

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE TRUSTEES OF THE DRYWALL ACOUSTIC LATHING
AND INSULATION LOCAL 675 PENSION FUND and BRENT GRAY

Plaintiffs

- and -

SNC-LAVALIN GROUP INC., IAN A. BOURNE, DAVID GOLDMAN, PATRICIA A.
HAMMICK, PIERRE H. LESSARD, EDYTHE A. MARCOUX, LORNA R. MARSDEN,
CLAUDE MONGEAU, GWYN MORGAN, MICHAEL D. PARKER, HUGH D. SEGAL,
LAWRENCE N. STEVENSON, GILLES LARAMÉE, MICHAEL NOVAK, PIERRE
DUHAIME, RIADH BEN AÏSSA and STÉPHANE ROY

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF LISA WATT

I, Lisa Watt, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am an Account Executive of Manion Wilkins & Associates Ltd., the administrator of the Drywall Acoustic Lathing and Insulation Local 675 Pension Fund (the "Fund"). In my capacity as Account Executive of the Administrator of the Fund, I report on all matters related to the Fund to the trustees of the Fund (the "Trustees") who are representative plaintiffs in this proceeding. As such, I have personal knowledge of the facts to which I hereinafter depose. Where that knowledge is based on information I have obtained from others, I have so indicated and believe that information to be true.
2. I have reviewed the settlement agreement dated August 13, 2018 between the parties to this action, ("**Settlement Agreement**"). Unless otherwise noted, capitalized terms that I

have used in this affidavit, which are not specifically defined herein, have the meanings attributed to them in the Settlement Agreement

3. I swear this affidavit for two related purposes:

(a) In support of the Plaintiffs' motion for Court approval of the Settlement reached between the Parties (which I understand includes a request for Court approval of ancillary documents necessary to give effect to the Settlement); and

(b) In support of a separate motion for:

(i) approval of a retainer agreement between the Trustees and Class Counsel;
and

(ii) approval of Class Counsel Fees to be paid from the Settlement Funds.

4. Nothing in this affidavit is intended to waive, nor should it be understood or interpreted to be a waiver of solicitor-client privilege, litigation privilege, settlement privilege or any other privilege related or potentially attaching to any of the information conveyed herein.

A. THE TRUSTEES AND THE FUND

5. The Fund was established on November 1, 1977. It is a multi-employer pension plan registered with the Financial Services Commission of Ontario (Registration No. 0586263) and is regulated by the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada).

6. The Fund currently has 6967 active members, 9356 inactive members and deferred vested members, and 1644 pensioners. The Fund has approximately \$774,074,918 million in total assets.

7. The Fund is managed by a Board of Trustees in accordance with the Declaration of Trust. The Board of Trustees comprises representatives appointed by the Drywall, Acoustic, Lathing and Insulation Local 675 and representatives appointed by the Employer Associations – ISCA and AAO. The duties, responsibilities and authorities of the Trustees are set forth in the Trust Agreements which establishes the Fund. Investments of the Fund assets are done by institutional managers hired by the Board of Trustees.

THE FUND'S PURCHASE OF SNC SHARES

8. The Trustees held 69,400 shares of SNC-Lavalin Group Inc. ("SNC") as of November 5, 2009.
9. The Trustees purchased 17,350 shares of SNC during the period from and including November 6, 2009 to and including February 27, 2012 (the "Class Period") over the Toronto Stock Exchange ("TSX") and continued to hold some of those shares at the end of the Class Period.

B. ONGOING INVOLVEMENT OF THE REPRESENTATIVE PLAINTIFF

10. On May 3, 2012, the Trustees retained Siskinds LLP ("**Siskinds**") as Class Counsel to prosecute this Action.
11. Shown to me, attached hereto and marked as **Exhibit "A"** is true copy of the Trustees' retainer agreement with Siskinds ("**Trustees' Retainer Agreement**").
12. I understand that on August 14, 2012, Brent Gray, the principal of the other representative plaintiff, 0793094 B.C. Ltd., entered into a similar retainer agreement with Rochon Genova

LLP (“Rochon Genova”), to prosecute the Action as co-counsel with Siskinds, (“**Gray Retainer Agreement**”).

13. Since the Trustees retained Siskinds, I have been in regular contact with Siskinds, by telephone, by email, often through their communication with the Trustees’ corporate counsel Mr. Peter Proszanski of Himelfarb Proszanski. I have also met with Siskinds from time to time at various stages in the proceeding. I have routinely reported to the Trustees on the progress of the Action and provided the Trustees’ instructions to Siskinds when called upon to do so.
14. In this Action:
 - (a) I swore an affidavit in support of the motion for leave and certification;
 - (b) I oversaw the assembly of the Trustees’ relevant documents for the purposes of production; and
 - (c) I appeared as the representative of the Trustees for the purposes of examination for discovery.
15. Since being retained, Siskinds as co-Class Counsel with Rochon Genova, has kept the Trustees informed of the progress of the Action through me. More particularly, they have provided detailed updates regarding the status of the Action, steps taken and to be taken and the reasons therefore. In addition they have provided key documents, made recommendations and sought the Trustees’ instructions in relation to all material matters.

16. I am aware that the case has been extremely hard fought at virtually every stage by counsel for both the plaintiffs and defendants. In particular, through me, and by way of regular quarterly reporting:

- (a) the Trustees were aware that
 - (i) Class Counsel filed a record of evidence for a contested Leave Motion under the *Securities Act* and for certification of this action as a class proceeding, to which the Defendants initially responded with opposing evidence;
 - (ii) the Court granted leave and certification on consent, after this material was delivered and the parties negotiated terms;
 - (iii) there were numerous motions brought before the Court to amend the claim to broaden certain allegations after further details about the alleged bribery scandal at SNC became public; and
 - (iv) that Class Counsel obtained many thousands of documents from SNC and the defendants and many documents from the police in Quebec.

- (b) In 2016, the Trustees were advised that there were a competing summary judgement motions that had been brought by the defendant SNC and by the plaintiffs. SNC wanted the action dismissed and the Plaintiffs wanted judgment that there had been misrepresentations that caused loss to the shareholders. The Trustees were advised by Class Counsel that both motions were stayed and that the judge ordered that the case proceed through examinations for discovery and go to trial. The case went through many weeks of examinations for discovery in the period from April to

September 2017. After this, the Trustees were advised that the case had been set down for trial and that it was intended to proceed to trial.

- (c) the Trustees were advised in 2018 that there was a prospect for a second mediation. The first mediation over two days in late 2016 had been unsuccessful. The Trustees were briefed about the second two day mediation in May 2018 and gave instructions to counsel about both the negotiations and the Settlement.

17. My knowledge and that of the Trustees whom I have represented in this Action, have been informed by my interactions with Siskinds and Mr. Proszanski, and the documents that I have received, reviewed and considered. Those documents have been numerous and, sometimes complex; but, I have spent the time and asked the questions necessary to understand them, and to ensure that the Trustees were properly informed.
18. As such, I believe that the Trustees and I have a very good understanding of the issues in the Action and the issues relevant to the Settlement.

SETTLEMENT APPROVAL

Two step process

19. I am aware from Siskinds, that the process to have the Settlement approved is taking place in two separate but related stages.
20. I have received and reviewed the Order of this Honourable Court dated August 17, 2018. As such, I am aware that the first stage has occurred. That is, this Honourable Court authorized a notice program to bring to the attention of other Class Members the fact of the

Settlement and their right as Class Members to appear and object to the Settlement or the proposed Class Counsel Fees.

Instructions and Understanding of the Key Terms of the Agreement

21. This Settlement was the product of two formal mediation sessions with the Honourable Warren Winkler QC, former Chief Justice of Ontario.
22. In the fall of 2016, after having considered, among other things, the positions of the SNC Defendants expressed in their Mediation Statement dated December 6, 2016 and the Plaintiff's Mediation Brief dated December 6, 2016, the Trustees authorized and instructed Class Counsel to negotiate with counsel for the Defendants to resolve the Action on the best terms possible but subject to a minimum monetary amount being paid for the benefit of the Class.
23. That initial mediation took place on December 13 and 14, 2016. In spite of counsel's best efforts and that of Mr. Winkler, the initial mediation session ended without settlement having been achieved.
24. Following the December 2016 mediation, the representative plaintiffs instructed Class Counsel to continue with the prosecution of the Action. Examinations for Discovery took place over approximately 36 days from April through September 2017. I was examined for discovery in August of 2017 as the representative of the Trustees.
25. I understand that on April 19, 2018, the plaintiffs served a Trial Record on the defendants. I understand that by taking this step, the plaintiffs set this matter down for trial and counsel were awaiting the scheduling of a trial date.

26. On May 10 and 11, 2018, the parties, by their counsel, convened for a further mediation session before Mr. Winkler.
27. After two days of negotiation, the parties agreed to settle this action for C\$110 million, subject to Court approval. Class Counsel was authorized by the representative plaintiffs, including the Trustees, to agree to settlement on these terms. This settlement amount was considerably higher than that offered by the defendants and rejected by the representative plaintiffs at the mediation session on December 13 and 14, 2016.
28. After discussions with Class Counsel and the Trustee's corporate counsel Mr. Proszanski, I understand that Class Counsel was confident that the Class has a strong case; however there was risk to this litigation which had to be considered. I understand and consider the following factors to have weighed heavily in the negotiation of the Settlement:
 - (a) The Defendants contested that there was a misrepresentation made, and asserted that the value of the alleged misstatements, totalling a maximum of \$56 million dollars of misallocated payments were not of sufficient size to impact the value of SNC's securities;
 - (b) The discovery and documentary evidence pointed to certain individual defendants who were part of SNC's senior executive management as having the most direct involvement in the pleaded misrepresentations ("Senior Executive Management Defendants"). SNC argued that these individual members of SNC's "Office of the President" intentionally kept the Board in the dark about some of the illicit conduct which underlay the pleaded misrepresentations.

- (c) SNC had taken the position that the Senior Executive Management Defendants had acted improperly and that this conduct was the primary cause of any alleged misrepresentation. SNC also relied on the fact that some of these individuals had been charged criminally and were awaiting trial.
- (d) SNC relied on a statutory provision which is untested by the Courts (*OSA* section 138.6(1) Proportionate Liability) that defendants who contribute to an actionable misrepresentation are not jointly and severally liable to a plaintiff, rather, such contributing defendants are only proportionately liable to the plaintiff. SNC argued throughout this litigation that, if there was any liability on the part of SNC, it would be proportionately small relative to the greater liability of the Senior Executive Management Defendants who had the most direct involvement in the pleaded misrepresentations. SNC argued that this statutory provision enabled it and the Outside Directors to lay most of any civil liability at the feet of these Senior Executive Management Defendants who would not, on their own, have the financial means to satisfy a substantial damages award.
- (e) The ability of the plaintiffs' to hold SNC responsible for the actions of those Senior Executive Management Defendants, as a matter of law notwithstanding the proportionate liability provisions of the *OSA*, was in Counsel's view, arguable, but nevertheless uncertain.
- (f) There were directors' and officers' insurance policies which with total coverage of approximately \$70 million on their face, of which a lesser amount would appear to be responsive to the claims against all of the Individual Defendants. However, the

amount of coverage potentially available was far less than the Settlement Amount. Furthermore, the insurers had reserved their rights to deny coverage for some of the Senior Executive Management Defendants and there was an unresolved dispute before the Court in Quebec regarding certain other aspects of coverage under those policies namely, whether the policies were “wasting” (meaning that the liability limits were diminishing to cover the very considerable defense costs), or not wasting, in which case the full liability limits could potentially be called upon to satisfy a judgment. Therefore, there was considerable uncertainty as to whether the Class could meaningfully recover on a damages award against any or all of the Senior Executive Management Defendants. This was significant given that SNC was arguing that these individuals bore the largest proportionate share of liability for the pleaded misrepresentations.

- (g) SNC and the Outside Directors also relied on “reasonable investigation” or “due diligence” defence provided by *OSA* sections 138.4(6). While Class Counsel was confident that the record of this case did not support a finding that SNC and the Director Defendants were duly diligent in spite of the misrepresentations having been made, the SNC Defendants have taken the position that some pre-Class Period evidence which would assist the Plaintiffs in answering this defense should not be admissible at trial because it did not pertain directly to the transactions alleged to have been the subject matter of the misrepresentations. In any event, the evidence supporting and rebutting this defense would be complex, expert intensive, meaning that its outcome was uncertain.

- (h) There are criminal proceedings against SNC and certain of the Senior Executive Management Defendants in respect of conduct which was related to the misrepresentations pleaded in this case. There is a risk that the trial of these criminal prosecutions in Quebec could complicate and, or delay the trial of this Action. Furthermore, criminal findings, or other findings of knowing misconduct against certain of the Senior Executive Management Defendants could also complicate the availability of insurance coverage which might otherwise respond to satisfy part of a judgment in this Action, and could also have significant implications for any proportionate liability findings under section 138.6 of the OSA.
29. The Trustees and I also relied on recommendation of Class Counsel, whom I understand and have observed to be experienced in the litigation and resolution of securities class actions.
30. I understand that, under the Settlement Agreement and subject to the particular wording in it, unless a potential Class Member had excluded him, her or itself from the Action, the claims brought and other claims that could have been brought in the Action will be released forever on the Effective Date.
31. I understand this to mean that, if the Settlement is approved, no Released Claims can be brought or continued against Releasees at any time after the Agreement becomes effective.
32. Class Counsel and the Trustee's corporate counsel Mr. Proszanski reviewed the key monetary and non-monetary terms of the Settlement Agreement with me, and have satisfied me as to its appropriateness. I understand:

- (a) the Settlement resolves both this Class Action, but also a related and parallel Class Action brought by Class Counsel in the Quebec Superior Court (“Quebec Class Action”);
- (b) the total amount of C\$110 million will be the sole monetary contribution by the Defendants, either directly or by their insurers in the settlement of both this Class Action and the Quebec Class Action;
- (c) the effect and binding nature of the Settlement Agreement;
- (d) the Settlement is coincident with and conditional on the approval by the Quebec Superior Court of the settlement of the Quebec Class Action;
- (e) in order for the Settlement to take effect, not only must this Court approve the settlement of this Action but the Quebec Superior Court must approve the settlement of the Quebec Class Action. In turn, in order for the settlement of the Quebec Class Action to take effect, not only must the Quebec Superior Court approve that settlement, but this Court must approve the Settlement of this Action;
- (f) if the Settlement becomes effective, the case against the Defendants will be dismissed with prejudice (meaning it cannot be brought again);
- (g) if we later discover new facts related to the claims, that discovery will not change the binding effect of the Settlement Agreement and the releases given; and

(h) the Settlement is a compromise having regard to the various risk factors described above, and Class Members are unlikely to be completely restored to the position they were in before they acquired SNC-Lavalin shares.

33. The Trustees understood that the maximum liability of SNC under the *Securities Act* for damages could be as low as \$334 million. It was also understood that on the record of this case there was a very real risk of a finding that SNC would have proportionate liability of only a portion of this amount that could be 50% or lower. The Trustees understood that there were other risks that I outline in this affidavit. Given the risks, the Trustees accepted that the Settlement Funds of \$110 million Settlement Fund is fair and adequate consideration to be paid in exchange for the Released Claims in light of those matters that weighed heavily in the negotiation of the Settlement.
34. Accordingly, on behalf of the Trustees, I have instructed Class Counsel to seek this Honourable Court's approval of the Settlement.

Proposed Distribution Protocol

35. I have discussed with Siskinds and Mr. Proszanski the terms of the proposed Distribution Protocol set out in Schedule "J" to the Settlement Agreement and the basis for those terms.
36. The Trustees do not object to the approval of the Distribution Protocol in the form it is proposed.
37. Accordingly, the Trustees have instructed Class Counsel to seek this Honourable Court's approval of the Distribution Protocol

FEE APPROVAL

38. Siskinds and Rochon Genova, as co-Class Counsel undertook to prosecute this Action on a contingency basis such that they would not receive payment of their fees or disbursements unless and until a recovery was obtained for the benefit of the Class Members.
39. Class Counsel did not seek third party funding in this case and thus bore entirely the risk of loss including the value of their own docketed time over some 6 years of litigation, the disbursements incurred including expert fees, any adverse cost awards, and applicable taxes on all of the foregoing.
40. The Trustees and I understand that if Class Counsel had sought third party funding in relation to a potential adverse cost award, the third party funder would have been compensated for that risk with a payment of up to 10% of the gross settlement. Because Class Counsel did not seek such third party funding, and because the risk of an adverse costs indemnity was entirely borne by Class Counsel, and because it was anticipated that this would be complex and expensive litigation for both sides, the Trustees' Retainer Agreement (and the Gray Retainer Agreement) provided that the base contingency fee amounts would be increased by 5%. The Trustees agreed with this provision and the rationale for it.
41. Class Counsel has informed me that the value of Class Counsel's docketed time on this file, as at the date of this affidavit is in excess of C\$9 million, exclusive of the disbursements that have been funded by Class Counsel, and applicable taxes.
42. I have been further informed that Class Counsel estimates that they will spend time valued at approximately an additional C\$150,000 to complete administration of the Settlement. I understand that this additional time will be spent to:

- (a) prepare for and attend at the Settlement Approval Hearing;
 - (b) assist in implementing Part 2 of the Plan of Notice as it relates to the Approval Notice;
 - (c) liaise with the Administrator to ensure the fair and efficient administration of the Settlement Agreement and the Distribution Protocol; and
 - (d) respond to inquiries from Class Members and their lawyers, if applicable, regarding the Settlement Agreement and the Distribution Protocol.
43. Class Counsel has informed me that they have incurred disbursements approaching C\$2.5 million to date, excluding taxes. I understand that this amount includes expert fees for consultation and expert evidence, fees of the mediation, the costs of investigating this matter, travel, accommodation, communication costs and court filing fees.
44. Class Counsel has advised that they wish to request Class Counsel Fees in the global amount of \$25.25 million plus taxes and reimbursement for disbursements, with \$2 million of that global amount (exclusive of applicable taxes) allocated to the parallel Quebec Class Action. It has been explained that this amount (\$25.25 million) is consistent with the Trustees' Retainer Agreement and the Gray Retainer Agreement. This amount is determined on the basis of a sliding scale provided for by these retainer agreements as follows:
- | | |
|-----------------------------------|-----------------|
| 32.5% on first \$20 million | = \$6.5 million |
| 27.5 million on next \$20 million | = \$5.5 million |
| 22.5% on next 20 million | = \$4.5 million |

17.5% on amount above \$60 million = \$8.75 million

Total requested fees **\$25.25 million**

45. The requested Class Counsel Fee (on this and the Quebec Action) equates to approximately 22.95% of total Settlement.
46. I am advised that HST on Ontario legal fees is 13% and GST and QST on Quebec legal fees is 14.975%. Therefore, provincial taxes on the Requested Settlement amount will be \$3.322 million calculated as follows:

HST on Ontario Legal Fees:	23.25 million x 13%	= 3,022,500
<u>Quebec legal fees + GST+QST:</u>	<u>2.0 million x 14.975%</u>	<u>= \$299,500</u>
<u>Total applicable taxes</u>		<u>\$3,322,000</u>
Total requested fees and applicable taxes		28,572,000


47. Thus, the Trustees understand that, if Class Counsel's requested fee plus applicable taxes in Ontario and Quebec are approved, the Settlement Funds would be reduced by \$28,572,000 before reimbursement for disbursements (up to **CS2.5 million plus applicable taxes**) and before Administration Expenses to distribute the balance to Class Members.
48. The Trustees support the requested Class Counsel fee of \$25.25 million plus applicable taxes on fees and reimbursement for disbursements plus applicable taxes on disbursements.

CONCLUSION

49. The Trustees appreciate that the Action raises complex factual and legal matters and that it would not be feasible to pursue the Trustees' claim on an individual basis. Absent the class action mechanism, the Trustees would not have pursued any remedy against the Defendants.

50. Given these circumstances and for the reasons set out herein, the Trustees believe the Settlement to be fair, reasonable, and in the best interests of the Class. Accordingly, the Trustees hereby request that the Settlement and Class Counsel Fees be approved by this Honourable Court.

SWORN OR AFFIRMED before me)
at the City of Toronto, in the Province)
of Ontario, this 14th day of October,)
2018.)



A Commissioner, etc.)



LISA WATT

This is Exhibit "A" mentioned and referred to in the Affidavit of Lisa Watt, sworn before me at the City of Toronto, in the Province of Ontario, this 4th day of October, 2018.


A Commissioner, etc.

CONTINGENCY FEE RETAINER AGREEMENT

1. The Drywall Acoustic Lathing and Insulation Local 675 Pension Fund ("DALI") hereby retain and employ the law firm of Siskinds LLP ("Siskinds") as our lawyers in relation to a class proceeding pursuant to the Ontario *Class Proceedings Act, 1992* naming DALI as proposed representative plaintiff on behalf of all persons, wherever they may reside or be domiciled, who acquired the securities of SNC-Lavalin Group Inc. ("SNC") from and including March 13, 2009 through and including February 27, 2012, or such other class as may be proposed by Siskinds or certified by the Court (the "Class").
2. We have authorized Siskinds to commence proceedings in Ontario, on our behalf, against SNC, Pierre Duhaime, Gilles Laramée, Ian A. Bourne, David Goldman, Patricia A. Hammick, Pierre H. Lessard, Edythe A. Marcoux, Lorna R. Marsden, Claude Mongeau, Gwyn Morgan, Michael D. Parker, Hugh D. Segal, Eric Siegel, Lawrence N. Stevenson, Riadh Ben Aïssa and Stéphane Roy, and such other defendants as Siskinds may consider appropriate.
3. We understand that this litigation is to be pursued on a contingency basis such that legal fees and disbursements with respect to the common issues will be payable only in the event of success in the class proceeding.
4. We understand that, according to the Ontario *Class Proceedings Act, 1992*, "success" in a class proceeding includes:
 - (a) judgment on the common issues in favour of some or all members of the Class; and
 - (b) a settlement that benefits one or more members of the Class.
5. We understand that legal fees will be charged on a percentage basis. We understand that, pursuant to this agreement, Siskinds may request approval from the Court of a legal fee at the applicable percentage rate(s) determined in accordance with the paragraphs below, plus disbursements, plus applicable taxes on the fees and disbursements, to be paid in a lump sum from any settlement, judgment or award obtained for the benefit of some or all members of the Class.
6. We understand that the percentage legal fee will be calculated based on all benefits obtained for the Class by settlement, judgment or award, including, without limitation, partial indemnity or substantial indemnity costs, and the costs of notice and administration (the "Net Amount Recovered").
7. Subject to paragraph 8 hereof, the applicable percentage rate shall be:
 - (a) twenty-five percent (25%) of the Net Amount Recovered if such recovery occurs before a decision is rendered by the Court on a contested certification motion;
 - (b) twenty-seven and one-half percent (27.5%) of the Net Amount Recovered if such recovery occurs after a decision is rendered by the Court on a contested

certification motion, but before the commencement of the common issues trial;
and

- (c) thirty percent (30%) of the Net Amount Recovered if such recovery occurs after the commencement of the common issues trial.

8. Notwithstanding paragraph 7 hereof:

- (a) if the Net Amount Recovered is \$20 million or less, the percentage rate that applies to the Net Amount Recovered shall be the applicable percentage rate under paragraph 7 hereof;
- (b) if the Net Amount Recovered is between \$20 million and \$40 million, the percentage rate that applies to the first \$20 million of the Net Amount Recovered shall be the applicable percentage rate under paragraph 7 hereof, and the percentage rate that applies to the Net Amount Recovered in excess of \$20 million shall be the applicable percentage rate under paragraph 7 hereof less five percent (5.0%);
- (c) if the Net Amount Recovered is between \$40 million and \$60 million, the percentage rate that applies to the first \$20 million of the Net Amount Recovered shall be the applicable percentage rate under paragraph 7 hereof, and the percentage rate that applies to the Net Amount Recovered between \$20 million and \$40 million shall be the applicable percentage rate under paragraph 7 hereof less five percent (5.0%), and the percentage rate that applies to the Net Amount Recovered in excess of \$40 million shall be the applicable percentage rate under paragraph 7 hereof less ten percent (10.0%); and
- (d) if the Net Amount Recovered exceeds \$60 million, the percentage rate that applies to the first \$20 million of the Net Amount Recovered shall be the applicable percentage rate under paragraph 7 hereof, and the percentage rate that applies to the Net Amount Recovered between \$20 million and \$40 million shall be the applicable percentage rate under paragraph 7 hereof less five percent (5.0%), and the percentage rate that applies to the Net Amount Recovered between \$40 million and \$60 million shall be the applicable percentage rate under paragraph 7 hereof less ten percent (10.0%), and the percentage rate that applies to the Net Amount Recovered in excess of \$60 million shall be the applicable percentage rate under paragraph 7 hereof less fifteen percent (15.0%).

9. By way of example, if the defendants pay by way of settlement \$24,000,000, plus \$750,000 in costs and \$250,000 towards the cost of notice and administration, for a total Net Amount Recovered of \$25,000,000, and settlement is achieved before a decision is rendered by the Court on a contested certification motion, the contingency fee requested will be no more than \$6,000,000 (25% of \$20,000,000 plus 20% of \$5,000,000), plus disbursements, plus applicable taxes, plus any additional fees that may be applicable pursuant to paragraph 12 hereof.

10. We understand that Siskinds will pay all disbursements with respect to this action and that we will not pay for any disbursements relating to this litigation, other than the

contingency fee and expense reimbursement referenced above to be paid from a settlement, judgment or award and approved by the Court.

11. DALI and Siskinds both understand that if the Court orders that DALI pay some portion of the costs that are incurred by the defendants in this litigation during the period when Siskinds is counsel of record, Siskinds will indemnify DALI against any such award regardless of when such award is actually made insofar as the costs awarded are costs incurred by the defendants while Siskinds remains counsel of record, and DALI will not personally have to satisfy such an award or the portion of it relating to the period when Siskinds acts as our counsel. The indemnity described in this paragraph 11 shall remain valid and in force regardless of which party may terminate this retainer agreement.
12. In consideration for the indemnification described in paragraph 11, each of the percentage rates under paragraphs 7(a), (b) and (c) hereof shall be increased by five percent (5.0%). By way of example, if the defendants pay by way of settlement \$24,000,000, plus \$750,000 in costs and \$250,000 towards the cost of notice and administration, for a total Net Amount Recovered of \$25,000,000, and settlement is achieved before a decision is rendered by the Court on a contested certification motion, the contingency fee requested will be no more than \$7,250,000 (30% of \$20,000,000 plus 25% of \$5,000,000), plus disbursements, plus applicable taxes.
13. We acknowledge and agree that Siskinds may, on our behalf, obtain an indemnification against adverse costs from the Class Proceedings Fund or a third party litigation funder, and that the Class Proceedings Fund or the third party litigation funder may be entitled to a percentage of any recovery obtained on behalf of the Class. We authorize Siskinds, in its discretion, to seek such indemnification. In the event such indemnification is obtained, the percentage rates under paragraphs 7(a), (b) and (c) hereof shall not be increased by five percent (5.0%) under paragraph 12 hereof.
14. We understand that Siskinds' legal fees shall be subject to approval by the Court.
15. We understand that, based on Siskinds' preliminary analysis, a reasonable settlement or judgment in this case could be in the range of \$25 million to \$50 million, depending on several factors, including, but not limited to, the strength of the evidence that is obtained in the course of prosecuting this action, the extent of the available insurance coverage, and the defendants' capacity to pay. We understand that a more precise estimate of a reasonable settlement amount is not possible at this time.
16. We understand that, in the event that a settlement or judgment is obtained that is consistent with the above estimate, Siskinds may request a fee of up to \$7.25 million (30% of \$20,000,000 plus 25% of \$5,000,000) to \$13 million (30% of \$20,000,000 plus 25% of \$20,000,000 plus 20% of \$10,000,000), plus disbursements, plus applicable taxes (on the assumption that a settlement or judgment is achieved before a decision is rendered by the Court on a contested certification motion), which amounts will be subject to approval by the Court. We understand that, in considering Siskinds' fee request, the court may consider, among other things, this retainer agreement, the amount of any settlement or judgment obtained, the risk undertaken by Siskinds in prosecuting the action, and the time and expense incurred by Siskinds in prosecuting the action. We also understand that the above estimate of fees is based on the estimated recovery in the


preceding paragraph, and that in the event that the settlement or judgment obtained varies from those amounts, the fee sought may vary accordingly. This estimate of fees is therefore in part subject to the same contingencies as are expressed with respect to the estimate of a reasonable settlement or judgment expressed in paragraph 15 hereof.

17. We have been advised by Siskinds lawyers that our solicitors in this action will not recover more in fees than the Class recovers as damages or receives by way of settlement.
18. We agree and direct that all funds claimed by Siskinds for legal fees, costs, taxes and disbursements shall be paid to Siskinds in trust from any judgment or settlement money.
19. We understand that Siskinds may associate with other law firms in the prosecution of this action, including, without limitation, Siskinds' Québec affiliate law firm, Siskinds Desmeules.
20. Because Siskinds is a large multi-disciplinary law firm, it frequently represents clients that are competitors, customers or suppliers, or have other commercial, and at times legal, interests that are adverse to one another. It is possible that during or following the time Siskinds represents DALI another existing or new client may have disputes with DALI that are unrelated to the matters that Siskinds are handling or have handled for us. We understand that Siskinds will represent DALI in this and future matters on the understanding that Siskinds represents other clients and may accept engagements from them on other matters that may be adverse to DALI. However, Siskinds will not act for another client against DALI's interests if the matter is substantially related to any matter in which Siskinds is representing us. If the foregoing conditions are satisfied, we agree that Siskinds may undertake the adverse representation and that all conflict of interest issues will be deemed to have been waived by DALI.
21. We acknowledge:
 - (a) having been advised by Siskinds lawyers that we retain the right to make all critical decisions regarding the conduct of this action, but always with a view to the best interests of the Class;
 - (b) having discussed with one or more Siskinds lawyers options for retaining Siskinds other than by way of a contingency fee agreement, including retaining them by way of an hourly-rate retainer;
 - (c) that the standard hourly rates of the lawyers who are expected to be the principal lawyers in this matter are (1) Charles Wright: \$650; (2) Dimitri Lascaris: \$600; (3) Michael Robb: \$500; and (4) Anthony O'Brien: \$375;
 - (d) that the aforementioned standard rates may be increased in the ordinary course of business;
 - (e) that we have been advised that hourly rates may vary among solicitors and that we can speak with other solicitors to compare rates;

- (f) that we have chosen to retain Siskinds by way of a contingency fee agreement; and
 - (g) that we understand that all usual protections and controls on retainers between a solicitor and client, as defined by the Law Society of Upper Canada and the common law, apply to this agreement.
22. We understand that, if either DALI or Siskinds wish to terminate this relationship, DALI or Siskinds will forthwith move before the Court for directions. We acknowledge that Siskinds has incurred and will continue to incur significant time and financial risk in the prosecution of this action. Accordingly, if we engage another solicitor to act in the action or if we otherwise terminate this agreement and the action is successful, Siskinds will be paid fees and disbursements in accordance with the terms of this agreement.
23. We understand and agree that, in retaining Siskinds to provide the legal services described in this retainer, the collection, use, retention and disclosure of personal and other sensitive information may be required in order to fulfil those services and related obligations. We have read the Siskinds Privacy Policy respecting the management of personal and sensitive information and understand that such information will be used by Siskinds for only the purposes set out in this Retainer and for no other purpose, without our express written consent pursuant to the Privacy Policy.
24. This agreement shall not confer any rights or remedies upon any person other than the parties hereto and their respective heirs, executors, successors and permitted assigns.
25. This agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

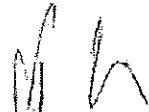
Signed, sealed and delivered this 3RD day of MAY, 2012

May 3, 2012



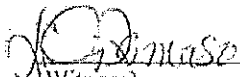
[NAME OF TRUSTEE],
Trustee of The Drywall Acoustic
Lathing and Insulation Local 675
Pension Fund

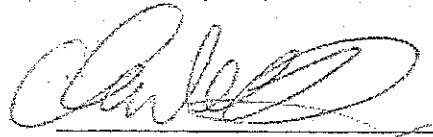
May 3, 2012



[NAME OF TRUSTEE],
Trustee of The Drywall Acoustic
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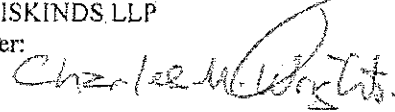
May 3, 2012


(Witness) LINDA DITOMASSO



SISKINDS LLP

per:



TRUSTEES, et al.
Plaintiffs

v.

SNC-LAVALLIN GROUP INC. et al.
Defendants

Court File No. CV-12-453236-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto
Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF LISA WATT

Siskinds LLP
Barristers & Solicitors
680 Waterloo St.
London, ON N6A 3V8

Rochon Genova LLP
121 Richmond Street West
Suite 900
Toronto, ON M5H 2K1

Michael G. Robb
(LSO#: 45787G)
Tel: 519-660-7872
Fax: 519-672-6065

Joel Rochon
(LSO#: 28222Q)
Peter Jervis
(LSO#: 22774A)
Douglas Worrald
(LSO#: 30170P)
Ronald Podolny
(LSO#: 56908C)

Tel: 416-363-1867
Fax: 416-363-0263

Counsel for the Plaintiffs and the Class