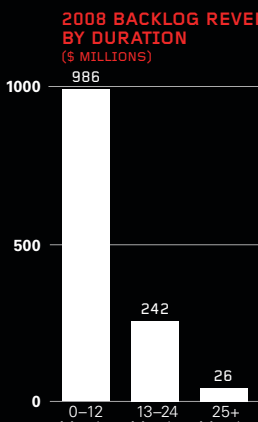
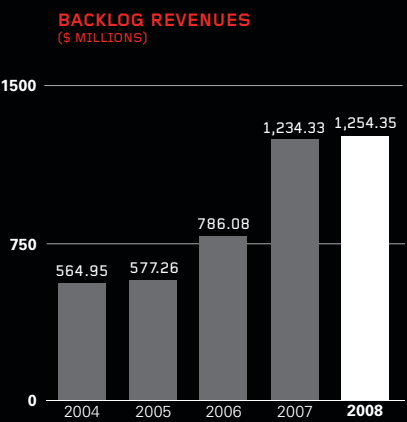
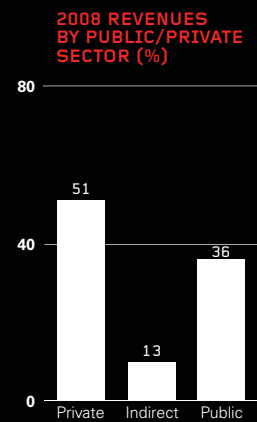
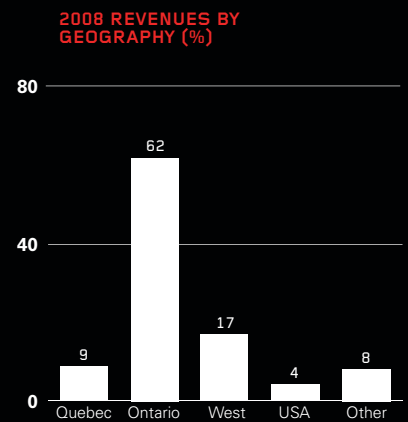
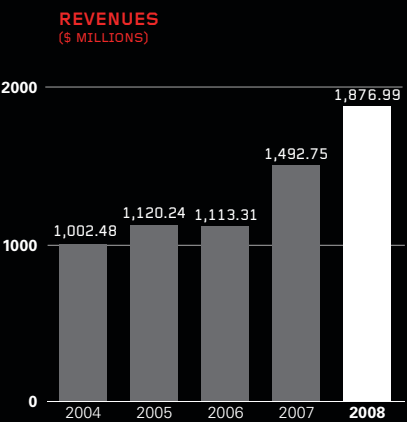
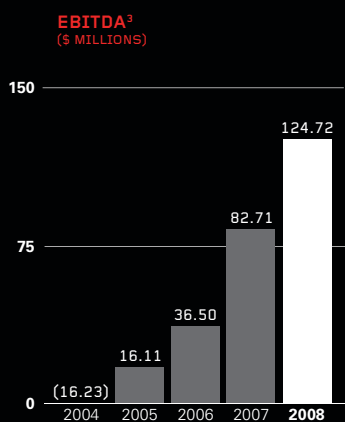
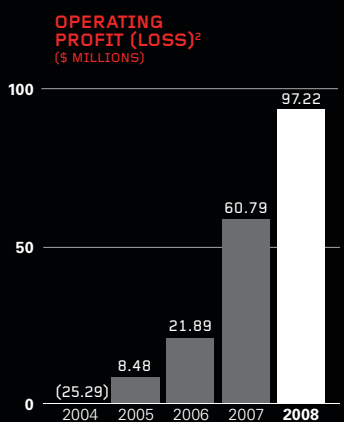
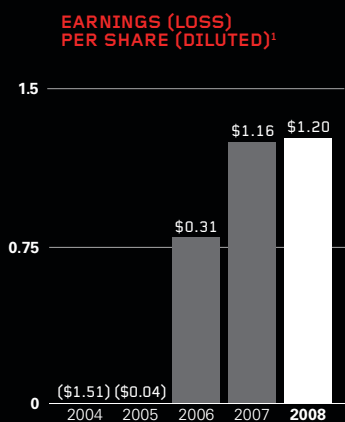
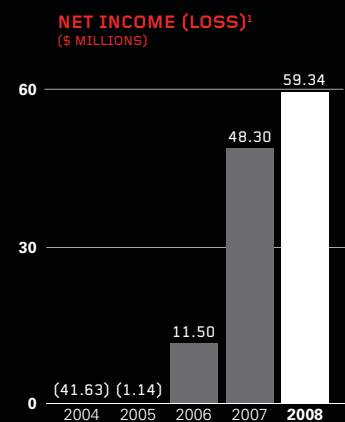


RECORD EARNINGS AND RECORD BACKLOG.

Aecon ended 2008 with record earnings of \$59.3 million and record year end backlog of \$1.25 billion.



FIVE-YEAR
FINANCIAL
PERFORMANCE

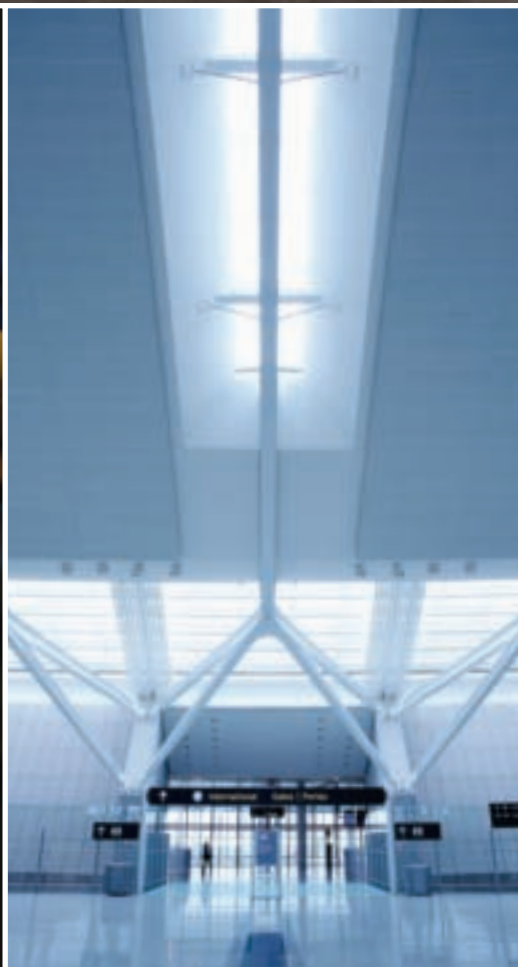


- NOTES**
- Year to year comparisons of net income and earnings per share are significantly impacted by tax loss carry forwards and related valuation allowances.
 - Operating profit (loss) represents profit or loss from operations, before interest expense, income taxes, extraordinary gain and non-controlling interests.
 - EBITDA represents earnings before interest expense, income taxes, depreciation and amortization.
 - Return on Equity is calculated as net income divided by the average of shareholders' equity at the beginning and end of the fiscal year.
 - Return on Capital Employed is calculated as EBIT divided by the average of shareholders' equity, convertible debentures, and long term debt, at the beginning and end of the fiscal year.
 - Enterprise Value:
 - EV1 = market capitalization plus total debt less cash and cash equivalents less restricted cash and restricted marketable securities;
 - EV2 = market capitalization plus total debt less cash and cash equivalents not held within joint ventures, less restricted cash and restricted marketable securities not held within joint ventures.
 - Book Value Per Share (diluted) is calculated as shareholders' equity plus the increase in shareholders' equity if options and convertible debentures in the money are exercised and/or converted plus officer share purchase loans plus the book value of LTIP shares which have vested, all divided by shares outstanding at year end (diluted). Shares outstanding at year end (diluted) represent the number of shares issued at the end of the year plus the number of shares issuable if options and convertible debentures in the money were exercised and/or converted plus the number of LTIP shares which have vested.
 - Working Capital is calculated as current assets less current liabilities.
 - Debt excluding non-recourse debt is defined as bank indebtedness, loans from a related party, the current and long-term portions of long term debt excluding non-recourse project debt where the debt is secured by the assets of the project and/or joint venture but is otherwise without recourse to the Company, and the short and long term debt components of convertible debentures.
 - Debt to Equity Ratio is calculated as Debt excluding non-recourse debt divided by shareholders' equity at the end of the year.



Aecon is very focused on managed growth. To us, how we grow is just as important as how much we grow. We have positioned ourselves in segments of the market where we see sustained demand for quality construction services. Today, our diversified portfolio of services and skills, spread across different regions and markets, helps to minimize the impact of sudden changes in demand.

JOHN BECK AND SCOTT BALFOUR, MESSAGE TO SHAREHOLDERS MAY 2009





www.aecon.com



Recycled
Supporting responsible use
of forest resources
www.fsc.org Cert no. SW-COC-001862
© 1996 Forest Stewardship Council

