

**FORM 62-103F1**  
**REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS**

**1 Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

This report relates to the common shares (**Common Shares**) of 407 International Inc. (**407**). 407's head office is located at:

6300 Steeles Avenue West  
Woodbridge, Ontario  
L4H 1J1

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable.

**2 Identity of the Acquiror**

**2.1 State the name and address of the acquiror.**

SNC-Lavalin Group Inc. (**SNCL**) indirectly holds Common Shares of 407 through its wholly-owned subsidiary, SNC-Lavalin Highway Holdings Inc. (**Highway Holdings**). SNCL completed a series of internal reorganization transactions such that, immediately prior to the transaction described in Item 2.2 below, 77,577,500 Common Shares held by Highway Holdings were transferred to 11402676 Canada Inc. (**11402676**), also an indirect, wholly-owned subsidiary of SNCL.

The address of each of SNCL, Highway Holdings and 11402676 is:

455 René-Lévesque Boulevard West  
Montréal, Quebec  
H2Z 1Z3

SNCL is a corporation incorporated under the laws of Canada and its principal business is the provision of engineering and project management services.

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On August 15, 2019, 11402676 sold 77,577,500 Common Shares, representing approximately 10.01% of the issued and outstanding Common Shares, to 7577702 Canada Inc. (**7577702**), a company controlled by Canada Pension Plan Investment Board, for a base purchase price and aggregate gross closing proceeds of \$3,000,000,000 (the **Disposition**), pursuant to the terms of a share purchase agreement among SNCL, 11402676 and 7577702 (the **Purchase Agreement**).<sup>1</sup> As a result of the Disposition, SNCL now indirectly holds, through Highway Holdings, 52,422,501 Common Shares, representing approximately 6.76% of the issued and outstanding Common Shares.

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<sup>1</sup> An additional \$250,000,000 in contingent earn-out payments is also potentially payable by 7577702 to 11402676 over a ten-year period pursuant to the Purchase Agreement.

**2.3 State the names of any joint actors.**

Highway Holdings and 11402676, as subsidiaries of SNCL, are joint actors of one another as well as SNCL.

**3 Interest in Securities of the Reporting Issuer**

**3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror's securityholding percentage in the class of securities.**

See item 2.2 above.

**3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

See item 2.2 above.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

Immediately prior to the Disposition, SNCL indirectly held, through Highway Holdings, approximately 16.77% of the issued and outstanding Common Shares.

After giving effect to the Disposition, SNCL now indirectly holds, through Highway Holdings, approximately 6.76% of the issued and outstanding Common Shares.

**3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

**(a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Items 2.2 and 2.3 above.

**(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

**(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

**3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect**

of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement. State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable

#### **4 Consideration Paid**

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

The 77,577,500 Common Shares were purchased by 7577702 and sold by 11402676 for a price of \$38.67 per Common Share for total consideration of \$3,000,000,000 (excluding the potential earn-out payments described in footnote 1 above).

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

See Item 4.1 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

#### **5 Purpose of the Transaction**

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Common Shares were disposed of in the ordinary course of business. SNCL may in the future decrease its investment in 407 by disposing of additional Common Shares in one or more private transactions.

## **6 Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

Reference is made to the Purchase Agreement (as defined above) giving effect to the transactions described in this report, a copy of which will be filed under the SEDAR profile of SNCL. The transaction documentation also contains certain covenants and other provisions regarding the exercise of the parties' respective governance rights with respect to 407.

**7 Change in material fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.**

Not applicable.

**8 Exemption**

**If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.**

Not applicable.

**9 Certification**

**The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.**

**This report must be signed by each person on whose behalf the report is filed or his authorized representative.**

**It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.**

**Certificate**

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: August 15, 2019

**SNC-LAVALIN GROUP INC.**

Per: (signed) Arden Furlotte

Name: Arden Furlotte

Title: Corporate Secretary