FOCUS

tantec

STN· ·

Report to Shareholders

Second Quarter 2012

Stantec had a strong second quarter of 2012 where we saw our fourth consecutive quarter of organic growth coupled with good overall results in mixed economic conditions. The following results reflect our commitment to our shareholders

- Compared to Q2 11, our gross revenue increased 15.5% to C$476.2 million from C$412.3 million.
- Our EBITDA increased 13.5% to C$56.2 million in Q2 12 from C$49.5 million in Q2 11.
- Our net income increased 19.8% to C$30.8 million in Q2 12 from C$25.7 million in Q2 11.
- Our diluted earnings per share increased 19.6% to C$0.67 in Q2 12 from C$0.56 in Q2 11.
- We declared a quarterly dividend of C$0.15 per share, payable on October 18, 2012 to shareholders of record on September 28, 2012.

Our results for Q2 12 were positively impacted by an increase in revenue due to acquisitions completed in 2011 and 2012, and organic growth spurred by increased activity in the mining, oil and gas, and urban development sectors. Compared to Q2 11, we reported organic growth in all of our practice area units with the exception of Buildings. In addition, our results were positively impacted by a reduction of our administrative and marketing expenses as a percentage of net revenue from 40.4% in Q2 11 to 40.0% in Q2 12. This is the fourth consecutive quarter where we have achieved positive organic growth on a gross and net revenue basis.

We declared our third quarterly dividend of C$0.15 per share, payable on October 18, 2012 to shareholders of record on September 28, 2012. The dividend reflects our ability to continue to grow revenue, complete strategic acquisitions, and generate cash flow from operations while providing enhanced shareholder returns.

compliance, permitting, planning, pre-design, design, and engineering services during construction for the three municipalities.

In our Industrial practice area we have seen an increase in project activity in the industrial buildings and facilities

MANAGEMENT'S DISCUSSI ON AND ANALYSIS

August 2, 2012

This discussion and analysis of Stantec Inc.'s operations, financial position, and cash flows, for the quarter ended June 30, 2012, dated August 2, 2012, should be read in conjunction wi

M-5 and M-13. A reduction in gross margin from 55.1% in Q2 11 to 54.3% in Q2 12 was partially offset by an improvement in our administrative and marketing expenses as a percentage of net revenue from 40.4% in Q2 11 to 40.0% in Q2 12.

The following table summarizes key financial data for Q2 12 and Q2 11 and for the first two quarters of 2012 and 2011:

(In millions of Canadian dollars, except per share amounts and %)	Quarter ended June 30				Two quarters ended June 30			
	2012	2011	$ Change	% Change	2012	2011	$ Change	% Change
Gross revenue (note 1)	476.2	412.3	63.9	15.5%	915.3	821.0	94.3	11.5%
Net revenue (note 1)	396.6	342.3	54.3	15.9%	767.5	679.1	88.4	13.0%
Net income	30.8	25.7	5.1	19.8%	55.7	49.5	6.2	12.5%
Earnings per share basic	0.67	0.56	0.11	19.6%	1.22	1.08	0.14	13.0%
Earnings per share – diluted	0.67	0.56	0.11	19.6%	1.22	1.08	0.14	13.0%
EBITDA (note 1)	56.2	49.5	6.7	13.5%	103.7	95.5	8.2	8.6%
Cash flows from (used in) operating activities	24.2	3.1	21.1	n/m	22.2	(10.3)	32.5	n/m
Cash flows used in investing activities	(22.5)	(21.5)	(1.0)	n/m	(61.9)	(63.5)	1.6	n/m
Cash flows from (used in) financing activities	(5.1)	6.4	(11.5)	n/m	8.7	12.1	(3.4)	n/m

n/m = not meaningful
note 1: Gross revenue and net revenue are additional IFRS measures as discussed in the Definition of Non-IFRS measures in the Critical Accounting Estimates, Developments, and Measures section of our 2011 Financial Review (the "Definitions Section") and is incorporated by reference herein. EBITDA is a non-IFRS measure and is calculated as income before income taxes plus net interest expense, amortization of intangible assets, depreciation of property and equipment, and goodwill and intangible impairment, as further discussed in the Definitions Section of our 2011 Financial Review

Balance Sheet

The following highlights the major changes to our assets, liabilities, and equity from December 31, 2011:

(In millions of Canadian dollars)	Jun 30, 2012	Dec 31, 2011	$ Change	% Change
Total current assets	561.2	529.2	32.0	6.0%
Property and equipment	106.9	107.9	(1.0)	(0.9%)
Goodwill	520.8	509.0	11.8	2.3%
Intangible assets	74.1	72.0	2.1	2.9%
Other financial assets	59.7	61.6	(1.9)	(3.1%)
All other assets	50.4	47.7	2.7	5.7%
Total assets	1,373.1	1,327.4	45.7	3.4%
Current portion of long-term debt	34.9	59.6	(24.7)	(41.4%)
Provisions	15.6	16.4	(0.8)	(4.9%)
All other current liabilities	252.9	251.5	1.4	0.6%
Total current liabilities	303.4	327.5	(24.1)	(7.4%)
Long-term debt	256.1	236.6	19.5	8.2%
Provisions	41.7	42.1	(0.4)	(1.0%)
All other liabilities	96.5	94.0	2.5	2.7%
Equity				

Refer to the Liquidity and Capital Resources section of this report for an explanation of the change in current assets and current liabilities.

Property and equipment decreased due to depreciation, partly offset by additions due to normal operations. Goodwill and intangible assets increased due to the acquisition of PHB and ABMB during the quarter. In addition, intangible assets increased due to the renewal of an agreement for AutoCAD software during the first quarter of 2012. The increase in intangible assets was partly offset by amortization. In total, long-term debt decreased $5.2 million mainly due to the payment of $29.8 million of notes payable for prior acquisitions, and $3.0 million for finance lease obligations. These payments were partly offset by a $16.1 million increase in our revolving credit facility outstanding balance and an $11.6 million increase in notes payable from acquisitions in the quarter. Total provisions decreased by $1.2 million, mainly due to a decrease in our provisions for claims and lease exit and onerous contract liabilities.

Overall, the carrying amount of the assets and liabilities of our US subsidiaries on our consolidated balance sheets were not impacted by the fluctuation of the Canadian dollar compared to the US dollar since the Canadian dollar was US$0.98 on December 31, 2011, and June 30, 2012.

Our shareholders' equity increased mainly due to $55.7 million in net income earned in the first two quarters of 2012, $4.0 million in share options exercised for cash, $1.3 million in share-based compensation expense, and $0.9 million in comprehensive income mainly attributable to unrealized gains on investments held for self-insured liabilities. These increases were partly offset by $13.7 million of dividends declared year to date.

Results of Operations

Our Company operates in one reportable segment—Consulting Services. We provide knowledge-based solutions for infrastructure and facilities projects through value-added professional services, principally under fee-for-service agreements with clients.

The following table summarizes our key operating results on a percentage of net revenue basis, and the percentage increase in the dollar amount of these results:

The following section outlines certain factors that affected the results of our operations in the second quarter of 2012 and should be read in conjunction with our unaudited consolidated financial statements for the quarter ended June 30, 2012.

Gross and Net Revenue

The following discussion includes forward-looking statements. For an outline of the material risks and assumptions associated with these statements, refer to the Caution Regarding Forward-Looking Statements at the end of this report.

In the course of providing professional services, we incur certain direct costs for subconsultants, equipment, and other expenditures that are recoverable directly from our clients. The revenue associated with these direct costs is included in our gross revenue. Since such direct costs and their associated revenue can vary significantly from contract to contract, changes in our gross revenue may not be indicative of our revenue trends. Accordingly, we also report net revenue, which is gross revenue less subconsultant and other direct expenses, and analyze our results in relation to net revenue rather than gross revenue.

Revenue earned by acquired companies in the first 12 months after their acquisition is initially reported as revenue from acquisitions and thereafter as organic revenue.

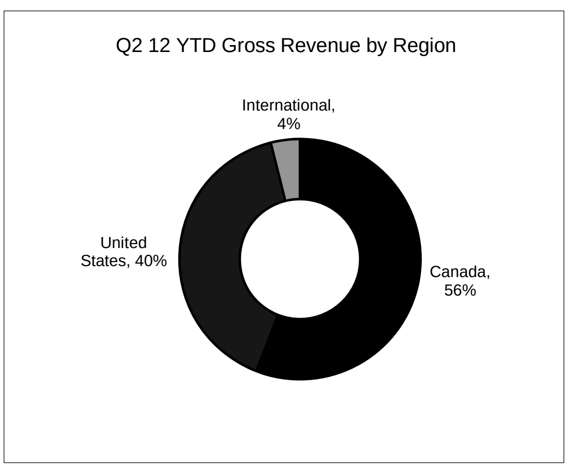
All our practice area units generate a portion of their gross revenue in the United

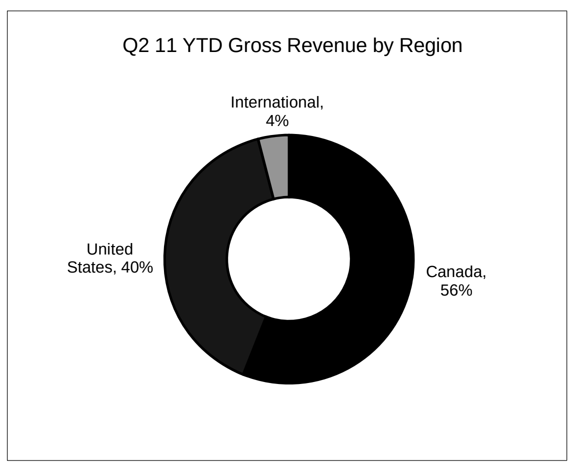
Canadian dollar had a positive effect on the revenue reported in Q2 12 compared to Q2 11. Fluctuations in other foreign currencies did not have a material impact on our revenue.

The following table summarizes the impact of acquisitions, organic growth, and foreign exchange on our gross and net revenue:

Gross Revenue

The increase in acquisition gross and net revenue in Q2 12 compared to the same quarter last year was due to the revenue earned in Q2 12 attributed to the acquisitions listed in the Revenue by Region and Revenue by Practice Area Unit sections below. The increase in organic gross and net revenue in Q2 12 compared to Q2 11 was experienced in all our practice area units except in our Buildings practice area unit as described below.





The following table summarizes the growth in gross revenue by region:

Total gross revenue was positively impacted by the acquisitions completed in 2011 and 2012, organic growth, and by the

United States. Gross revenue in our US operations increased by 15.2% in Q2 12 compared to Q2 11 and 10.6% year to date due to acquisition growth, foreign exchange, and organic revenue growth. In the public sector, the upcoming

The following table summarizes gross revenue by practice area unit:

Practice Area Unit Gross Revenue

	Quarter ended June 30, 2012 vs. 2011			
(In millions of Canadian dollars)	Total Change	Change Due to Acquisitions	Change Due to Organic Growth	Change Due to Foreign Exchange
Buildings	3.7	3.2	(1.4)	1.9
Environment	9.9	1.5	5.5	2.9
Industrial	25.0	4.7	19.8	0.5
Transportation	10.2	5.4	3.5	1.3
Urban Land	15.1	8.1	6.3	0.7
Total	63.9	22.9	33.7	7.3

	Two quarters ended June 30, 2012 vs. 2011			
(In millions of Canadian dollars)	Total Change	Change Due to Acquisitions	Change Due to Organic Growth	Change Due to Foreign Exchange
Buildings	1.8	6.8	(7.5)	2.5
Environment	10.2	2.8	3.5	3.9
Industrial	44.1	10.8	32.5	0.8
Transportation	13.6	8.6	3.2	1.8
Urban Land	24.6	13.9	9.8	0.9
Total	94.3	42.9	41.5	9.9

Note: Comparative figures have been restated due to a realignment of several practice components between our Buildings, Industrial, Transportation, and Urban Land practice area units.

The following lists the acquisitions completed in 2011 and 2012 that impacted specific practice area units year to date:

- Buildings : QuadraTec (February 2011); FSC (October 2011); and PHB (May 2012)
- Environment : Bonestroo (September 2011)
- Industrial : Caltech (May 2011)
- Transportation : ENTRAN (October 2011) and ABMB (May 2012)
- Urban Land : Bonestroo (September 2011)

Buildings. The Buildings practice area unit had 1.3% organic revenue retraction in Q2 12 compared to Q2 11 and 3.4% organic revenue retraction year to date in 2012 compared to 2011. The organic retraction was due to softening of the buildings market, with no increased opportunities, especially in the United States. However, we continue to secure steady work in Canada, the United States, the Middle East, and India. Organic growth was impacted by increased competition and project execution which resulted in revisions made to our estimated cost to complete on certain large projects.

The buildings industry in general has experienced increased competition and continued pressure in funding for private and public sector clients, in particular in the healthcare market which is one of the practice area unit's strongest. US firms are competing increasingly in the Canadian market, which has historically been our stronghold. With this competitive environment there are increasing pressures for all consulting firms to provide more services for lower fees. Opportunities in our United Kingdom operations were impacted by the change in government in 2010. Management is monitoring the reduction in organic revenue growth and backlog levels, and adjusting staff levels accordingly. We continue to secure

During the quarter, the US Congress approved a new transportation bill which provides assurance for the level of transportation spending over the next 27 months. This bill provides stability for mid-term projects; however, the lack of a long-term federal funding strategy may still hold back larger projects.

We believe that the outlook for our Transportation practice area unit is stable to moderate organic revenue growth for 2012. With additional clarity in the United States around mid-term funding from the two-year transportation extension/bill, we expect to continue to secure state and local roadway projects. In Canada, we believe small local projects as well as larger P3s will contribute to maintaining a steady base of work. We expect our rail and transit groups will maintain their current activity levels during 2012. However, we remain cautious as efforts to reduce state and provincial deficits may affect the pace of project releases or cause delays in some planned transportation projects.

Urban Land. The Urban Land practice area unit had 14.6% organic revenue growth in Q2 12 compared to Q2 11 and 12.0% organic revenue growth year to date in 2012 compared to 2011. The year-to-date organic growth was due to continued activity in certain geographic areas, particularly in western Canada, and our efforts to diversify into the nonresidential sector. We continue to supplement our project backlog with nonresidential work in the commercial, municipal, parks, and sports and recreation sectors.

In Q2 12, Canada accounted for approximately 55% of our urban land business year to date, with approximately 45% of the work being spread throughout a number of locations in the United States and some early activity on projects outside of North America. During the quarter, the housing market remained solid in western Canada while activity slowed in eastern Canada. The US housing market is showing positive signs of recovery, but there is a lag in translating this activity into new project work. The positive signs, in addition to land developers returning to the review of potential property purchases, The following table summarizes our gross margin percentages by practice area unit:

In general, fluctuations in the margins reported depend on the particular mix of projects in progress during any quarter, and on our project execution. These fluctuations reflect the nature of our business model, which is based on diversifying our operations across geographic locations, practice area units, and all phases of the infrastructure and facilities project life cycle.

In the Buildings practice area unit, the decrease in gross margin was a reflection of lower gross margins being recognized on a number of major projects. Project execution resulted in revisions made to our estimated cost to complete on certain large projects. In addition, the Buildings practice area unit is impacted by the continued soft

The gross margin in our international operations increased sequentially to 52.9% in Q2 12 from 49.6% in Q1 12 due to securing higher margin projects. The gross margin in our International region compared to Canada was impacted by reduced margins recognized in our Buildings practice area unit; a significant portion of our International revenue is earned in this practice.

Administrative and Marketing Expenses

Our administrative and marketing expenses as a percentage of net revenue were 40.0% for Q2 12 compared to 40.4% for Q2 11. Our year-to-date administrative and marketing expenses as a percentage of net revenue were 40.7% for 2012 compared to 41.3% for 2011, falling below our expected range of 41.0 to 43.0%. Administrative and marketing expenses were lower due to our continued focus on managing our costs and operational efficiencies. Administrative and marketing expenses may fluctuate from quarter to quarter as a result of the amount of staff time charged to marketing and administrative labor, which is influenced by the mix of projects in progress and being pursued during the period.

Intangible Assets

The timing of completed acquisitions, the size of acquisitions, and the type of intangible assets acquired impact the amount of amortization of intangible assets in a period. Client relationships are amortized over estimated useful lives ranging from 10 to 15 years, whereas contract backlog is amortized over an estimated useful life of generally 1 to 4 years. Consequently, the impact of the amortization of contract backlog can be significant in the four to 16 quarters following an acquisition. The following table summarizes the amortization of identifiable intangible assets for Q2 12 and Q2 11 and on a year-to-date basis for 2012 and 2011:

Amortization of Intangibles (In thousands of Canadian dollars)	2012	2011	2012	2011
Client relationships	1,779	1,371	3,228	2,733
Backlog (note 1)	1,068	1,484	2,545	3,265

Our amortization of intangible assets increased by $0.3 million in Q2 12 compared to Q2 11 and by the same amount year to date mainly due to the amortization of client relationship balances of the Caltech, FSC, and ENTRAN, Inc. acquisitions. In addition, the amortization of software increased as we commenced amortization on the upgrade to our enterprise management system, which was put into use in Q1 12. These increases were partially offset by a decrease in the amortization of the backlog balances of the McIntosh Engineering Holdings Corporation and ECO:LOGIC Engineering acquisitions.

Based on the unamortized intangible asset balance remaining at the end of Q2 12, we expect our amortization expense for intangible assets for the full year 2012 to be in the range of $19 to $20 million. The actual expense may be impacted by any new acquisitions completed after Q2 12.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected data derived from our consolidated financial statements for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited consolidated financial statements and related notes thereto.

Quarterly Unaudited Financial Information

(In millions of Canadian dollars, except per share amounts)	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011
Gross revenue	476.2	439.1	432.0	430.4
Net revenue	396.6	370.9	348.2	351.2
Net income (loss)	30.8	24.9	(65.7)	28.9
EPS – basic	0.67	0.55	(1.45)	0.63
EPS – diluted	0.67	0.55	(1.45)	0.63

	Jun 30, 2011	Mar 31, 2011	Dec 31, 2010	Sep 30, 2010
Gross revenue	412.3	408.7	383.7	386.7
Net revenue	342.3	336.8	310.9	314.5
Net income	25.7	23.8	23.3	31.3
EPS – basic	0.56	0.52	0.51	0.69
EPS – diluted	0.56	0.52	0.51	0.68

Quarterly earnings per share on a basic and diluted basis are not additive and may not equal the annual earnings per share reported. This is due to the effect of shares issued or repurchased during the year on the weighted average number of shares. Diluted earnings per share on a quarterly and annual basis are also affected by the change in the market price of our shares, since we do not include in dilution options whose exercise price is not in the money.

The following table summarizes the impact of acquisitions, organic growth, and foreign exchange on our gross revenue for the following quarterly comparisons:

(In millions of Canadian dollars)	Q2 12 vs. Q2 11	Q1 12 vs. Q1 11	Q4 11 vs. Q4 10	Q3 11 vs. Q3 10	
Increase (decrease) in gross revenue due to:					
Acquisition growth	22.9	20.0	38.4	44.9	
Organic growth	33.7	7.8	8.2	7.1	
Impact of foreign exchange rates on revenue earned by foreign subsidiaries	7.3	2.6	1.7	(8.3)	
Total net increase in gross revenue	63.9	30.4t	:TD -.g	-1.3933	TD .001

mainly occurred in our Buildings practice area unit because of increased competition, the continued softening of the market, and revisions made to our estimated cost to complete on certain large projects.

During Q4 11, excluding the impact of a $90.0 million non-cash goodwill impairment charge, net income increased by $1.0 million, or 4.3%, from the same period in 2010, and diluted earnings per share for Q4 11 increased by $0.02, or 3.9%, compared to Q4 10. Including the impact of the $90.0 million goodwill impairment charge, net income for Q4 11 decreased by $89.0 million from the same period in 2010, and diluted earnings per share for Q4 11 decreased by $1.96 compared to Q4 10. Net income during Q4 11 was positively impact

Working Capital

x Our income tax paid in 2012 was lower due to a reduction in tax installments. In addition, taxes paid in 2011 were higher since we paid tax balances acquired from acquisitions.

The above was partly offset by an increase in our cash paid to employees due to an increase in the number of employees and bonuses paid.

Cash Flows From (Used in) Investing Activities

Our cash flows used in investing activities decreased year to date mainly due to a reduction in cash used for business acquisitions and the payment of notes payable from prior acquisitions. Year to date, we have used $39.9 million in cash for business acquisitions and the payment of notes payable compared to $45.3 million in the same period in 2011. Also, contributing to the decrease in cash flows used in investing activities was a $3.3 million increase in cash inflows from the disposition of investments and other assets compared to the use of $0.6 million for the purchase of investments and other assets in the same period in 2011. These reductions in the use of cash were partly offset by a $5.7 million increase in the purchase of intangible assets, in particular, the purchase of AutoCAD software in the first quarter of 2012. Also, there was a $1.3 million increase in investments held for self-insured liabilities in 2012 year to date compared to the same period in 2011.

As a professional services organization, we are not capital intensive. In the past, we have made capital expenditures primarily for items such as leasehold improvements, computer equipment, furniture, and other office and field equipment. Our property and equipment and software purchases totaled $6.9 million in Q2 12 compared to $7.5 million in Q2 11. Our Q2 12 purchases were within our expected range for 2012 to support ongoing operational activity and growth. In 2012, we plan to continue to invest in enhancements to our information technology infrastructure and enterprise systems in order to optimize and streamline our business processes and prepare for continued growth. During Q2 12, we financed our property and equipment and software purchases through cash flows from operations.

Cash Flows From Financing Activities

Our cash flows from financing activities decreased year to date mainly due to a $6.9 million cash outflow for our first dividend paid on April 17, 2012. As well, there was a net decrease in cash inflows of $6.2 million from our revolving credit facility compared to the net inflow from our revolving credit facility and senior secured notes for the same period in 2011.

The above decreases in cash flows from financing activities were partially offset by a $3.3 million increase in proceeds from the issuance of shares for employees exercising their share options. In addition, cash flows from financing activities increased in 2012 compared to 2011 since in 2012 we did not have any cash outflows for the repurchase of shares for cancellation under our normal course issuer bid while in 2011 we had $3.5 million. Also, in 2012 we did not have any cash outflows for the payment of bank indebtedness assumed from acquisitions while in 2011 we had $2.2 million.

Capital Structure

We manage our capital structure according to the internal guideline established in our 2011 Financial Review of maintaining a net debt to EBITDA ratio of below 2.5. We calculate our net debt to EBITDA ratio, a non-IFRS measure, as the sum of (1) long-term debt, including current portion, plus bank indebtedness, less cash and short-term deposits,
f divided by (2) EBITDA, which is calculated as income SC cren( ).3easCe(u)2.2al9v.9(ed b)-a.1333 -1cG3(hed ieasCe(utdcei533 0 TD -.

on the form under which the credit facility is accessed and certain financial covenant calculations, rates of interest may vary between Canadian prime, US base rate, or LIBOR or bankers' acceptance rates, plus specified basis points. The specified basis points may vary, depending on our level of consolidated debt to EBITDA, from 20 to 145 for Canadian prime and US base rate loans, and from 120 to 245 for bankers' acceptances, LIBOR loans, and letters of credit. Prior to Q2 2012, the basis points varied, depending on our level of consolidated debt to EBITDA, from 50 to 175 for Canadian prime and US base rate loans, and from 150 to 275 for bankers' acceptances, LIBOR loans, and letters of credit. At June 30, 2012, $237.0 million was available in the revolving credit facility for future activities.

On May 13, 2011, we issued $70 million of 4.332% senior secured notes due May 10, 2016, and $55 million of 4.757% senior secured notes due May 10, 2018. These amounts were recorded net of transaction costs of $1.1 million. The senior secured notes were issued pursuant to an indenture dated May 13, 2011, between Stantec Inc., as issuer, and BNY Trust Company of Canada, as trustee and collateral agent. The senior secured notes are ranked equally with our existing revolving credit facility. Interest on the senior secured notes is payable semi-annually in arrears on May 10 and November 10 each year, until maturity or the earlier payment, redemption, or purchase in full of the senior secured notes. We may redeem the senior secured notes, in whole at any time or in part from time to time, at specified redemption prices and subject to certain conditions required by the indenture. The senior secured notes contain restrictive covenants. All of our assets are held as collateral under a general security agreement for the revolving credit facility4(tim)1(e)2.2(ttetri)]TJ.emue bhee( )]TJ 1 were exercised, no share options were forfeited, and 833 share options were cancelled. As at August 2, 2012, there were 45,751,251 common shares and 1,714,967 share options outstanding.

Contractual Obligations

As part of our continuing operations, we enter into long-term contractual arrangements from time to time. The following table summarizes the contractual obligations due on our long-term debt, oper

Financial Instruments and Market Risk

The nature and extent of our use of financial instruments, as well as the risks associated with these instruments, have not changed from those described in the Financial Instruments and Market Risk section of our 2011 Financial Review and are incorporated by reference herein.

Related-Party Transactions

We have subsidiaries that are 100% owned and special purpose entities that are consolidated in our financial statements. From time to time, we enter into transactions with associated companies and joint ventures. These transactions involve providing or receiving services and are entered into in the normal course of business and on an arm's-length basis. Key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Company and include its chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), and senior vice presidents. We pay compensation to key management personnel and directors in the normal course of business. From time to time, we guarantee the obligation of a subsidiary or special purpose entity regarding lease agreements. In addition, from time to time, we guarantee a subsidiary or special purpose entity's obligations to a third party pursuant to an acquisition agreement. Transactions with subsidiaries, special purpose entities, associated companies, joint ventures, and key management personnel are further described in note 20 of our Q2 12 unaudited consolidated financial statements and are incorporated by reference herein.

OUTLOOK

We continue to believe that our overall outlook for 2012 is a moderate increase in organic revenue, with a targeted 2.0 to 3.0% increase compared to 2011. The outlook for each practice area unit in 2012 ranges from a stable to moderate organic retraction for our Buildings practice area unit, to stable to moderate organic growth for our Environment and

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our public communications often include written or verbal forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act and Canadian securities laws. Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions or courses of action and include future-oriented financial information.

Statements of this type are contained in this report, including the discussion of our goals in the Core Business and Strategy section and of our annual and long-term targets and expectations for our regions and practice area units in the Results and Outlook sections, and may be contained in filings with securities regulators or in other communications. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2012 and beyond, our strategies or future actions, our targets, our expectations for our financial condition or share price, or the results of or outlook for our operations.

We provide forward-looking information for our business in the Core Business and Strategy section as well as the Results (under the Overall Performance, Results of Operations—Gross and Net Revenue, Results of Operations—Intangible Assets, Results of Operations—Income Taxes, and Liquidity and Capital Resources subheadings) and Outlook sections of this report in order to describe the management expectations and targets by which we measure our success and to assist our shareholders in understanding our financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes.

By their nature, forward-looking statements require us to make assumptions

! "
"
' ("
) (
* + #
*

$!
" " " & &
&
$ %
& # # ,
% % %

)

	< / 9		< 1 / 9	
8 9 5 #	% " # " ! #	, , % %	! ! % " $	& , & -
& 9 . # # &	! # # $	, - - $	" # " % "	$ % -

6)0 9

	< / 9	< 1 / 9

& 0 6	" $	- $	# $	, % -
< 0 6 0 9 4 5				
: (2 + + # + +	"	,	%	%
# = 2 # " # # +	4 #		#	$
# = 2 " # # + # + #				
	4	-	4	, -
' (+ + " # # + #			4 !	
< 0 6 0 9 4 5 0 6	# $	-	! %	%
6 0 9 0 6	wˆ 0			

) ‰H$†¿ ñ 2e• ASeŸ T) - ' R'N À 0 0 0 Ð ñ x O 9 Ð 0 • € â R >…HS

0 0 1 2 3

6 6
* 6 # 7
: 2

0 =

< / 9	< 1 / 9

> (< ? @ < A 4 - +) & 5 <) &@0) B))
+
#
.
'
'
<
' (

	% # $	$, $	$ $ %	$ &
	4 " $	& -	4	& -
	4 % "	, %	4 # %	, $ $
	9		"	&
	4 %	& ,	4 $ '	-
	4 "	- -	4	.

' " " 1 . # (2 + +#
+ 2 / . 1 +# .E " 2
/ 2 .E + + ; 9 "
+ # 1 # .
+ # # " (+ + ;

%@ 7

@ 3 6

' * ' # 8 2 6 3 '863 '<76 $
' I # G ; ! / # / # " /
1 + + + # ; : / #.
2 2 + 9 #. ; ! 1 # /
" #.; ! + ++ .E #
;

6

! # 2 # 1 # .
(# # + 1 . ++ " ; #
++ " + # 1 + # 2 2 +
1 " # / #. ; # 1
#. 2 + 2 #
#. ++ ; 6
+ # + .E # #
+ # ;

J '<76 % K< # ' L ++ " + # 2 2 + 9 .
J '86 K< # ' I) L++ " + # 2 2 +
9 . ,
J '<76 $ K< # ' I # G ++ 2 + # + # #
J '<76 K # < # 6 L
J '86 $ K # 6 < # 6 L
J '<76 K9 8 2 L
J '86 & K' " 8 9 M L
J '<76 K # + ' * : L
J '<76 K< M # B L " # " # /
J '86 K) + < # 6 L+ " + # 2 2 +
9 #.
J '86 % K: # . 3 + L

' B . '863 G8 # ' " '<76 % . # G; ! # "
" '863 " # + 4 2 . 2 '<76 ; !
. # 4 '<76 G< 8 + ' # < # 7 2 6
1 2 # N '86 # + + / + "
'86 G) .)# :/ G # + + " 2 / N '86 (++
+ / . N '86 , + # 2 2 + +
;

' 9 '863 G # < # 6 9 8 2 #
' * : I ! 0 G '<76 '<76 '<76 ; !
+. '863E 1 + 2 2 '<76
+ . # 2 / + F " + ;

; * 2

8 / + / + 2 # +
" + / # # + ; <
+ 2 + / # .A 2
+ # # / . + # = # + 2; !
# + " A + # + # ("
. . 1 " # + 2 # / + # = ; ! # . +
2 A + / + # # # /
2 (. F # . /
+ # = + " # + # # / ; ! . 1 ## " "
F #;

! + / . F F # #
2 . (" + . ; 8 # + + #
F # " 1 1 . #
/ +# # 1 4 2
2 ##. ; 6 F + 2 +
. F ;

' + 2 . + +
; ! 2 2 = + " # / ; 8
+ " # + / (;

' + / # . . # . + /
" " 2 + ; ! # .
; ! . (" " .

2

* B . & . / +)H3 0)H3 +
. # ; 3 6 ; 9 A 1+ #)H3 "
2 " ++ + ## 2 + 2 " # # +
2 + # . # 2 2 2 F 2
)H3A # " 1 ## # .A (2 # 2 2 2 2
2 2 " # " 1+ # ;

* B . - . / ## + 83B3 : 2 ' ; 83B3 +
. ; 83B3 3 7 2 5 # ++
M 4 2 B B N 1 * # 5 ; 83B3 "
+ 2 2 " " . + # ; ! + 83B3 1 ## 2 1
6 6 1 # " 2 1 + . B

2

* < . . / # # + O ! ' ; +
. # ; > + 1 + # 5 O ! ' ; "
2 2 N 2 . 2 N 2
2 ;

* B . $. / # # + # 0 # +
. # ; H / # 2 . 8 # # " # #
2 2 2 " ; ! + # A "

#; 0 0 ' + 6

! . A # . " (+ 2 / 2 # . # / "
+ # + + # 1 / " # + + # #

9

4 " #	! $ %	, , -
3 4	4 "	- - ,
0 0 2 9		, -

" + 4 1 # +

8 + 3 / - 6 $ 1 # 1
6 2 + F # # 2
2 6 $ # 2 1 # / ;

" ; < 0 @ 9 /

# 6 A A 1 " P A # 1 3	0 (+ # " 3 #	
! " # + 9 " H # 4 *	" # #	$ 9 $ 9
0 9	!	

/ 9

> . + + 2 # 2 #
+ + # 2 # 2 # 2 # # .
" # + + # . 1 # # + " # + + #
;

! ; < 0

8 # +		- -
! # 2	!	$
5 2 +	% $	
	$	, &
5	% %	$
5 2	%	-

! . + # # 2 # 2 # ; !
+ # 1 (+ # # 2 1 + +
; ! + # 1 + . 2 + " #
2 # + ;

2 / . # # 2 # + # + # 1 2

* C

2 / . 2 (. + - #
" #" 2 + # . 8 2 ; ! + # . # ## 1 .
" # + # ; 2 / #

F / . ; ! . .
+ ## . ; ! " "
; 8## + . # ## # 2 # . 2 +
+ # . ;

/ 7

! . + # + + 1 " # / ; 8 9
+ # # 2 # + # 2 2 2 + ; $S
? ; S %; S ; ! + # (" + *

; 9

) " + #+ 5 (# #) " +	! ! $ $ $ - -
5	" - & , # $
5 2	% # , $

9 ' /

! . #+ + # # . 1
; + " 2 + +# 1 ; 8 9
1 $ - ? , &% ;

) " 2 2 + ") . + # ' + + 2 (	# # $ % ! % 4 % $- # %
9 0 (	!

(: /

5 # . 2 2 + "	$	$ - ,
7 # 2 + / 1	4 "	% - & 9
' + + 2 (		%
(/ 3 0 6	! $	

) . + # (# # 1 ## # 9 # . $;

9

) " + # # + 1 # 2 # # " . # 2 # + " 2 + + # 1 ; * + # 2 # / . + . / - & ;

) " 2 2 + "	%	
# + /	#	
# 1	4	, -
' + + 2 (	9	,
9 0 (	$ $	- -

;< 0 (/

'		- %
*	"	
	%	$ 9
5	# "	- ,
5 2		-

;< 0 (/

(2 = 2 1 # +
#;

2 / + . + # + # + 1 # #
2 # . ; ! . # . + # # + 2
6 < < 1 1 + + " + # 2 + " + ;)
. + 2 - + + " B
. 1 . + # ; ! # + (/
1 ;

0 6

! . 2 + + # . $ - &
1 ; $; ; ! (1 8 2 & <
% ;

9

	0 ? 7 0 :	9 7	6	> 2 8 " 2 : ( )
6 2 2 +	" $	# ; #	, & &	, ;
0	"	! ; "	,	& ;
: (	4 " #	" ; "	, & -	, ; %
< +	4 " $	! ;		% ;
# #	4	! ; %	%	$; $
0 6 0	" $	$; %	& $	- ; -

8 9 % , 9 ? $ $ 1 (# 1 2
+ & ; ;

8 9 & - 9 ? - - 1 # " +
2 # 2 ;

+ 9

! # + # " " 1 # . . E
; " 2 = . E # + #
1 " " . . E + ;

+ 0

. A + # + (" + + : * +
. . " + / # ; ! " 2
! . : * + + .
+ : * + + " # 1 2 . " # "

! . 2 4 1 " # # 4 # 2
" 2 " " # " + . ; ! .
4 . # # . 2 2 ; '
2 " 1 " # 2 2 1 F " + + . 2
. # . # # + + # . 2 ; ! .
2 + . + " " # ' < 7 6 ; 8 9
. ? , . + " " # ;

(2 @ C

5 / . 4 4 . 1 # # # # 2 1
. + # # ; ! . # / . 2 " . + # 2
+ # 2 1 2 + - # # + # .
+ ; ! . + + # . 9 1 $
? - % - ; ! . # " + +
2 1 + # # # ; 5 / . 4 2 2
2 # + 2 : 3 ' ! 8 + # ; - ;

! 2 + + # 1 # 2 + # # # # #

! . +# (# . ##. 2 (2 .
+ (+# 2 ; ! .E " + (N
+# 1 # " . ;

7 : 0 7 @ C

< 2 (2 4 4 + " # + + +# 1 + + #
+ 2 + 2 (2 ; < 2 (2 2 # .A
# + + 2 # #
. # # 2 # .A 6 +
; ! . = (+ 2 (2 +# .
+ 2 . 1 + 2 . # # 1 . 2 +
. ## 6 ## (2 + ## ;

'+ (2 ; 2 # 1 9 1 ## " # #
1 # " . (#. ;

< 2 (2 +# . # # + .A 6
+ 2 1 + # . ++ + ##
" ; ! . 2 + + 2 (2 4;

#; 6 A 7

! .A F " 1 2 2 # " ++ . " #
(1 ## / 2 1 . + " 1 # 2
+ # ; ! . + # 22 2 + # 2 #
# E / .;

! . 2 # +# (# . F 2
/ 2 1 + 2 (2 4 ; '
F # . . + ##
1 ;

! . ##. # . 2 + ## 1 2 2 I

J :3'! 8 # 1 ;-
J 7 / . 7*: " ,S

! F " # # / #. ; ! 2
2 + ; ! :3'! 8 1 + ; ! 2 #
2 + / . # 1 ;- 1 2 # " 2
+ # " " #" 2 + # .

:3'! 8 '<76 # # + # 2 #
4 # " . :3'! 8 1
+ (# (= + 2 #
/ 2 1 ## 2 # ; ! .E :3'! 8 1
9 # # # 2 + / ; 0 2 + 1 . 1
. (2 . # 2 / # " # " 2 +
;

7*: '<76 # # + # + / " . " 2

/ . " + / ; ! . E 7 * : 1 ; % S + 9
? ; % S ; ! . E 7 * : 1 # 1 2 + % ; # # 2
2 + / + ;

! . F " " # - # # " # " 2 + #
/ # . ; ! " # #
: 3 ' ! 8 : 3 ' ! 8 7 # " ' < 7 6 ; : 3 ' !
: 3 ' ! 8 # # 2 # # 2 + (2
< # + + " . + # # # .
2 . + # 2 ; ! . 1 # 1 # # "
2 2 (9 ;

" ; &) : 6

	< /	< 1 /
	9	9
'	$,	" % &
' 4	$ &	$
'	% , ,	$, ,
' +	%	$
*	&	! " 9
! # (	" # &	# - &

' " # # + #
4 $ %

\+ 2 + + # # . 1 # + F
\# . ; ' # . # " 4 2 (
\# + ;

! ; 0 = 4 - 5 < 6 7 9

\+ # 1 + 2 " . + # # 1 I

	< / 9		< 1 / 9	
> (< ? @ < A 4 - +) & 5 < @) B))				
& 0 6	" $	- $	# $	, % -
8 + +				
\+ . /	# "	& &	"	,
8 = + 2	% !	, ,	! $	%
\+	$	&	"	&
5 + "	% !	-	$	- -
6 (	"			$ $
) " + # + #	%	$	"	- -
*	4 %	%	4 %	$
6 + + / . '	4		4 $	, &
	% #	& &	$ #	$
! "	4 ! $	& ,	4 $	-
\# # "	4 !	- ,	4 "	- &
) (	$ $	$ $	"	,
! .	"	%	4 #	& -
3 # # 2 (	4 $	% ,	4 '	& %
' (.	%		%	$ &
	4 !	- $	4 # $	&

+ A # 2 ; 8 # 2 + F " 1
" # 2 + . A " " . E
+ # ; 2 + 1 / + . +
2 - S " 6 T 6 . 9 M ; ' # + 8 3 B 3 /
. / F " 8 3 B 3 H ! 3 9 M 5 5 - S 3 7
5 5 - S H ! 3 8 3 B 3 9 M 5 5 - S 7 6 8 3 B 3 9 M 5

6 C 3 7 6 0 6 3

		< / 9	< 1 / 9
6 # E 6	# .	% "$ 4 "	, $, -	% % % %	, -
6		%	-	!	

! . E 4 . 2 # # + (" + + + + # + +
2 + + " ; ! # #
(# 4 . 2 # 2 2 ; 6
+ " # F + ;

+ H 0 ' / 6 3

6 # . + . . " + # # 1 2 (.
(I

			9 : < *	
) +	: 6 3+		E	@
9 . 9 . 9 . , , 8 2 & 8 2 $ $ 8 2 & &	9 . 9 . 9 . , 8 2 & 8 2 $, 8 2 & -	; & ; ; - ; ; ; % ;	"	& $ -
0 6			"	& - -

; 7)

! . " " + # " + + + #
8 # # . ; ' 1 2 = # 2 2 2
" + + 2 + . 2 # 2 ; * 2 2 + .
+ . + 1 + # + " # # " #
+ 2 4 # # 2 2 + ; ! +
4 : * + . . E 2 2 2 # 2 2
;

! . 2 2 I 6 ' # 1 22
2 " # 2 ;

8 7 60

	& '
' 6	#! - -- % - "%
	" " && %

+ + . / 2 1 ## 2 #

8 7 60

	8 @ 9	
	< / 9	< 1 / 9
' 6	## ! ! % $ $	$ - , , % " , -& # $ - " % $
	%"# , ,	! ! &

0 " # + F ;

	8 @ 9	
	< / 9	< 1 / 9
3 # : " ' ! 5	% $ # ! # # $ ≠	$,& $ $, - , -	! $ # ≠ !!	& % & $ % % &
	%"# , ,	! ! &

8## + 2 " + " + 2
+ " # 1 .E 3 # 2 ' # !
;

! . # 2 + # " + . ; 0 "
. # # ;

; 9 0 @ 6 7

* 8 2 . # " + ; - . # * &
# + 6 & ;

SHAREHOLDER INFORMATION

HEAD OFFICE

200, 101 [illegible] 112 [illegible]

[illegible]

TRANSFER AGENT

[illegible]

AUDITORS

[illegible]

PRINCIPAL BANK

[illegible]

SECURITIES EXCHANGE LISTING

[illegible]

Stantec