

AT STANTEC WE PROVIDE SUSTAINABLE SOLUTIONS FOR OUR SHAREHOLDERS.

We offer our shareholders a proven track record and the ability to grow while remaining profitable. In fact, since our beginning in 1954, we have achieved 52 consecutive years of uninterrupted profitability. And since our initial public offering on the Toronto Stock Exchange in 1994, our gross revenue, net income, and basic earnings per share have grown at a remarkable compound average annual rate of 19.3%, 21.3%, and 16.8%, respectively. This steady performance has contributed to a 723% increase in the price of our shares during this 11-year period.



Stateline Wind Project, Umatilla County, Oregon

Our staff are providing services for the alternate production of power, including the development of wind farms in locations across North America.

“Our solution for achieving continued growth and profitability is our three-dimensional, sustainable business model, which enables us to manage risk while continuing to increase our revenue and earnings.”



Green Roof Project, Stantec Office, Edmonton, Alberta

The green roof we created atop our Atrium Tower in Edmonton helps reduce stormwater runoff, decrease urban air temperatures, remove air pollutants, and decrease our use of fossil fuels (through increased thermal insulation) while providing greater sound insulation and potential habitat for insects and birds.

Such performance gives us the financial strength to increase our revenue as well as our workforce by hiring new staff and acquiring companies that offer services in our service matrix. Since 1994 we have integrated over 40 firms and approximately 4,000 employees into our Company from Canada, the United States, and the Caribbean.

And our capacity to endure is helping us achieve the goal we established in 1998 to become a top 10 global design firm by 2008. Being ranked for the quality of our work among the top 10 peers in our industry anywhere in the world will strengthen our ability to serve our clients, give our employees increased opportunities to work with the best clients on the best projects, and enhance our value to shareholders. Our 10-year plan for realizing this objective relies on growing our business between 15 and 20% annually. At the close of 2005, we are a \$600 million revenue company with more than 5,500 employees operating out of over 60 offices.



**Light Rail Transit,
Edmonton, Alberta**

Our Transportation group designs public transportation systems, including light rail transit systems, that provide a safe, convenient way for people to travel to and from work, school, and recreational activities.

**OEM Remanufacturing Facility,
Edmonton, Alberta**

We provided integrated services—architecture, buildings engineering, and industrial process design—for the development of a new remanufacturing facility in Edmonton. Our design incorporated "lean" engineering methodology, resulting in greater efficiency and lower operating costs for the remanufacturing plant.

Our solution for achieving continued growth and profitability is our three-dimensional, sustainable business model, which enables us to manage risk while continuing to increase our revenue and earnings. Focused exclusively on the infrastructure and facilities professional services sector, the model is based on providing services in diverse geographic regions, distinct but complementary practice areas, and all phases of the infrastructure project life cycle, thus ensuring that we are not dependent upon any single geographic region, practice area, or life cycle phase for our business. We currently operate in three broad geographic regions in North America—Canada, the US East, and the US West—made up of 14 smaller subregions. In total, we have offices in five provinces and 16 states as well as Puerto Rico. We also serve selected international markets in other parts of the Caribbean and undertake projects with clients in

designated areas around the world. We offer services in 13 distinct specialist practice areas grouped into five broad categories—Buildings, Environment, Industrial & Project Management, Transportation, and Urban Land. And we provide specialized services in the five project life cycle phases—planning, design, construction, maintenance, and decommissioning. By cross selling our expertise between our regions and practice areas, we are able to offer clients in both the public and private sectors a full roster of services delivered through one source. Indeed, our operating philosophy is “One Team. Infinite Solutions.”

The sustainability of our model is strengthened each time we augment our geographic reach, add expertise to our practice areas, or increase our work in one of the five life cycle phases. In 2005 we achieved several key objectives in support of our growth plan by expanding our architecture and interior design practice, enhancing our capabilities in the transportation and environment sectors, and creating a new region in southern California. Our strategy going forward is to continue to sustain our Company by growing our operations in many of our current regions while also expanding outside these regions through internal hiring or the integration of newly acquired firms. Because of the solid foundation we have built to date, we are now able to acquire larger firms in the infrastructure and facilities sector. In addition, we plan to continue to bolster our service offerings and expertise in our current practice areas both within and outside our existing regions.

Harvest Park, Fort Collins, Colorado

Our Urban Land group provided civil engineering and surveying services for this 500-unit, neotraditional residential subdivision in Colorado. Because of the flat topography of the area, extensive storm drainage modeling was required to protect the new community from flooding.

North Peace Airport, Fort St. John, British Columbia

The new terminal building our Architecture group designed for the North Peace Airport not only serves as a gateway to communities and industries in northern British Columbia but also is responsive to local weather conditions, including high snow volumes, low winter light, and summer dust.



AT STANTEC WE PROVIDE SUSTAINABLE SOLUTIONS FOR OUR CLIENTS.

Our project solutions come from our people. From the transportation engineer designing a public transit system to the strategic planner researching the relocation of a university campus, our employees are committed to delivering high-quality projects that are both functional and aesthetically pleasing, that achieve a high level of acceptance by users, and that provide a return on our clients' investment.



**Lake Tahoe Basin Environmental Improvement Program Projects,
El Dorado County, California**

We are providing a range of services, including analyses of existing storm drainage systems, for improving water and air quality in the Lake Tahoe Basin.

“To underscore our commitment to our clients, we are championing sustainability in our projects Company wide.”

Kamloops Centre for Water Quality, Kamloops, British Columbia

We designed the Kamloops Centre for Water Quality to perform 66% more efficiently than a comparable facility referenced by the Model National Energy Code of Canada for Buildings.



Our people are also the growing force behind our commitment to providing clients with infrastructure and facilities solutions that contribute to a sustainable future. Currently, over 200 of our employees are accredited with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System®, a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. And staff across the Company are playing a leadership and advocacy role in promoting sustainable development throughout North America as public speakers, authors of papers, members of community groups, and leaders in the U.S. and Canadian Green Building Councils.

To underscore our commitment to our clients, we have created roles for championing sustainability in our projects Company wide, including that of designated sector leader for our

sustainable design work. We also have a Concepts group that helps teams throughout the Company design greener facilities. Within its key service areas, the group keeps our teams up-to-date with the latest sustainable ideas, helps them measure the “greenness” of their buildings by coordinating the LEED® process, provides modeling to assist them in predicting a building’s performance, and conducts sustainability and energy audits on existing buildings.

What is more, our people are helping us foster an internal culture of sustainability within our operations. A prime example is our Seattle, Washington, office, which has implemented comprehensive recycling programs, policies for buying only recycled and/or recyclable supplies and furniture, and a volunteer green commuter program, among other environmentally responsible initiatives. Many of these programs have been the work of the office’s in-house Green Team.

Cost effective and responsive to our clients’ needs, the projects featured in the following pages are some examples of the sustainable solutions our people provide.

Frito-Lay Distribution Center, Rochester, New York

As part of a design team, we contributed our architecture and engineering expertise to the development of the new LEED® Gold-certified Frito-Lay distribution center—a model of resource conservation.



**Vegreville Library,
Vegreville, Alberta**

Our staff completed the architectural and interior design of the new Vegreville library, which is registered with the Commercial Building Incentive Program, an initiative intended to encourage investments in energy-efficient building design and construction. To qualify for the incentive, a building must be at least 25% more energy efficient than it would be if it were constructed to meet the requirements of the Model National Energy Code of Canada for Buildings.



**Buffalo Public School 31,
Buffalo, New York**

We provided architectural design services for a major renovation of a historic Buffalo school, originally built in 1925, as part of a green design program initiated by the U.S. Green Building Council. The renovation—which is registered to achieve LEED® Silver certification—will result in energy conservation, a healthier indoor environment, and more efficient use of resources.



Buildings solutions

Our people are providing solutions for the design of high-performance, energy-efficient facilities in all building sectors—educational, commercial, institutional, and manufacturing. In Rochester, New York, as part of a design team, we contributed our architecture and engineering expertise to the design of the new Frito-Lay food distribution warehouse and office facility, one of only two LEED® Gold-certified buildings in New York State. The 40,900-square-foot (38,000-square-metre) food distribution center will serve as a model of resource conservation, featuring strategies for the use of renewable energy, alternate lighting, and other green innovations. In Kamloops, British Columbia, our Architecture & Interior



Clover Bar Landfill Gas Power Project, Edmonton, Alberta

The services our Energy & Resources team provided for this project in Edmonton ultimately enabled our client to convert landfill gas into electricity for export to the city's power grid.



Nesting Raptor Study, Rocklin, California

Our Environmental Management group completed environmental field analyses and conducted a nesting raptor survey to ensure wildlife protection at the Blue Oaks Marketplace in Rocklin.

Design, Buildings Engineering, and Environmental Infrastructure groups teamed up to act as the lead consultant in designing the Kamloops Centre for Water Quality, the largest membrane water treatment plant in North America, with a capacity to provide up to 160 megalitres (42.3 million US gallons) of safe drinking water for approximately 85,000 people per day. Targeting to achieve LEED® Silver certification, our team designed the building to perform 66% more efficiently than a comparable facility referenced by the Model National Energy Code of Canada for Buildings. Our sustainable solutions for the project also included a wide range of water conservation measures (including the reuse of reject water for irrigating the plant site along with a 19-hectare [47-acre] city park), habitat restoration, and on-site stormwater management and treatment. In addition, in Vancouver, British Columbia, we completed the architectural and interior design of the Discovery Education Centre at the Vancouver Aquarium, which is now under construction. This new facility—targeted to achieve LEED® Gold certification—will function as an educational resource for school children and community groups not only in the marine sciences but also in sustainable design. Among other technologies, the center will showcase the use of captured rainwater for toilet flushing and irrigation and of an energy-efficient heat exchanger that taps into seawater from Burrard Inlet for heating and cooling. All together, the sustainable strategies incorporated into our design will help the center achieve a 50% reduction in energy performance compared to facilities designed for conventional construction. And in Edmonton, Alberta, we provided the mechanical engineering design for the development of the South Division Police Station, another LEED® Gold-certified project, which included energy conservation measures that will save the City of Edmonton approximately \$31,000 in operating costs and avoid the production of 290 tonnes of carbon dioxide and associated toxins.

Urban Land solutions

Our people are providing solutions for developing residential communities that work with the natural amenities of their environment. For example, our Planning & Landscape Architecture group played a significant role in the land planning of Lake Margaret Estates, a 500-unit residential community created within a conservation area in St. Thomas, Ontario. To preserve the area as a sanctuary for wildlife and native flora, the project included such large-scale initiatives as restructuring the lake shoreline, building nesting islands, and designing a naturalized stream corridor. We continue to monitor the community to ensure the long-term health of Lake Margaret. In Sherwood Park, Alberta, the landscape architecture and civil engineering services we contributed to the development of the Heritage Hills community helped to preserve an existing natural wetland and its vital ecological functions (for example, protecting and improving water quality and providing fish and wildlife habitats). Our landscape architecture services also included the design of recreational components, such as bike and walking trails winding around the natural area, to enable residents to learn about and enjoy the wetland. We also completed the engineering and landscape architectural design of a constructed wetland for the 20-hectare (49.5-acre) Edgemont community, a master-planned residential

Heritage Hills Wetland, Sherwood Park, Alberta

Our Urban Land group used its expertise in landscape architecture and civil engineering to preserve a wetland within a new residential development. Our landscape architecture services also included the design of recreational trails winding around the natural area.



development in Calgary, Alberta, that we have been involved in creating since the 1970s. Through an extended storm detention pond, the 1.5-hectare (3.7-acre) constructed wetland provides a natural means of treating surface stormwater runoff from the community as well as wildlife habitat and sustained underground irrigation for a floodable forest in the area.

Industrial solutions

Our people are providing solutions for the alternate and environmentally responsible production of energy. In Edmonton, Alberta, our Energy & Resources team designed and commissioned the electrical, instrumentation, and control apparatus that ultimately enabled a power production client to burn gas extracted from the Clover Bar Landfill northeast of the city to produce electricity for export to the city's power grid. Previously, because of a lack of available facilities, our client was obligated to flare the landfill gas following extraction, and its energy content was lost in the process. We also served as the project manager for this landfill gas power project—from budget development and conceptual design to the start of construction. Similarly, our staff were instrumental in the development of the Kingsbridge I wind farm located along the shores of Lake Huron near Goderich, Ontario, and of Phase 1 of the Melancthon wind project located near Shelburne, Ontario. Once operational in mid-2006, these wind power projects will generate 39.6 and 67.5 megawatts of clean electricity, respectively, and help the Province of Ontario meet its renewable energy targets. We were responsible for managing the environmental



Tuckasegee River Restoration, Dillsboro, North Carolina

Our Environmental Management team developed a conceptual plan for removing the Dillsboro Dam on the Tuckasegee River and restoring the river to its natural condition. Pictured above is the dam prior to removal. Pictured to the right is the river following restoration.





Train Derailment Wetland Restoration, Parry Sound, Ontario

We helped restore a piece of wetland destroyed in the cleanup of a train derailment that now provides habitat for numerous species of native plants and aquatic and terrestrial animals.

assessment processes for both projects, including extensive natural environment surveys, public and agency consultation, and work required to satisfy federal and provincial regulatory requirements. In addition, our Strategic Management, Energy & Resources, and Environmental Management groups came together to help resource regulators in Peru plan and write the regulations for the development of a sustainable hydrocarbon industry. The procedures and protocols we put forward in our plan will go a long way toward minimizing the environmental impact of hydrocarbon development in the country while producing positive social and economic benefits by providing a source of clean, low-cost energy.

Environmental solutions

Our people are providing solutions for sustaining air, water, and soil quality and the health of natural ecosystems. For example, our Environmental Management group worked with the Royal Botanical Gardens in Parry Sound, Ontario, to restore 2 hectares (5 acres) of wetland that were destroyed in the cleanup of a train derailment. Using only native plant species and minimizing the importation of soil, our innovative restoration plan resulted in a wetland that provides habitat for numerous species of aquatic and terrestrial animals and is consistent with typical landscapes found throughout the Canadian Shield. Our staff also designed the restoration of the



Sustainable Hydrocarbon Industry, Peru

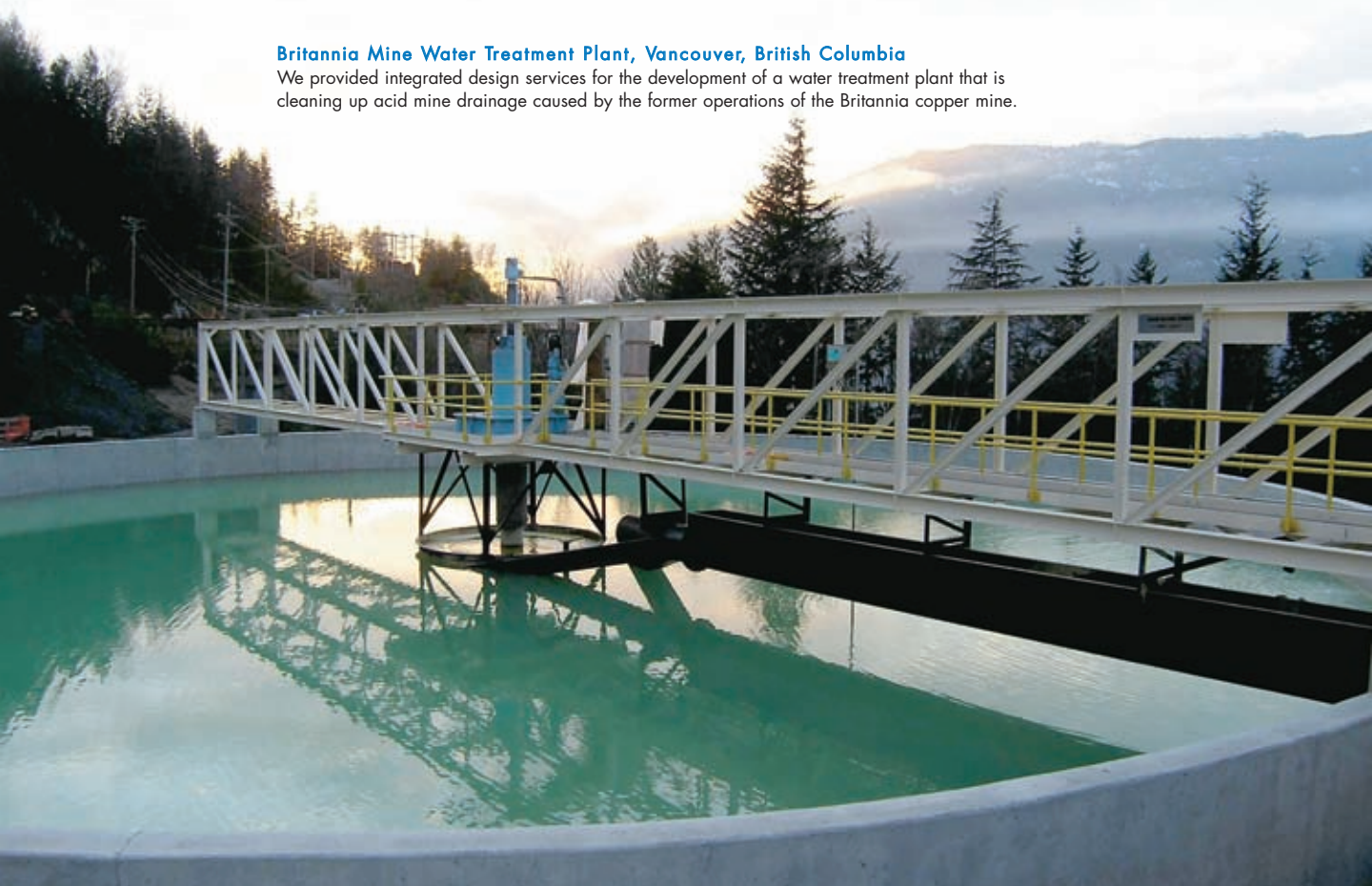
The strategic plan we prepared for the development of a sustainable hydrocarbon industry in Peru included measures for protecting the environmental integrity of this small mountain community while providing social and economic benefits.

27-acre (11-hectare) Hillcrest Bay wetland located in the Cape Fear River Basin in Hoke County, North Carolina, employing hydrologic modeling methodologies. We will be conducting hydrologic and vegetative modeling at the site over the next five years. And after completing an environmental assessment of the Tuckasegee River at Dillsboro, North Carolina, for Duke Power, we developed a conceptual plan for removing the Dillsboro Dam, one of several hydroelectric projects in the area, and restoring the river to its natural condition. Our hands-on community approach—creating photo renderings and taking noise readings to demonstrate how the restored river would look and sound—helped alleviate residents' concerns about this major restoration project.

In the water resources area, our staff are contributing civil engineering, environmental management, and planning services to the El Rio Watercourse Master Plan project, which is intended to provide sustainable flood management solutions that will conserve the natural environment and allow for the future growth of communities along 18 miles (29 kilometres) of the Gila River in Maricopa County, Arizona. In enhancing the natural functions of the river, the plan will offer opportunities for riparian and wetland restoration, recreation, environmental

Britannia Mine Water Treatment Plant, Vancouver, British Columbia

We provided integrated design services for the development of a water treatment plant that is cleaning up acid mine drainage caused by the former operations of the Britannia copper mine.



education, and preservation of wildlife habitat. Next door in El Dorado County, California, our multidiscipline team of engineers, landscape architects, planners, biologists, and hydrologists is providing a range of services for implementing environmental improvement program projects designed to preserve, restore, and enhance the natural and human environment of the Lake Tahoe Basin. These projects relate specifically to improving water and air quality, including analyses of existing storm drainage systems in order to reduce the sediment and nutrient contamination present in stormwater runoff to the lake. In another project in British Columbia, our staff have helped to clean up acid mine drainage into Britannia Creek and Howe Sound caused by the former operations of the Britannia Mine, which, during the 1930s, was the largest copper mine in the British Empire. We provided integrated design services, including architecture and civil, process mechanical, structural, and electrical and controls engineering, for the fast-tracked delivery of a water treatment plant at the mine site. Upon commissioning of the plant in October 2005, clean water was discharged into Howe Sound for the first time in 100 years. Moreover, the plant design featured a microhydroturbine power generation system that uses the mine water to produce green power for the plant's operations.

In the area of soil and groundwater remediation, we are using dual-phase vacuum extraction technology enhanced with nutrient injection to remove petroleum hydrocarbon contaminants from the soil and groundwater at a former manufacturing facility site in Moose Jaw, Saskatchewan. To date, our work has resulted in the recovery of more than 20,000 litres (5,283 US gallons) of petroleum hydrocarbons present in the subsurface soil as well as a reduction in total petroleum hydrocarbon concentrations present in recovered groundwater to below detection limits.

And, finally, our staff are recognized for their innovative applications of emerging technologies such as ecotoxicological and microbiological testing, biological nutrient removal, phosphorous recovery, and real time control of combined and sanitary sewer overflow. For example, we are designing improvements to the biological nutrient removal process (the biological removal of phosphorous and nitrogen from wastewater) in use at the Little Patuxent Water Reclamation Plant in Howard County, Maryland, to help our client meet stringent new nutrient standards for water systems within the Chesapeake Bay watershed. We have also been involved in conducting pilot studies at the Penticton and Lulu Island Wastewater Treatment Plants in British Columbia to test the use of a synthetic supernatant in recovering phosphorous, a non-renewable resource, from biological waste as well as in controlling the presence of struvite crystals in the wastewater treatment process. Ultimately, these studies will lead to the recycling of recovered phosphorous as commercial-grade fertilizer.

These are just some examples of the solutions we provide to contribute to a sustainable future.

AT STANTEC WE PROVIDE SUSTAINABLE SOLUTIONS FOR OUR COMMUNITIES.

To honor our commitment to social sustainability, we strive to enhance the knowledge, prosperity, health and wellness, and quality of life of the communities in which we work across North America. We view our contributions as important building blocks in helping to establish and maintain a solid, broadly based community infrastructure.



Habitat for Humanity Build, Orange County, California

Staff from our Irvine office joined forces with the Orange County Habitat for Humanity organization to build affordable housing for area families in need.

**"Shave to Save" Fund-raiser,
Markham and Mississauga,
Ontario**

Employees in our Markham and Mississauga offices parted with their hair in support of a fund-raiser for the Canadian Breast Cancer Foundation hosted by a local radio station.



"Our scholarship program provides funding for students principally in the architecture, engineering, and related design fields in each of our regions."

**Don Stanley Cup Road Hockey
Tournament, Edmonton, Alberta**

Staff in Edmonton showed their community spirit by participating in a street hockey tournament to raise funds for the 2005 Edmonton United Way Campaign.



Our Community Investment Program supports endeavors in four primary areas: the arts, education, health and wellness, and the environment. Our objectives for the program are to donate one percent of our annual pretax profits to charitable and non-profit organizations, encourage personal charitable giving by employees, and promote and facilitate employee volunteerism.

In 2005 we celebrated the presentation of the first scholarships in the Stantec Scholarship Program in partnership with major universities across North America. Our scholarship program provides funding for students principally in the architecture, engineering, and related design fields in each of our regions. We also made a significant investment in the Faculty of Engineering at the University of Alberta (Edmonton), which will help create a world-class new educational and research environment for engineering students, faculty, and staff, including the state-of-the-art, multimedia Stantec Lecture Theatre. And we supported the work of health care, arts, and environmental organizations



Annual Trash Roundup, Sacramento, California

Employees in Sacramento helped clean up the nearby city of Folsom as part of an annual trash roundup sponsored by the local chapter of the American Public Works Association.

Social Functions Committee Picnic, Las Vegas, Nevada

Our Las Vegas office Social Functions Committee hosted a picnic lunch—complete with several games of Braille Bingo—for guests from the Blind Center of Nevada.



Company wide, including the Woodlands Recreation Foundation in Sacramento, California, Water for People in Toronto, Ontario, the Grand River Hospital Foundation in Kitchener, Ontario, the Carnegie Community Centre Association in Vancouver, British Columbia, and the E.A. Rawlinson Centre for the Arts in Prince Albert, Saskatchewan.

Acting on their concern for community well-being, Stantec staff across the Company supported numerous community endeavors through donations of their time, expertise, and skills during the year. For example, employees from our Regina, Saskatchewan, office contributed their landscape architecture skills to the development of a naturalized park on a half-acre area of neglected lawn at the site of the Regina and District Food Bank's new community outreach center. Along with designing the park, our staff planted more than 230 trees, shrubs, and flowers—mostly native species—at the site. And staff from our Rochester, New York; Calgary, Alberta; Edmonton, Alberta; and Irvine, California, offices worked to address the issue of substandard housing in their community by helping to build homes with Habitat for Humanity.

Throughout the year, successful employee fund-raising campaigns in all Stantec locations resulted in contributions to the United Way, Kids Cure for Cancer, the Heart and Stroke Foundation, Big Brothers Big Sisters, Food for Thought, and many other worthwhile organizations. In addition, staff across the Company reached out to support victims of Hurricane Katrina with donations of money and supplies, including a vanload of teddy bears gathered as part of a citywide relief effort carried out in Edmonton.

These are only a few examples of the many ways in which Stantec is a sustaining force in communities across North America.