HÉROUX DEVTEK

ANNUAL INFORMATION FORM

FISCAL YEAR ENDED MARCH 31, 2011

MAY 26, 2011

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FORWARD LOOKING STATEMENTS

Certain statements contained in sections "General Development of the Business" and "Description of the Business" of this Annual Information Form constitute forward-looking statements. These statements relate to future events or the Corporation's future performance, business or opportunities. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "anticipate", "continue", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in this Annual Information Form should not be unduly relied upon. These statements only hold true as of the date of this Annual Information Form and reference is made to the "Risk Factors" section for further discussion about the inherent risks and uncertainties surrounding future expectations. These factors should not be construed as exhaustive.

Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about:

- *Stability of worldwide economy;*
- *Recent industry trends and factors affecting aviation and industrial power generation demand;*
- *Continued growth in commercial aircraft demand (large, regional and business aircraft);*
- *Stability of the military market demand;*
- *Reliance on large customers;*
- *Availability of raw material and stability of its cost;*
- *Stability in foreign exchange rate, mainly the Canadian with the U.S. dollar;*
- *Ability of the supply base to support planned production rate;*
- *Normal contract execution and continued deployment of strategic initiatives, especially those linked to cost reductions;*
- *Liquidity and access to capital resources and renewal of the credit facility;*
- *Factors affecting restrictive debt covenants and fluctuations in interest rates;*
- *Operational risks related to Aerospace and Industrial businesses;*
- *Factors affecting environmental matters;*
- *Renewal of collective bargaining agreements; and*
- *Availability of skilled labour.*

ITEM 1: CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

Héroux-Devtek Inc. (the "**Corporation**" or "**Héroux-Devtek**") was initially incorporated on March 17, 1942 by letters patent issued pursuant to Part I of the *Companies Act* (Québec) under the name Héroux Machine Parts Limited. Supplementary letters patent amending the Corporation's borrowing powers, name and share capital, among other provisions, were issued on July 6, 1943, August 17, 1947, March 13, 1967, May 25, 1978 and December 15, 1978. The Corporation was continued under Part IA of the *Companies Act* (Québec) by a certificate of continuance dated September 30, 1982. The Corporation is now subject to the Corporations Act (Québec) which was enacted on February 14, 2011.

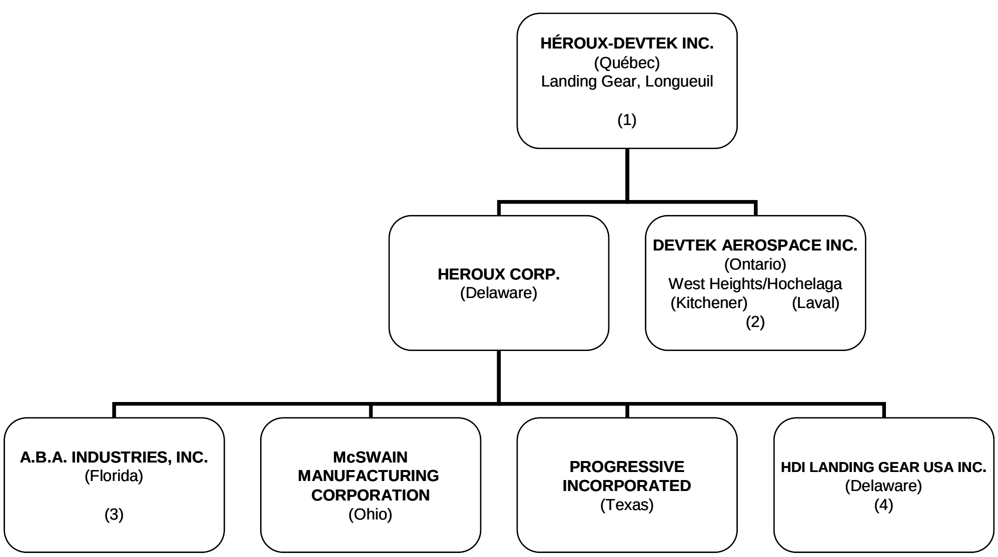
On June 26, 1985, the Corporation amalgamated with 2320-4894 Québec Inc., a management company incorporated by the Corporation's then two senior executives, in connection with the sale by Bombardier Inc. of its shares in the Corporation. Articles of amendment were filed on September 8, 2000 to change the Corporation's name to its current name following the acquisition of Devtek Corporation ("**Devtek**"), effective June 12, 2000.

On March 30, 2006, Héroux-Devtek Aerostructure Inc., an indirect wholly-owned subsidiary of the Corporation, was wound up into the Corporation and all the assets, including the three plants owned by it, were transferred to the Corporation. The operations formerly conducted by Héroux-Devtek Aerostructure Inc. in Dorval, by Les Industries C.A.T. Inc. in Montreal and by Magtron Precision ("**Magtron**") in Toronto are now operated by the Aerostructure Product Line.

The Corporation has its principal and registered offices at Suite 658, East Tower, 1111 Saint-Charles Street West, Longueuil, Québec, J4K 5G4. The Corporation's fiscal year-end is March 31st. Unless indicated otherwise, "Corporation" or "Héroux-Devtek" when used hereinafter refer to Héroux-Devtek Inc. and its subsidiaries.

1.2 Subsidiaries and Inter-corporate Relationships

The following organization chart shows the corporate structure of the Corporation, its subsidiaries, all of which are wholly owned, either directly or indirectly, as well as their respective jurisdiction of incorporation:



(1) Héroux-Devtek Aerostructure Inc. was wound up into Héroux-Devtek Inc. on March 30, 2006. The operations conducted by Héroux-Devtek Aerostructure Inc. in Dorval, as well as the operations conducted by Les Industries C.A.T. Inc. (Montreal) and Magtron Precision (Toronto), have been continued by the Corporation.

(2) Devtek Corporation and Devtek Aerospace Inc. were amalgamated on April 1st, 2006 and continued their activities under the name Devtek Aerospace Inc.

(3) Operations integrated with McSwain Manufacturing Corporation.

(4) HDI Landing Gear USA Inc. was created on February 22, 2010 for the acquisition of the net assets of Eagle Tool & Machine Co., Inc. and its subsidiary All Tools, Inc. (d/b/a E-2 Precision Products).

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

2.1 General

The Corporation specializes in the design, development, manufacture and repair of aerospace and industrial products. As of March 31, 2011, the Corporation operated in two activity segments: Aerospace and Industrial, represented by the Corporation's three product lines: (i) Landing Gear; (ii) Aerostructure; and (iii) Industrial Products (formally known as Gas Turbine Components).

The Aerospace segment includes two of the three Corporation's product lines: Landing Gear and Aerostructure. The Aerospace segment supplies both the commercial and military sectors with landing gear (including spare parts, repair and overhaul services) and airframe structural components including kits. In the commercial sector, the Corporation is active in business jet, regional jet, regional turboprop, helicopters and large commercial jet markets. In the military sector, the Corporation also provides parts and services for major military aircraft mainly in the United States.

The Industrial segment is comprised of the large components for power generation (industrial gas turbine and wind turbine) and other industrial products of the Industrial Product Line (heavy machinery and earth moving equipment).

2.2 Developments Over the Last Three Fiscal Years

The following events and conditions have affected the general development of the business of the Corporation over the last three fiscal years.

Each subsection contains information regarding the year to which it refers and does not take into consideration events in future years.

Fiscal Year ended March 31, 2009 (Fiscal Year 2009)

On April 9, 2008, the Corporation announced that its 140 unionized Landing Gear employees at the Laval, Québec facility have voted in favour of a new four-year collective agreement. The Laval facility manufactures, repairs and overhauls small components for landing gear systems and hydraulic flight control actuators. It also houses the Corporation's test facility for aircraft landing gears.

On April 21, 2008, the Corporation announced that it has concluded with its syndicate of banks the increase of its credit facilities from $80 million to $125 million. These credit facilities allow Héroux-Devtek to borrow (either in Canadian or US currency equivalent) from a group of banks for working capital, capital expenditures and other general corporate purposes, including acquisitions. These credit facilities are secured by all assets of the Corporation, are subject to certain restrictive covenants and corporate guarantees granted by the Corporation and mature on October 4, 2011. The group of banks includes National Bank of Canada, which is also acting as the administrative agent, The Bank of Nova Scotia, The Toronto-Dominion Bank and Laurentian Bank of Canada.

On April 22, 2008, the Corporation announced that its 315 unionized Landing Gear employees at its Longueuil plant have voted in favour of a three-year collective agreement. The Longueuil operations consist of two facilities that manufacture as well as repair and overhaul landing gear components, and complete assembly for the military and commercial markets.

On May 15, 2008, the Corporation announced that the LAHAV Division of Israel Aerospace Industries (IAI-LAHAV) has awarded Progressive Incorporated ("**Progressive**") with a ten-year contract to manufacture structural detail components being used in Israel Aerospace Industries' production of F-15 and F-16 structural assemblies. Under the terms of the agreement, Progressive, will fabricate, assemble and deliver over 50 aluminium and titanium structural detail components, such as spars, ribs, and fitting assemblies. This contract is effective and continues through December 2018. The first purchase order was released at a value of approximately $1 million for the remainder of calendar year 2008. Under the terms of the agreement, future purchase orders will be released on an annual basis, with the total contract value possibly exceeding

$10 to $12 million. IAI-LAHAV released purchase orders in 2009 and 2010 at a value of $1.4 million and $1.3 million respectively.

On June 10, 2008, the Corporation announced that Bombardier Aerospace has awarded Landing Gear with a contract to provide the landing gear for the new Learjet 85 business aircraft program. Under the terms of the agreement, Héroux-Devtek will design, develop, fabricate, assemble, test and deliver landing gear structure and actuation for the Learjet 85 aircraft. This life-cycle mandate also includes the provision of spare parts.

On July 15, 2008, the Corporation announced that the Brazilian aircraft manufacturer Embraer has awarded Landing Gear with a contract to provide the landing gear for the new Embraer Legacy 450 and Legacy 500 business aircraft programs. Under the terms of the agreement, Héroux-Devtek will design, develop, fabricate, assemble, test and deliver landing gear structure and actuation for the Legacy 450 and Legacy 500 jets. This life-cycle mandate also includes the provision of spare parts.

On July 16, 2008, the Corporation announced that Aerostructure has signed a letter of agreement with Bell Helicopter Textron. This letter of agreement is accompanied by orders to manufacture primary structural components for the new Bell Helicopter 429, such as cabin, cockpit and aft fuselage components and sub-assemblies. The letter of agreement covers a period up to 2015 and the value of potential orders over that period is currently estimated in stated Canadian currency at about $57 million.

On August 5, 2008, the Corporation announced that Landing Gear has been awarded additional contracts for the repair and production of landing gear components, mainly for the B-2, C-5, F-16, P-3 and T-37 aircraft, essentially from the U.S. Air Force and the U.S. Navy. Production has been spread out over the next four years, and deliveries began in fiscal year 2009. The combined value of the contracts is of more than $15.8 million.

On September 3, 2008, the Corporation announced that Industry Canada would be making a $27 million repayable contribution for the research and development of the Corporation's advanced landing gear technologies. The funds will be used as part of the Corporation's $77 million project to improve the reliability and performance of landing gear systems, as well as reducing their impact on the environment. The investment will be over a six-year period. The contribution received will become gradually repayable effective one year after the completion of the project.

On November 20, 2008, the Corporation announced that the Toronto Stock Exchange ("**TSX**") has accepted a notice filed by Héroux-Devtek of its intention to make a normal course issuer bid. Under the terms of the normal course issuer bid, Héroux-Devtek could have acquired up to 1,500,000 of its Common Shares (the "Common Shares"), representing approximately 5% of the issued and outstanding Common Shares of Héroux-Devtek as of November 11, 2008. The bid expired on November 23, 2009 and a total of 1,202,200 Common Shares have been repurchased and cancelled at an average price of $4.23 per Common Share.

On January 15, 2009, the Corporation announced that Fokker Services BV has awarded Landing Gear with a contract to manufacture major replacement landing gear components for the Fokker 100 aircraft. Under the terms of the agreement, Héroux-Devtek will supply complete aftermarket kits, including major components, such as pistons and cylinders. Deliveries are expected to begin in the Spring of 2010 and should be completed by the end of calendar year 2013. Based on current projections, the total value of the contract is estimated to be between $15 and $24 million.

On March 12, 2009, the Corporation announced that Landing Gear has been awarded, by the U.S. Navy, a landing gear repair and overhaul (R&O) contract for its entire P-3 patrol aircraft fleet. The contract is for at least two years and guarantees a certain amount of components to be repaired and overhauled. Furthermore, under the terms of the agreement, the U.S. Navy has the option to extend the agreement for an additional three-year period. Assuming that all options are exercised, the total value of the contract is estimated at $37 million. After the first two years, the U.S. Navy exercised a first option on February 13, 2011.

Fiscal Year ended March 31, 2010 (Fiscal Year 2010)

On April 28, 2009, the Corporation announced that Lockheed Martin Aeronautics Company ("**Lockheed-Martin**") has awarded Aerostructure with a multi-year contract to manufacture structural machined parts and assemblies for the F-35 Lightning II (Joint Strike Fighter) ("**JSF**"). Under the terms of the agreement Héroux-

Devtek will fabricate, assemble and deliver structural components and assemblies for the outer wing, inner wing, and forward fuselage for all three JSF variants in support of Low Rate Initial Production (LRIP) lots 3 through 7 over the next five years. This contract began in the second half of 2009 and continues through the first half of 2014. Based on best estimated quantity production rates, the value of the contract is estimated to be in excess of $50 million.

On June 16, 2009, the Corporation announced that Noranco Inc. has awarded Aerostructure with a multi-year contract related to electronic chassis components for the JSF program. Under the terms of the agreement, Magtron, a Corporation's subsidiary located in Toronto, Ontario, will perform operations, including brazing, heat treatment, and testing of complex avionic housings for all three F-35 variants over the next eight years. JSF aircraft quantity will ramp up throughout this period, with production rates currently planned to exceed 200 aircraft per year near the end of this contract. This contract began in calendar 2010 and continues through 2017. Based on best estimated quantity production rates, the value of the contract is estimated to be in excess of $10 million.

On August 6, 2009, the Corporation announced that Landing Gear has been awarded additional orders for the manufacturing of landing gear components. These orders, essentially from the US Air Force and US Navy, are mainly for the B-1B, B-52, E-3 and P-3 aircraft. Production will be spread out over the next four years, with deliveries starting in fiscal year 2010. The combined value of the contracts is of approximately $11.3 million.

On September 24, 2009, the Corporation announced that Landing Gear has signed a Memorandum of Understanding ("**MOU**") with The Boeing Company (NYSE: BA) to manufacture the landing gear for the H-47F Chinook heavy-lift helicopter, including the CH-147 as it is known for the Canadian Forces. Under the MOU, Landing Gear is set to benefit from opportunities to fabricate, assemble, test and deliver the landing gear for H-47F aircraft scheduled to be delivered to customers outside the United States over a four-year period, expected to begin early in the Corporation's fiscal year 2012.

On October 13, 2009, the Corporation announced that Landing Gear has renewed an important multi-year contract with Goodrich Corporation - Landing Gear to manufacture various landing gear components for a number of important large commercial aircraft programs. Under the terms of the agreement, Landing Gear will fabricate and deliver major landing gear components to be used in the production of new aircraft and for aftermarket applications. The renewal extends Héroux-Devtek's current agreement with Goodrich to the end of calendar year 2012.

On November 18, 2009, the Corporation announced that Embraer has awarded Landing Gear the Embraer Suppliers Award – ESC 2009 in the development program category. This award recognizes Héroux-Devtek's performance excellence in quality, flexibility, deliveries, customer support and development for its involvement in the Legacy 450 and 500 business jet programs. Landing Gear designs and develops the landing gear for these jets as part of a life-cycle contract obtained in July 2008. Héroux-Devtek was one of nine companies worldwide honoured in as many categories.

On November 23, 2009, the Corporation announced that the TSX has accepted a notice filed by Héroux-Devtek of its intention to renew its normal course issuer bid program from November 25, 2009 to November 24, 2010. Under the terms of the normal course issuer bid, Héroux-Devtek may acquire 1,500,000 of its Common Shares, representing approximately 5% of the 30,555,253 issued and outstanding Common Shares of Héroux-Devtek as of November 19, 2009. The bid expired on November 24, 2010 and a total of 711,100 Common Shares have been repurchased and cancelled at an average price of $5.68, per Common Share for a total of $4.0 million.

On March 25, 2010, the Corporation announced that its funded backlog includes orders totalling approximately $25 million in landing gear assemblies for the C-130J Super Hercules aircraft. Production is carried out at the Longueuil facility and deliveries will be spread out to September 2012.

Fiscal Year ended March 31, 2011 (Fiscal Year 2011)

On April 28, 2010, the Corporation completed the acquisition of substantially all the net assets of Eagle Tool & Machine Co., Inc. ("**Eagle Tool**") and of its subsidiary All Tools, Inc. (d/b/a E-2 Precision Products, hereinafter referred to as "**E-2**"), two privately-owned manufacturers of precision machined components for the aerospace industry. Eagle Tool and E-2 are located in Springfield and Cleveland, Ohio, respectively, and have a workforce of approximately 180 employees.

On May 11, 2010, the collective agreement for the unionized employees at the Dorval plant (Aerostructure Product Line) was renewed for three years and will expire in May 2013.

On May 18, 2010, the Corporation announced that it has been awarded additional orders for the manufacturing of landing gear components. These orders, essentially from the U.S. Air Force and U.S. Navy, were mainly for the B-1B, C-130, C-5, KC-135R and P-3 aircraft. The combined value of the contracts was approximately $16 million.

On July 19, 2010, the Corporation announced that Triumph Aerostructures - Vought Aircraft Division has awarded the Aerospace segment of Héroux-Devtek two new multi-year contracts valued in excess of $35 million. The stated contract values were based on current program expectations. First, Progressive Inc., a business unit of Héroux-Devtek's aerostructure products operations located in Arlington, Texas, was awarded a long-term contract to manufacture aluminum wing ribs and other machined components for the Gulfstream 550 business jet program.The second long-term agreement was awarded to the landing gear products operations and involves the fabrication and delivery of torque tubes for the Boeing 737 program. Deliveries will begin in calendar year 2010 and will continue through calendar year 2015. Production will be carried out at the Laval, Québec facility.

In September 2010, the Corporation closed its Montreal facility. Some of the production, essentially consisting of small landing gear components, were transferred to Héroux-Devtek's other facilities in the Greater Montreal area. This initiatives consolidated production capacity across Héroux-Devtek's facilities. The Corporation recorded restructuring charges through the current fiscal year (fiscal 2011) of $637,000 before income taxes.

On October 14, 2010, the Corporation announced that it has been awarded additional orders for the manufacturing of landing gear components. These orders, essentially from the U.S. Air Force, were mainly for the B-1B, C-130, C-5 and F-15 aircraft. The combined value of the contracts is approximately $16.4 million, a majority of which was obtained by Eagle Tool in Ohio.

On November 26, 2010, the Corporation announced that the French aircraft manufacturer Dassault Aviation ("Dassault") has awarded its Landing Gear product line operations a contract to provide the landing gear for a new business jet program. Under the terms of the agreement, Héroux-Devtek will design, develop, fabricate, assemble, qualify and participate in the certification of the landing gear and actuation system for the new aircraft. This life-cycle mandate also includes the provision of spare parts.

On February 8, 2011, the Corporation announced that it was awarded a seven-year contract by Bombardier Aerospace to manufacture structural detail components that encompass Bombardier's entire portfolio of commercial and business aircraft, including new programs such as the CSeries* aircraft and Learjet 85* business jet. Under the terms of the agreement, Héroux-Devtek will fabricate, assemble and deliver over 300 structural detail components such as wing spars, wing ribs, fuselage frames and other complex structural components. At anticipated aircraft production rates, Héroux-Devtek estimates the value of this contract at over $175 million.

On March 15, 2011, the Corporation announced that it has concluded with its syndicate of lenders the increase of its credit facilities from $125 million to $150 million. The facilities could be increased by an additional amount of $75 million subject to lenders' consent. These facilities will be used for working capital, capital expenditures and other general corporate purposes of the Corporation and are secured by all assets of the Corporation and subject to certain restrictive covenants and corporate guarantees. The facilities mature on March 15, 2016.

On March 31, 2011, the Corporation announced that its Landing Gear product line operations have been awarded several contracts to manufacture components and assemblies for commercial and military aircraft. The Corporation estimates the value of the various contracts at approximately $35 million. First, the Boeing Company awarded a contract to provide actuator assemblies supporting the B-777 program. Under the terms of the contract, Héroux-Devtek will manufacture, assemble, test and deliver the landing gear retract actuators for new aircraft production and spare parts requirements. Second, Heroux-Devtek received orders to fabricate landing gear components for various military aircraft programs. These orders, essentially from the U.S. Air Force and U.S. Navy, are mainly for the F-15, F-16 and P-3 aircraft. Deliveries will begin in fiscal year 2012 and will be spread over a four-year period.

Recent Developments

Subsequent to year-end, the Corporation announced on April 19, 2011 that its 335 unionized employees of its Longueuil Landing Gear product line facility have voted in favour of a three-year collective agreement which extends through May 1, 2014.

Subsequent to year-end, the Corporation announced on April 26, 2011 the construction of a new manufacturing facility in the Querétaro Aerospace Park in Mexico. The first phase of the project consists of the erection of a 47,200 square-foot facility equipped with state-of-the-art machinery for the production of aerostructure components. This first phase represents an investment of up to $20 million by Héroux-Devtek over the next three years. In due time, a subsequent phase could see the plant expanded to 150,000 sq. ft. Such expansion would eventually provide the Corporation with the capability to manufacture and assemble aerostructure and landing gear systems.

ITEM 3: DESCRIPTION OF THE BUSINESS

3.1 Business Overview

The Corporation designs, develops, manufactures and repairs systems and components for the Aerospace market and manufactures components for the Industrial market. The Aerospace activities of the Corporation are comprised of the Landing Gear and Aerostructure Product Lines. The Industrial segment is comprised of the Industrial Product Line and produces large components for power generation and other industrial products, including products for the wind energy and heavy equipment markets.

3.2 Description of Market Segments

Aerospace Segment

The Aerospace market is divided into two main markets. The first is the original equipment manufacturer ("**OEM**") market, for which the Corporation produces landing-gear assemblies and components as well as aerostructure components. The second market is the aerospace aftermarket, for which the Corporation supplies landing gear components and out-of-production aircraft parts, and also provides hydraulic system and landing gear repair and overhaul services as well as ready-to-assemble aerostructure kits.

OEM Market

A main feature of the aerospace industry is the use of rapidly evolving technologies to develop, design and manufacture systems that meet the detailed performance specifications of end-users.

Participants in this market are generally divided into four tiers. The first tier is comprised of the OEMs, which are mainly aircraft manufacturers. The second tier participants are systems contractors who possess the requisite technical skill to design, as well as the required management resources and financial strength to produce complete systems for the OEMs. The third and fourth tier participants act as sub-contractors for tier one and tier two participants. While second tier participants require similar skills to those of first tier participants, albeit on a scale appropriate to sub-systems (such as complete landing gear actuation and locking systems for aircraft), third tier participants are not required to design any parts of an end-system. Instead, they manufacture assemblies or components which require special skills or technology, or which may call for the creation of specific new manufacturing processes. Fourth tier companies produce less sophisticated components using standard methods. The Corporation competes primarily in tiers two and three.

Stringent quality assurance standards are established by governments and by major prime contractors. These standards are imposed by contract on the successive tiers of sub-contractors and are a principal barrier to entry in the second and third tiers. Successful management of quality is a condition of profitability in these tiers.

Prime contractors rely on selected sub-contractors that have specialty design, manufacturing, or processing capabilities that enable them to manufacture critical sub-systems and components. These sub-contractors are more numerous and smaller in size than the prime contractors and, depending on the tier, either have specialized product design capabilities or are able to consistently apply certain technologies or manufacturing processes.

A successful aircraft program is generally in production for a period of 10 to 20 years or more. It is unusual for the OEMs to terminate their agreements with subcontractors in the course of a program's production phase, when these subcontractors were deeply involved in the early stage of the program. Accordingly, subcontractors such as the Corporation are likely to supply components to the OEMs for the entire life of the program, as long as they remain competitive and deliver quality parts on time.

Major aircraft manufacturers are moving away from in-house manufacturing to concentrate on marketing, design, assembly, and service. This trend has shifted a significant amount of manufacturing work to second tier companies that now need to specialize in the integration of complete systems. Landing gear manufacturers, for instance, are now required to provide not only landing gear, but also all the related systems, such as steering and control mechanisms, from the wheels and tires to the cockpit. Similarly, in the aerostructure market, aircraft manufacturers are now outsourcing the design and manufacturing of major airframe components, such as empennage, fuselage, and wings.

Historically, the aerospace OEM industry has been affected by economic cycles and, therefore, has experienced significant fluctuations.

The Landing Gear and Aerostructure Product Lines of the Corporation are all active in the OEM aerospace market. The Industrial Product Line is active in the OEM industrial market.

Aerospace Aftermarket

The aviation aftermarket consists primarily of the supply of replacement or substitute components and the servicing of commercial and military aircraft. The United States ("**U.S.**") ranks as the world's largest aviation market, which is why the Corporation's aftermarket services are mainly aimed at that market. The U.S. also operates the largest fleet of military aircraft in the world.

The U.S. aircraft fleet is maintained by a diversified maintenance, repair, and overhaul ("**MRO**") industry that comprises airlines, OEMs and military and independent repair stations such as the Corporation. MRO firms that maintain the U.S. aircraft fleet range from small independent repair stations to the largest airlines and OEMs.

On commercial aircraft, maintenance procedures and standards are regulated in the U.S. by the Federal Aviation Administration ("**FAA**") and, in Canada, by Transport Canada. The FAA ensures that aircraft operating in the U.S. are airworthy and are maintained by certified repair stations and by duly qualified, skilled, and well-equipped workforce.

Outsourcing is now recognized by commercial airlines as an effective way to reduce operating costs and limit capital investments in infrastructure. It also allows airline companies to take advantage of the expertise developed by service providers who have developed specialized repair techniques and achieved economies of scale in their respective fields. Commercial airlines that are parties to international network agreements (such as Star Alliance™) are also looking for closer maintenance cooperation with carefully selected partners.

As a result of FAA systematic requirements for periodic repair and overhaul of commercial aircraft landing gear and the increase in the number of aircraft put into service over the past 15 years, it is expected that the demand for repair and overhaul services will also increase. Landing Gear is active in this market as both a supplier of components and spare parts for out-of-production aircraft, and a provider of repair and overhaul services. However, most of the aftermarket activities of Landing Gear are for military aircraft.

Industrial Segment

The Industrial segment is comprised of two main markets. The first is the power generation market, including the gas turbine components and the wind turbine components and, the second market is the other industrial products. The Industrial segment produces large components for power generation and other industrial products, which include heavy equipment.

Power Generation Market

Gas Turbine Components

This market is divided into two main sectors: aircraft jet engines (engines specifically designed to propel aircraft) and their aeroderivatives (engines originally designed for aircraft propulsion but adapted to other applications, such as power generation or marine), and power generation engines (larger engines designed specifically for power generation). Following the exit of the aircraft engine component market in fiscal 2008, the Corporation, through its Industrial Product Line, is now only active in the market of gas turbine engine designed specifically for industrial power generation purposes.

Wind Turbine Components

Another segment of the power generation market is the wind turbines. The global demand for clean energy and the general energy appetite of the world made that technology economically viable. More and more, projects to develop and implement wind turbine farms around the world are ongoing. In recent years, the Corporation began the supply of components for wind turbines through its Industrial Product Line.

Other Industrial Products

This segment is also active in the heavy industry market by supplying large machine components to OEM’s, such as Caterpillar or GE Transportation.

3.3 Decentralized Operations

Landing Gear

Landing Gear specializes in the design, development, manufacture, repair, and overhaul of aircraft landing gear, hydraulic flight control actuators and fracture-critical components. With 1,050 employees, it is the Corporation’s largest product line. It operates out of seven sites located in Longueuil (2 plants and a testing facility) and Laval, QC, Kitchener, ON and Springfield and Cleveland, OH.

While the maintenance and refurbishing of landing gear for the U.S. Air Force fleet still represent an important part of its activities, Landing Gear also manufactures landing gear systems, sub-assemblies and related components for a broad range of aircraft.

Following the acquisition of Devtek in 2000, Landing Gear sought to assign a specific mission to each of its four sites, while maintaining the management activities centralized in Longueuil. This specialization process is based on their current expertise: the Longueuil site concentrates on repair and overhaul activities, the manufacture of landing gear major components and full assembly work, the Kitchener site concentrates on the manufacture of large landing gear cylinders and other components, the Laval site focus on helicopter components, hydraulic actuators, and smaller landing gear components, and the Sprinfield and Cleveland sites focus on small to medium size military landing gear. On the other hand, Landing Gear’s general management, as well as the design, engineering, sales, and marketing activities are centralized in Longueuil and support all four-business units. The complementary nature of these sites and their integrated management should, in the opinion of management, enable Landing Gear to participate in programs of the highest caliber and enhance their efficiency, thereby improving its profitability and competitiveness.

The Corporation also developed a design engineering expertise with a team of more than 75 employees dedicated to design activities. The design team uses various software for modelling, designing and drafting as well as finite element analysis and dynamic analysis. The team is supported by test facilities which include among other things, drop test towers and fatigue testing equipment.

Aerostructure

Aerostructure includes three sites and comprises of 350 employees. One facility is located in Dorval, Québec, a second in Arlington, Texas, known as Progressive Incorporated and the last one located in Toronto, Ontario, known as Magtron Precision.

Aerostructure manufactures parts according to drawings and specifications issued by their customers ("**build-to-print**") and are typically responsible for all the machining and processes involved in components production, even if some of the processes (such as plating, anodizing, painting, etc.) are performed by approved suppliers.

The market for aerostructure components and sub-assemblies is expected to develop because of an ongoing trend among OEMs to outsource more and more of the manufacture and assembly activities. Aerostructure's growth strategy thus involves the development of the know-how required in major assembly work, in order to offer value-added products to its customers.

The Dorval plant is a 77,000 sq. ft. building located close to the facilities of Bombardier Aerospace, one of its major customers. The facility is concentrated on the manufacture of larger and more complex structural components and sub-assemblies, such as those used in the wings or fuselage of commercial aircraft.

Progressive is located in Arlington, Texas, and operates out of approximately 271,000 sq. ft. facilities located on 14 acres of land. Located in one of the major U.S. aerospace hubs, it has been able to build a strong relationship with major OEMs, such as Lockheed-Martin and The Boeing Company.

The Corporation is able to manufacture complex five-axis components in aluminum, aluminum-lithium or titanium. Over the years, Progressive has been able to capitalize on this expertise and develop specific know-how, particularly in the difficult area of military fighter aircraft components. Progressive is a supplier for major US fighter programs, such as F-15, F-16, F-18, F-22 and JSF, as well as non-fighter aircraft, such as C-17.

In response to the OEMs' trend toward the reduction of their supplier base and increased outsourcing, Progressive entered into the kitting aftermarket. Kitting consists of delivering to customers not only one single component, but a "kit" including all related components. By doing so, OEMs are able to significantly reduce the number of suppliers, thus relying on an array of larger suppliers which, in return, are responsible for the procurement required from smaller suppliers.

Magtron is a provider of precision components and assemblies to the defence and aerospace industries. Magtron, through the use of its metal joining technology, also manufactures electronic enclosures, heat exchangers, and cabinets for suppliers of airborne radar, electro-optic systems, and aircraft engine controls. Magtron's electro-mechanical assemblies include power dividers for naval radar systems and space payload interfaces for manoeuvre and retrieval systems. Magtron is located in Toronto, Ontario, and operates from a 36,000 sq. ft. leased plant.

Industrial Products

The Industrial Product Line ranks as a major supplier for power generation engine manufacturers. Within the power generation industry, the Corporation's Industrial Product Line represents products supplied to the largest producers of gas turbines in the world, owing to substantial investments in high-quality equipment and excellent customer service. Industrial Products currently employs a total of 115 employees and includes two manufacturing plants located in Cincinnati.

In the power generation and industrial markets, the Corporation is soliciting new customers to take full advantage of its existing capabilities and skills and consolidate its position as a preferred supplier in this market.

The products manufactured by Industrial Products now fall into two main categories: large components for power generation industry and other components intended for industrial markets. Major components for industrial gas turbines are mainly sold to customers in the power generation industry, while other mechanical components are used by other industrial segments, such as heavy equipment industry.

For instance, it has been successful in developing new industrial segments consisting of heavy equipment manufacturers, such as Caterpillar. The similarity in the size of the components required for heavy equipment makes them compatible with the current large machining capability of Industrial Products.

It also diversifies its power generation portfolio by supplying components to the growing wind turbine component market.

Business Management

The Corporation's product lines, consisting of Landing Gear, Aerostructure and Industrial Products, are operated through decentralized operations, hereby encouraging entrepreneurship and the involvement of every employee. Each product line has the management, engineering, manufacturing and marketing resources needed to meet the needs of its specific market segments. The growth and profitability of each product line is under the supervision of a Vice-President, General Manager who reports directly to the Corporation's President and Chief Executive Officer, while the Vice-President, Finance of each product line reports directly to the Corporation's Vice-President, Control and Information Technology and to the Executive Vice-President and Chief Financial Officer.

The Corporation's Corporate Office is responsible for the Corporation's public financial and other reporting and disclosure requirements and for all financial and major business development decisions. It also provides each product line with support in establishing budget and strategic plans, developing new products and markets, and with assistance for public relations, financial controls and reporting, legal, tax and counsel human resources and, information technology.

The following table contains a description of management positions, plant locations and other corporate management information as of March 31, 2011.

<table>
<tr><td rowspan="4">HÉROUX-DEVTEK INC.
Complexe Saint-Charles
1111 Saint-Charles Street West
Suite 658, East Tower
Longueuil, Québec
Canada J4K 5G4
Tel.: (450) 679-3330
Fax: (450) 679-3666</td><td colspan="3">Corporate Management</td></tr>
<tr><td>JOHN M. CYBULSKI[1]
Chairman of the Board</td><td>RÉAL BÉLANGER
Executive Vice-President, and Chief Financial Officer</td><td>GABRIEL DUVAL
Vice-President, Corporate Affairs</td></tr>
<tr><td>GILLES LABBÉ
President and Chief Executive Officer</td><td>PATRICE GAUVIN
Vice-President, Business Development</td><td>MICHEL ROBILLARD
Vice-President, Internal Audit and Conformity</td></tr>
<tr><td></td><td>STÉPHANE ARSENEAULT
Vice-President, Control and IT</td><td>GILBERT GUÉRIN
Corporate Director, Human Resources</td></tr>
<tr><td>LANDING GEAR</td><td colspan="2">AEROSTRUCTURE</td><td>INDUSTRIAL PRODUCTS</td></tr>
<tr><td>MARTIN BRASSARD
Vice-President, General Manager</td><td colspan="2">RICHARD ROSENJACK
Vice-President, General Manager</td><td>MICHAEL MESHAY
Vice-President, General Manager</td></tr>
<tr><td>Gaétan Roy
Vice-President, Plant Manager
LONGUEUIL
755 Thurber Street
Longueuil, Québec
Canada J4H 3N2
Tel.: (450) 679-5454
Fax: (450) 679-4554</td><td colspan="2">Michael Meshay
Vice-President, Operations
AEROSTRUCTURE
1030 Commercial Blvd North
Arlington, Texas
U.S.A. 76001
Tel: (817) 465-3221
Fax: (817) 465-1289</td><td>Ken Bertrand
Operations Manager
CINCINNATI
189 Container Place
Cincinnati, Ohio
U.S.A. 45246
Tel.: (513) 619-1222
Fax: (513) 619-1903</td></tr>
</table>

[1] Mr. Cybulski has been appointed Chairman of the Board on August 2, 2007.

LANDING GEAR	AEROSTRUCTURE	INDUSTRIAL PRODUCTS
Jack Curley Plant Manager **KITCHENER** 1665 Highland Rd W. Kitchener, Ontario Canada N2N 3K5 Tel.: (519) 576-8910 Fax: (519) 576-5119	**Sébastien Caron** Plant Manager **HÉROUX-DEVTEK AEROSTRUCTURE** 123 Avro Street Dorval, Québec Canada H9P 2Y9 Tel.: (514) 421-0344 Fax: (514) 421-0377	
Daniel Normandin Plant Manager **LAVAL** 3675 Industrial Blvd Laval, Québec Canada H7L 4S3 Tel.: (450) 629-3454 Fax: (450) 629-5682	**Frédérick Gagné**[2] **Operations Manager** **MAGTRON** 1480 Birchmount Rd Toronto, Ontario Canada M1P 2E3 Tel.: (416) 757-2366 Fax: (416) 752-4838	
Nagi Homsy Vice-President, Engineering and Quality Assurance **ENGINEERING** 1010, de Sérigny, Suite 350 Longueuil, Québec Canada J4K 5G7 Tel.: (450) 646-9432 Fax: (450) 646-7294	**Mike Moser** Plant Manager **PROGRESSIVE INCORPORATED** 1030 Commercial Blvd North Arlington, Texas U.S.A. 76001 Tel: (817) 465-3221 Fax: (817) 465-1289	
C. William Brougher Vice-President, Operations **EAGLE TOOL** 663 Montgomery Ave. Springfield, Ohio U.S.A 45506 Tel.: (937) 325-1586 Fax: (937) 325-9309		
Andrew Brougher Operations Manager **EAGLE TOOL**		
C. William Brougher Vice-President, Operations E-2		
Don Benincasa Operations Manager **E-2**		
E-2 7500 Associate Ave. Cleveland, Ohio U.S.A 44144 Tel.: (216) 651-6646 Fax: (216) 651-1533		

[2] Mr. Frédérick Gagné has been Operations Manager since April 2011.

Properties

The Corporation operates 16 plants, 7 of which are located in Canada and 9 in the United States. The following table briefly describes the features of each plant:

Location	Size	Use	Status
Landing Gear Products			
Longueuil, Québec (2 plants)	191,400 sq. ft.	Repair, overhaul and manufacture landing gear.	Owned
Longueuil, Québec	28,000 sq. ft.	Engineering office and test facility.	Owned
Laval, Québec	45,000 sq. ft.	Manufacture, repair, and overhaul flight critical parts, including hydraulic and mechanical actuators as well as rotor hubs.	Owned
Kitchener, Ontario	99,000 sq. ft.	Manufacture medium to large complex landing gear components.	Owned
Montréal, Québec (C.A.T.)	15,000 sq. ft.	Manufacture aircraft structural components.	Owned
Springfield, OH	105,000 sq. ft.	Manufacture landing gear components	Owned
Cleveland, OH	50,000 sq. ft.	Manufacture landing gear components	Leased
Aerostructure Products			
Dorval, Québec	77,000 sq. ft.	Manufacture large aerostructure components.	Owned
Toronto, Ontario (Magtron)	36,000 sq. ft.	Production of precision hardware for the defence and aerospace industries.	Leased
Arlington, Texas (Progressive) (5 plants)	271,000 sq. ft.	Manufacture large aerostructure components.	Owned
Industrial Products			
Cincinnati, Ohio (2 plants)	117,000 sq. ft.	Manufacture gas turbine, wind and other industrial components.	Owned

Competition

The markets in which the Corporation is active are characterized by tough competition with respect to price, delivery deadlines and quality of products and services.

The Corporation ranks third in North America in the landing gear manufacturing market, as well as in the landing gear and servomechanism repair and overhaul market. It is also one of the largest independent providers of repair and overhaul services for military aircraft landing gear.

Management is of the opinion that the Corporation has a number of advantages over its competitors, such as its flexible and cost-effective management structure, its renowned quality and the reputation of its products and services, and its strong design engineering team.

In the aerostructure market for large structural components, there are few local competitors and several throughout North America. The strategy of further acquiring know-how in order to build large sub-assemblies should enable the Corporation to expand in an area in which penetration will be more difficult for its competitors.

In the industrial products market, for which the Corporation manufactures major components for industrial gas turbines, competition is intense but also relatively concentrated. Management believes that state-of-the-art facilities and equipment, coupled with high quality standards and efficient management, should allow the Corporation to establish itself as a dominant player in that industry.

Marketing Approach

The majority of the Corporation's business comes from aircraft OEMs or second tier system suppliers. A critical success factor is to take part in aircraft development programs from the beginning. In the case of the Corporation's Landing Gear Product Line, this participation can start as early as at the design stage, allowing it to enter programs as a risk-sharing partner.

For the Aerostructure Product Line, entering an aircraft development program at the beginning of the design phase is also a means of getting "built-to-print" business.

Additional sales opportunities are also derived by attending various trade shows and operator conferences.

Each of the Corporation's three product lines is responsible for its own sales. They all have tailored their sales activities and development strategies according to the unique attributes of each specific market in which they operate.

Several sales representatives are appointed throughout the Corporation's three product lines to ensure optimal representation of the Corporation on a customer-by-customer basis, as well as in each geographic area. Most of the Corporation's sales activities are aimed toward North American customers.

Customer Base

The Corporation serves a broad range of customers in the different markets in which it operates. In the aerospace landing gear and aerostructure markets, the Corporation serves mainly OEMs and second-tier system suppliers. Its commercial customers include Bell Helicopter Textron, Boeing, Bombardier Aerospace, Embraer, Goodrich, Lockheed-Martin, Messier-Dowty, Northrop-Grumman, Sikorsky and Triumph / Vought, among others. In the military sector, the Corporation's customers include the U.S. Air Force, the U.S. Navy, the Canadian Air Force, and NATO countries.

In the power generation market, the Corporation's most prominent and principal customer is GE Energy. Other industrial customers of the Industrial Products include Caterpillar Inc.

Principal Customers

Héroux-Devtek's principal customers are the U.S. Air Force and Navy and OEMs such as Goodrich and Lockheed-Martin. In fiscal 2011, sales to these principal customers represented approximately 46% of the Corporation's total sales. Principal customers are customers for whom the Corporation sales are 10% or more.

No other customers accounted for more than 10% of the Corporation's consolidated sales in the fiscal year ended March 31, 2011.

Research and Development

The majority of the Corporation's research and development (R&D) costs for the year ended March 31, 2011 were incurred by Landing Gear. They usually relate to specific development programs and are therefore included in these contracts' costs. The Corporation expects to continue to invest about 4% of its total sales in R&D over the coming years.

3.4 Human Resources

The following table shows the total number of employees of the Corporation as at March 31, 2011.

Product Line/Corporate Office	Number of Employees as at March 31,	
	2011	2010
Landing Gear	1,012	863
Aerostructure	338	350
Industrial Products	120	115
Corporate Office	14	14
Total	**1,484**	**1,342**

In May 2010 and April 2011, the Corporation renewed its collective agreements, respectively, with its Aerostructure Dorval plant employees and its Landing Gear Longueuil plant employees, both for three-year periods. The Landing Gear Laval plant agreement will come up for renewal in December 2011.

3.5 Environmental Matters

The Corporation's activities are subject to environmental laws and regulations associated with risks to human health and the environment. The Corporation believes it is in substantial compliance with all applicable environmental laws and regulations. Certain cases of non-compliance identified during the internal environmental audits were or are being corrected. These cases were reported to the government authorities when required. In all such cases, corrective measures were explored and solutions are being developed. An environmental policy has been implemented by the Corporation and an environmental management system is in place.

As part of its environmental management system, the Corporation performed Environmental Compliance Audits with external environmental auditors at all its manufacturing sites in fiscal year 2009. No non-compliance items represent unusual risks to the operations of the Corporation. Only one manufacturing plant of Landing Gear is considered to be a higher risk, mainly due to the nature of its operations, which include various plating and chemical processes, and its current location, in a residential area. The management of the Corporation believes it has taken all appropriate action to maintain level of risk into acceptable limit.

The Corporation is conducting on an ongoing basis, repairs and replacement of equipment as required to upgrade the facility and minimize risks of contamination.

The Corporation is also subject to several environmental laws and regulations, particularly in regard to the various chemical products it utilizes in its processes. Changes in such regulations could require further capital investments in equipment and facilities.

The Corporation does not foresee making any expenditure outside the normal course of business to comply with environmental requirements and standards.

3.6 Risk Factors

The Corporation operates in industry segments that have a variety of risk factors and uncertainties. The Corporation's business, financial condition and results of operations could be materially adversely affected by any of the risks and uncertainties described below. The risks and uncertainties described below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or that the Corporation currently believes to be immaterial may also adversely affect its business. For other risks and uncertainties facing the Corporation, reference is made to the section entitled "*Risk and Uncertainties*" of the Corporation's Management's Discussion and Analysis for the fiscal year ended March 31, 2011 (filed on SEDAR at *www.sedar.com*), which section is hereby incorporated in, and forms part of, this Annual Information Form.

Risks Associated With Contracts

Although the Corporation has diversified its customer base in recent years, its business volume with some customers remains significant. Should there be a significant deterioration in their financial position or should the Corporation lose certain orders from these customers, there could be a negative impact on its results.

Risks Associated With Raw Materials

In connection with its manufacturing and distribution activities, the Corporation procures different materials and components, as well as outside services, mainly in North America. Major items include forgings and various metals. With respect to raw materials, the Corporation purchases mainly aluminum, steel, and titanium. The ability of suppliers to meet performance, quality, and delivery schedules is extremely important. Although the Corporation often relies on a limited number of supply sources, it has been able to avoid significant shortages to date.

In recent years, the general increase in the costs of raw material in world markets has negatively affected the profitability of the Corporation.

Landing Gear purchases a significant amount of steel from a broad range of forging houses. In most cases, forging houses own the dies and the Corporation owns exclusivity rights to their use.

Depending on market conditions, delivery delays by forging houses may occur, thereby affecting the Corporation's ability to deliver finished parts on schedule. In the course of the Corporation's planning process, several measures have been taken to limit this risk, and, to date, Landing Gear has been able to mitigate the effects of delays on deliveries.

The main material used by Aerostructure is aluminum. Due to the large quantities of aluminum required when building an aircraft, OEMs will often negotiate the raw material's price and supply directly with its suppliers. Sub-contractors such as the Corporation often benefit from these agreements, as they can obtain all the raw material required to fulfill their obligations with the OEMs directly from their supplier, at the OEM's price. The aerospace industry experienced and continues to experience from time to time raw material shortages. The recent economic downturn alleviated this issue but the Corporation remains subject to fluctuations of availability. However, when shortages occurred, Aerostructure was able to mitigate the impact of raw material supply.

As for Industrial Products, raw materials represent a significant portion of the cost of large components. In most cases, large forgings are supplied free of charge by customers to be properly machined.

The Corporation also makes use of titanium, albeit in less than 10% of its manufactured components. To date, the Corporation has been able to procure all the required raw materials in spite of having experienced certain short-term raw material shortages.

Risks Associated with Foreign Operations and Sales

During the fiscal year ended March 31, 2011, 74% of the Corporation's sales (compared to 70% for the preceding year) were made outside Canada, including 70% in the U.S. Accordingly, the majority of sales made outside Canada are in U.S. currency. Management made every effort to hedge against the risks associated with U.S. exchange rates with forward foreign exchange contracts.

As at March 31, 2011, the Corporation had also entered into forward foreign exchange contracts totalling U.S.$159 million at an average rate of 1.1032 at different dates between April 2011 and March 2015 to cover foreign exchange risk related to its sales denominated in U.S. currency.

As at March 31, 2010, the Corporation had entered into forward foreign exchange contracts totalling U.S.$150.0 million to sell U.S. dollars at a weighted-average rate of CAN$1.1436 at different dates between April 2010 and December 2013. The Corporation's Landing Gear accounts for the majority of export sales.

The following tables show the distribution of sales by country of origin and country of destination over the periods indicated.

Sales Originated From:	Fiscal Years ended March 31 (%)		
	2011	**2010**	**2009**
Canada	63	72	68
U.S.A.	37	28	32
Total:	**100**	**100**	**100**

Sales Destined To:	Fiscal Years ended March 31 (%)		
	2011	**2010**	**2009**
Canada	26	30	33
U.S.A.	70	67	66
Other	4	3	1
Total:	**100**	**100**	**100**

Distribution of Sales Among the Corporation's Segments

The following table shows the Corporation's activity segments over the periods indicated:

	Fiscal Years ended March 31 (in thousands of $)		
	2011	**2010**	**2009**
Aerospace Segment			
Landing Gear	227,928	194,938	190,701
Aerostructure	103,465	101,719	107,563
Other Aerospace Products	600	1,195	1,154
Sub-total	**331,993**	**297,852**	**299,418**
Industrial Segment			
Gas Turbine Components	10,655	12,076	17,630
Wind Turbine Components	681	2,130	6,159
Other Industrial Products	14,243	8,296	14,428
Sub-total	**25,579**	**22,502**	**38,217**
Total	**357,572**	**320,354**	**337,635**

For fiscal 2011, Military related sales represented 59% (57% for fiscal 2010 and 50% for fiscal year 2009) of the Corporation's total consolidated sales.

ITEM 4: DIVIDENDS

Over the last five years, the Corporation did not pay any dividends on its Common Shares, First Preferred Shares and Second Preferred Shares. The Corporation does not intend to pay dividends on any of its securities in the foreseeable future.

Subject to the rights of the holders of shares of any other class or particular series ranking in priority to the Common Shares, the holders of the Common Shares are entitled to receive all dividends declared by the Corporation. The First Preferred Shares and the Second Preferred Shares shall rank prior to the Common Shares and the First Preferred Shares shall rank prior to the Second Preferred Shares in respect of the payment of dividends.

ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE

Authorized Share Capital

The Corporation's authorized share capital consists of an unlimited number of Common Shares, 30,173,798 of which were outstanding as at March 31, 2011, and an unlimited number of First Preferred Shares and Second Preferred Shares (collectively the "**Preferred Shares**"), none of which were outstanding as at March 31, 2011.

Preferred Shares

The Preferred Shares are issuable at any time in one or more series as the Corporation's Board of Directors may determine. The Preferred Shares, when issued, shall have preference over the Common Shares with respect to the payment of dividends and return of capital. The Second Preferred Shares shall rank junior to the First Preferred Shares with respect to the payment of dividends and return of capital. Subject to the provisions of the *Business Corporations Act* (Québec), the holders of Preferred Shares are neither entitled to receive notice of or attend any meeting of shareholders of the Corporation, nor to vote at any such meeting.

Common Shares

Subject to the rights, privileges, restrictions and conditions applicable to the Preferred Shares as a class, the Common Shares entitle their holders: (i) to vote, on the basis of one vote per Common Share held, whenever a shareholders' vote is held; (ii) to receive any dividend declared by the Corporation other than dividends declared on the Preferred Shares; and (iii) to share proportionately in the remaining assets of the Corporation in the event of its liquidation or dissolution.

ITEM 6: MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol "HRX". The following table indicates the price ranges and volume traded on a monthly basis for each month of the most recently completed financial year:

Period	High	Low	Volume (Common Shares)
2010			
April	6.15	5.19	387,201
May	6.10	5.36	879,818
June	6.10	5.07	981,984
July	6.15	5.11	211,751
August	6.07	5.76	157,145
September	6.18	5.80	278,434
October	6.15	5.65	229,336
November	6.18	5.74	670,684
December	6.10	5.90	524,082
2011			
January	6.90	6.00	142,221
February	8.50	6.75	971,813
March	9.20	7.72	571,543

Prior Sales

For additional information with respect to the prior sales during the fiscal year 2011 of each class of securities not listed, please refer to the section entitled "**Capital Stock, Stock Option Plan and Stock Purchase and Ownership Incentive Plan (Stock Purchase Plan)**" in the Management's Discussion and Analysis of the Corporation for the fiscal year ended on March 31, 2011 on the Corporation's Web site at www.herouxdevtek.com or on SEDAR at www.sedar.com.

ITEM 7: ESCROWED SHARES AND SHARES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the Corporation, there are no securities of the Corporation which are being currently held in escrow.

Pursuant to a shareholders agreement between Gilles Labbé, 2635-6246 Québec Inc., Caisse de dépôt et placement du Québec (the "**Caisse**") (collectively the "**Shareholders**") and the Corporation dated August 29, 1989, as amended on December 7, 1994 by supplemental agreement between the Shareholders, 2945-0228 Quebec Inc. (a corporation wholly-owned by Gilles Labbé) and the Corporation (the "**Shareholders Agreement**"), the Shareholders enjoy rights of first refusal among themselves. Notwithstanding certain specific exception, pursuant to the right of first refusal, as long as the Caisse's participation in the Corporation is not less than 10%, any shareholder intending (i) to accept an offer from a third party to purchase its shares; (ii) to offer to sell its shares to a third party; or (iii) to solicit potential offerors to purchase its shares must, in priority, and under the same terms and conditions, offer its shares to the other Shareholders. The Corporation has granted rights of pre-emption in favor of the Shareholders. The Shareholders Agreement also provides that the parties must exercise the voting rights attached to their shares so as to cause a certain number of nominees of the Caisse (which number is dependent on the Caisse's participation in the share capital of the Corporation and is never to be less than one) to be elected to the Board of Directors of the Corporation. The Shareholders Agreement further provides that the approval of the Shareholders shall be required for certain decisions of the Corporation relating *inter alia* to: changes in the nature of the operations of the Corporation; amendments to the Corporation's Articles or changes to its capital structure; the granting of financial assistance; and, in certain circumstances, the distribution of assets by the Corporation, the approval of capital expenditures, the declaration of dividends and investments in non-related businesses and acquisitions.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	7,958,221	26.37%

ITEM 8: DIRECTORS AND EXECUTIVE OFFICERS

The names, provinces and countries of residence of the directors and executive officers of the Corporation, their principal occupations and the year in which each director first became a director are set out below.

Directors

Each of the directors has served continuously as a director since the date he was first elected or appointed. The present term of each director will expire immediately prior to the election of directors at the next Annual and Special Meeting of Shareholders, which is scheduled to be held on August 4, 2011.

Name	Principal Occupation during the five preceding years	Director Since	Number of Common Shares
Claude Boivin(1) Québec, Canada	Consultant and member of various Boards of Directors.	1994	18,000(3)
John M. Cybulski(1) Florida, U.S.A.	Principal, Aeroglobe LLC (International Business Consulting Company) and Chairman of the Board Héroux-Devtek Inc.	2004	135,900

Name	Principal Occupation during the five preceding years	Director Since	Number of Common Shares
Paule Doré(1) (4) Québec, Canada	Corporate Director. From2006 to 2009, Special Advisor to the Founder and Executive Chairman of CGI Group Inc. (provider of end-to-end IT and business process services). From 1990 to 2006, Executive Vice-President and Chief Corporate Officer of CGI Group Inc.	2010	13,400(5)
Christian Dubé(2) Québec, Canada	President of Cascades SAS, the European subsidiary of Cascades Inc. and Chairman of the Board of Reno de Medici, an Italian public company, traded on the Milan Stock Exchange where Cascades Inc. has a 40% interest. Vice-President, Business development of Cascades Inc. (leader in the production, conversion and the marketing of packaging products- boxboard, cartonboard-fine specialty papers and tissue papers made primarily with recycled fibre).	2004	10,000
Jean-Louis Fontaine(2) Québec, Canada	Vice-Chairman of the Board and director, Bombardier Inc. (diversified manufacturer of transportation equipment).	1990	48,000(6)
Gilles Labbé Québec, Canada	President and Chief Executive Officer, Héroux-Devtek Inc.	1985	3,721,038(7)
Louis Morin(2) Québec, Canada	Since June 2010, President of Busrel Inc., North-American supplier of promotional items. Up to March 31, 2009, Vice-President and Chief Financial Officer of Quebecor Inc. (Quebecor is one of Canada's largest media companies).	2008	4,000
Réal Raymond(1)	Corporate Director. Up to 2007, President and Chief Executive Officer of National Bank of Canada (financing corporation and bank).	2010	17,000
Brian A. Robbins(2) Ontario, Canada	President and Chief Executive Officer, Exco Technologies Limited (supplier of moulded and extruded parts for the automotive and industrial markets).	2000	40,000(8)

(1) Member of the Human Resources and Corporate Governance Committee.

(2) Member of the Audit Committee.

(3) 3,000 Common Shares included in this number are held by Gestion Marclo Inc., a corporation controlled by Mr. Claude Boivin.

(4) Appointed to the Board of Directors and on the Human Resources and Corporate Governance Committee on August 5, 2010.

(5) These shares are held by Fiducie Paule Doré, a company controlled by Mrs. Paule Doré.

(6) 4,000 Common Shares included in this number are held by Gestion Jean-Louis Fontaine Inc., a company controlled by Mr. Jean-Louis Fontaine.

(7) 3,667,501 Common Shares included in this number are held by 2635-6246 Québec Inc. and 2945-0228 Québec Inc., corporations controlled by Mr. Gilles Labbé.

(8) These shares are held by 555319 Ontario Limited, a corporation wholly-owned by Mr. Brian A. Robbins.

Helmut Hoffman has been director of the Corporation from 2000 until 2008. Since August 2008, Mr. Hofmann acts as an honorary director and as an honorary member of the Human Resources and Corporate Governance Committee. Mr. Hofmann attends Board and Human Resources and Corporate Governance Committee meetings and as such, receives a compensation equivalent to the compensation paid to the elected directors of the Corporation acting in such capacities.

Executive Officers

Executive Officer's Name	Position in the Corporation	Number of Common Shares
Gilles Labbé	President and Chief Executive Officer Héroux-Devtek Inc.	3,721,038(1)
Réal Bélanger	Executive Vice-President and Chief Financial Officer Héroux-Devtek Inc.	181,996(2)
Michael Meshay	Vice-President, General Manager Industrial Products	32,312
Martin Brassard	Vice-President, General Manager Landing Gear	49,707
Richard Rosenjack	Vice-President, General Manager Aerostructure	59,755

(1) 3,667,501 Common Shares included in this number are held by 2635-6246 Québec Inc. and 2945-0228 Québec Inc., companies controlled by Mr. Gilles Labbé.

(2) 34,600 Common Shares included in this number are held by 161437 Canada Inc., a corporation controlled by Mr. Réal Bélanger.

During the past five years, all directors and executive officers of the Corporation have been engaged in the same principal occupation or other executive capacities as disclosed above, except for Mr. Louis Morin who was, Senior Vice-President and Chief Financial Officer of Bombardier Inc. from April 1999 until February 2003, Chief Financial Officer of Bombardier Recreational Products Inc. until January 2006 and Vice-President and Chief Financial officer of Quebecor Inc. until March 31 2009 and Mr. Réal Raymond who was, President and Chief Executive Officer of National Bank of Canada until May 2007.

As at March 31, 2011, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 4,331,108 Common Shares representing approximately 14% of the outstanding Common Shares of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Corporation's knowledge, no director or executive officer of the Corporation is, at the date of this Annual Information Form, or has been, within 10 years before the date of the Annual Information Form, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days except for Louis Morin who was executive officer of Quebecor Inc. when the Autorité des marchés financiers imposed a management cease trade order from April 2 to May 20, 2008, in the context of the late filing of Quebecor's 2007 annual financial statements and related management's discussion and analysis following the filing of Quebecor World Inc. for creditor protection under the Companies' Creditors Arrangement Act (Canada).

To the Corporation's knowledge, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, at the date of this Annual Information Form, or has been, within 10 years before the date of the Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In addition, to the knowledge of the Corporation, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the directors, executive officers or shareholders.

Furthermore, to the knowledge of the Corporation, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

ITEM 9: INTEREST OF EXPERTS

Ernst & Young LLP are the external auditors who prepared the Auditors' Report to the shareholders of the Corporation under Canadian generally accepted auditing standards. Ernst & Young LLP has confirmed to the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered accountants in the other provinces of Canada.

ITEM 10: THE AUDIT COMMITTEE

The Board of Directors has reviewed the requirements provided under National Instrument 52-110 - Audit Committees (or in Québec, Regulation 52-110) ("**52-110**") and is of the view that the Corporation complies with such practices. The following discussion addresses the Corporation's position with the requirements of 52-110 and has been prepared in conformity with Form 52-110F1 - *Audit Committee Information Required in an AIF*.

The Audit Committee's Charter

The Board of Directors of the Corporation has established an audit committee (the "**Audit Committee**"). The mandate of the Audit Committee adopted by the Board of Directors of the Corporation in 1996 and revised yearly is attached as Schedule A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of four members being Mr. Louis Morin, Mr. Brian A. Robbins, Mr. Christian Dubé and Mr. Jean-Louis Fontaine. Each of the Audit Committee members is independent and financially literate within the meaning of 52-110, which means that each of them (i) has no direct or indirect material relationship with the Corporation, other than being one of its directors and (ii) has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Each member of the Audit Committee has developed considerable experience and expertise related to financial and accounting matters which are relevant to the performance of their respective responsibilities as an Audit Committee member. More particularly, each of them has developed and acquired (i) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as Audit Committee members:

Louis Morin

Mr. Morin is a director of the Corporation and was appointed as a member of the Audit Committee in March 2008. His principal occupation is President of Busrel Inc. since June 2010, a North American supplier of promotional items. Up to March 31, 2009, he was Vice-President and Chief Financial Officer of Quebecor Inc. since January 15, 2007. From December 2003 until January 2006, he was the Chief Financial Officer of Bombardier Recreational Products Inc. From April 1999 until February 2003, Mr. Morin was the Senior Vice-President and Chief Financial Officer of Bombardier Inc. where he was working since 1982.

Mr. Morin holds a Bachelor's and a Master's degrees in business administration from l'École des Hautes Études Commerciales (HEC) and is a Chartered Accountant.

Brian A. Robbins

Mr. Robbins is a director of the Corporation and a member of the Audit Committee since 2000. His principal occupation is currently as President and Chief Executive Officer of Exco Technologies Limited. He is a former director of Ontario Power Generation Inc., TecSyn International, Inc., Telepanel Systems Inc., Allgoods Inc., Noma Industries Inc. and Dofasco Inc.

Mr. Robbins is currently a member of the board of directors of AirBoss of America Corp. and Exco Technologies Limited.

Mr. Robbins holds a Bachelor's Degree in applied science from the University of Waterloo, Ontario and is a P.Eng. in Mechanical Engineering. He is a member of the Association of Professional Engineers of Ontario.

Christian Dubé

Mr. Dubé has been a director of the Corporation since April 1, 2004 and was appointed as a member of the Audit Committee on May 10, 2004. His principal occupation is currently as President of Cascades SAS, the European subsidiary of Cascades Inc. and Chairman of the Board of Reno de Medici, an Italian public company, traded on the Milan Stock Exchange where Cascades Inc. has a 40% interest. He is also Vice-President Business Development of Cascades Inc. and was Chief Financial Officer of Cascades Inc. from May 2004 until May 2010. Previously, he was the Senior Vice-President and Chief Financial Officer of Domtar Inc. until 1998. Before joining Domtar Inc., Mr. Dubé was a Principal with a major international accountancy firm and was active in M&As and financing for its international clients.

Mr. Dubé is currently a member of the Management Committee of Cascades Inc. Mr. Dubé has been a Chartered Accountant since 1979, and is a member of the Canadian Institute of Chartered Accountants. He holds a Bachelor's Degree in business administration from Laval University, Québec City.

Jean-Louis Fontaine

Mr. Fontaine has been a Director of the Corporation since 1990 and was reappointed as a member of the Audit Committee in August 2010. From 1990 to May 2010, he served as a member of the Human Resources and Corporate Governance Committee, excluding from August 2007 to August 2008, as he served as a member of the Audit Committee.

Mr. Fontaine began his career with Bombardier in 1964 as Vice President, Production, of its Ski-Doo division and rose through the ranks to become Vice President, Transportation Products in 1974. He was named Vice President, Corporate Planning in 1977, a position he held until he became Vice Chairman in 1988.

Mr. Fontaine holds a Bachelor degree in Mechanical Engineering from Université de Sherbrooke and a Master of Business Administration (MBA) from the University of Western Ontario.

Pre-Approved Policies

The Board of Directors of the Corporation and the Audit Committee have adopted certain policies with respect to services rendered by external auditors.

Specific services may be rendered by the external auditors of the Corporation which are not incompatible, as to their nature, with the maintenance of their professional independence. Certain of these services reflect the statutory role of the external auditors and are grouped under "Audit Services" below. Other services under "Audit Related" and "Taxation Services" below can be rendered by the external auditors as well as other service providers, at Corporation management's discretion. Certain types of services listed under "Prohibited Services" below generally cannot, except in limited cases, be provided by external auditors without impairing their professional independence.

Audit Services

- Examination (Audit) of the Corporation's annual consolidated financial statements;
- Examination (Audit) of the annual financial statements of certain related entities or groups;
- Review of the Corporation's annual information form, management, discussion and analysis, management proxy circular and other annual filing documents;
- Read of quarterly consolidated financial statements of the Corporation;
- Review of the Corporation's prospectuses or other financing documents and issuance of appropriate consent, comfort or other required letters to interested parties;
- Accounting research and consultations on the application of GAAP;

Audit Related Services

- Examination (Audit) of the annual financial statements of the employee pension plans;
- Special reports to third parties required to comply with various contractual or other obligations of the Corporation or any of its subsidiaries or affiliates;
- Special audits on control procedures;
- Information systems reviews not performed in conjunction with the Audit;
- Due diligence services to assist management in the context of business investment or divestiture decisions;
- Advisory services in preparation for compliance under National Instrument 52-109;

Taxation Services

- Preparation and/or review of income or other tax returns of the Corporation's domestic or foreign business units;
- Consultations with respect to income tax compliance or planning with domestic or foreign jurisdictions, including federal, provincial, state and capital taxes; international tax financing, structuring and repatriation strategies; loss utilization strategies; advice with respect to research and development expenditures;
- Consultations with respect to transfer pricing risk and assessment;
- Executive compensation plans including pensions, stock options, and deferred compensation plans;
- Expatriate tax compliance and planning, including tax return preparation services with respect thereto;
- Foreign office tax advice regarding international tax projects and co-ordination thereof;
- Discussions regarding new tax developments and responses to tax queries as they arise;
- Support regarding tax authority audits;
- Commodity tax advice.

Other Services

Translation of financial information, including financial statements, management, discussion and analysis, press release, annual and quarterly reports.

Other Services not Specifically Prohibited

While the possibility of other services being rendered by the Corporation's external auditors is not in and of itself excluded, such services will be rendered only on the specific approval of the Audit Committee or one of its designated members.

Prohibited Services

Certain services are considered to be incompatible with the objective of preserving the independence of external auditors and therefore are prohibited. Such services, with some exceptions, include the following:

- Bookkeeping or other services related to the accounting records or financial statements of the Corporation.
- Expert services, litigation support unrelated to the audit.
- Financial information systems design and implementation.
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports.
- Actuarial services.
- Internal audit outsourcing services.
- Management functions.
- Human resources services.
- Broker-dealer, investment adviser or investment banking services.
- Legal Services and any other advocacy services.
- Preparation of journal entries and source documents.
- IT Services.
- Corporate finance and similar activities.

External Auditors Service Fees

The following are the aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years by category of services provided to the Corporation by said auditors.

	Fiscal Year ended March 31	
	2011	**2010**
Audit Fees(1)	439,100	403,500
Audit-Related Fees(2)	179,225	66,616
Other Fees(3)	16,043	19,918
Income Tax Fees(4)	41,390	9,155
Total	**$675,758**	**$499,189**

(1) Audit fees were billed for professional services rendered for the audit of the Corporation's consolidated financial statements and quarterly reads of the Corporation's quarterly consolidated financial statements.

(2) Audit-related fees were billed for assurance and related services that are reasonably related to the performance of the audit or review of the annual consolidated financial statements and are not reported under the audit fee line above. The increase this year compared to last year is explained by the fees incurred in relation with the acquisition of Eagle Tool.

(3) Other fees are billed for services other than the audit fees, audit-related fees and income tax fees. These services consisted primarily of due diligence and translation services.

(4) Income tax fees were billed for the review of income tax returns and consultations.

ITEM 11: LEGAL PROCEEDINGS

Management of the Corporation is not aware of any legal proceeding or litigation outstanding, threatened or pending as of the date hereof by or against the Corporation or relating to its business which would be material to an existing or potential holder of Common Shares.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, there hasn't been any material interest, direct or indirect, of any director or executive officer of the Corporation, or a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Corporation, or any associate or affiliate thereof, within the three most recently completed financial years, that has materially affected the Corporation or is reasonably expected to materially affect the Corporation.

ITEM 13: TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares of the Corporation is Computershare Trust Company of Canada at its place of business in the city of Montréal, Québec.

ITEM 14: MATERIAL CONTRACTS

The Corporation has no material contracts other than its Amended and Restated Credit Agreements entered into by, among others, the Corporation and a group of lenders including National Bank of Canada, which is also acting as the administrative agent, The Bank of Nova Scotia, The Toronto-Dominion Bank, Laurentian Bank of Canada, Caisse centrale Desjardins and Bank of America Merrill Lynch (the "**Agreements**"). The Corporation has increased its credit facility under the Agreements to $150 million in March 2011. This credit facility allows Héroux-Devtek to borrow (either in Canadian or US currency equivalent) from a group of banks for working capital, capital expenditures and other general corporate purposes including acquisitions. This credit facility is secured by all assets of the Corporation, is subject to certain restrictive covenants and corporate guarantees granted by the Corporation and matures on March 15, 2016.

ITEM 15: ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and, options to purchase securities where applicable, is contained in the Corporation's Management Proxy Circular to be dated July 6, 2011 and prepared in connection with the Annual and Special Meeting of Shareholders of the Corporation, to be held on August 4, 2011. Additional information is provided in the Corporation's comparative consolidated financial statements and management, discussion and analysis for its most recently completed fiscal year.

The Corporation shall provide to any person or company, upon request to the Corporation's Corporate Secretary, at Héroux-Devtek Inc., Suite 658, East Tower, 1111 Saint-Charles Street West, Longueuil, Québec, J4K 5G4:

(a) when the securities of the Corporation are in the course of a distribution under a preliminary short form prospectus or a short form prospectus:

(i) a copy of this Annual Information Form together with one copy of any document (or the relevant pages of any document) incorporated by reference therein;

(ii) a copy of the comparative consolidated financial statements of the Corporation for its most recently completed fiscal year, together with the accompanying report of the auditors thereon, and one copy of any interim consolidated financial statements of the Corporation that has been filed subsequent to the consolidated financial statements for its most recently completed fiscal year;

(iii) a copy of the Corporation's Management Proxy Circular with respect to the Corporation's most recent shareholders' meeting that involved the election of directors; and

(iv) a copy of any other document incorporated by reference into the preliminary short form prospectus or the short form prospectus that is not required to be provided under (i), (ii), or (iii) above; or

(b) at any other time, a copy of any document referred to in (a)(i), (ii), and (iii) above, provided that the Corporation may require the payment of a reasonable charge if the request is made by a person or a company who or which is not a security holder of the Corporation.

Additional information relating to the Corporation may be found on SEDAR at *www.sedar.com*.

SCHEDULE A

MANDATE OF THE AUDIT COMMITTEE

1. Mission

1.1 The Audit Committee assists the Board of Directors in its general management responsibilities of the Corporation by:

a) selecting and recommending the external auditors and reviewing their independence and effectiveness;

b) reviewing:

(i) the financial statements;

(ii) the processes for presenting financial information;

(iii) the internal controls;

(iv) the audit processes;

(v) the management information systems; and

(vi) the financial risk management processes and control methods for managing such risks;

for the purpose of determining the integrity and effectiveness thereof; and

c) serving as intermediary between the Board of Directors and the independent oversight functions (internal and external auditing).

1.2 The Corporation’s external auditors are responsible for reporting to the Board of Directors and to the Audit Committee acting as the shareholders’ representatives, and these shareholders’ representatives have the ultimate power and responsibility of choosing, evaluating and, where necessary, recommending the replacement of the external auditors.

1.3 The Committee fulfills its responsibilities to the Board by carrying out the duties set forth in section 10 of this Mandate.

1.4 Although the Audit Committee has the powers and responsibilities set forth in this Mandate, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession and, in any event, do not serve in such capacity on the Audit Committee. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation’s financial statements and disclosures are complete and accurate and are in accordance with the Canadian generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the external auditors.

2. Composition

2.1 The Committee is comprised of at least three (3) members appointed annually by the Board of Directors from among the Corporation’s directors.

2.2 Every Committee member shall be independent within the meaning of Regulation 52-110.

2.3 No officer or employee of the Corporation or of a subsidiary of the Corporation shall be a member of the Committee.

2.4 Every Committee member shall be financially literate within the meaning of Regulation 52-110, i.e. shall have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

At least one Committee member shall have "related accounting or financial expertise" acquired either through previous work experience in finance or accounting, through the required professional certification in accounting, or through any other comparable experience or training giving him financial sophistication, such as being or having been a chief executive officer or chief financial officer of a company, or having held another position with a company as a senior executive with financial oversight responsibilities. This member shall have the ability to analyze and interpret a complete set of financial statements, including the accompanying notes, in accordance with Canadian generally accepted accounting principles.

3. Chairperson

3.1 The chair of the Committee is appointed by the Board of Directors. Where the chair is absent or unable to attend a meeting, the meeting shall be chaired by a member chosen by the Committee.

3.2 Subject to a contrary decision by the Board of Directors, members who have sat on the Committee for two years are eligible for appointment as Committee chairperson.

3.3 Subject to a contrary decision by the Board of Directors, the mandate of the Committee chairperson granted to a Committee member shall not exceed five years.

3.4 The Committee chairperson may make suggestions to the Chairman of the Board concerning the content of the agendas of certain meetings of the Board of Directors, where he considers it appropriate or necessary to do so.

4. Secretary

The Corporate Secretary, an assistant secretary or any other person appointed by the Secretary shall act as Committee secretary.

5. Holding and calling of meetings

5.1 The Audit Committee meets at least once per quarter and the Committee's meetings are held on the dates and at the time and place fixed by the Board of Directors. The Committee members shall be notified annually in writing of the dates, times and places of the Committee meetings, without any other notice being required.

5.2 An off-schedule meeting may be called at any time by the Committee chairperson, the Chairman of the Board, the President and Chief Executive Officer, one of the members of the Committee, the Executive Vice-President and Chief Financial Officer, the Corporate Secretary or an assistant corporate secretary of the Corporation, and by the external auditors and auditors in charge of the internal audit function.

A notice stipulating the purpose, place, date and time of every off-schedule meeting shall be sent to each of the Committee members by mail or by any other means of telephone or electronic communication at least twenty-four (24) hours before the scheduled time and date of the meeting.

Off-schedule meetings of the Committee may be held without notice when all Committee members are present or when absent members give written waiver of notice of such meeting.

5.3 The Committee meetings may be held by telephone or by any other means enabling all members to communicate adequately and simultaneously with each other. In such case, the persons participating in a meeting by telephone or by any other means of communication are deemed to be present at the meeting.

5.4 The external auditors are entitled to receive the notices of the Committee's meetings and to be heard at such meetings.

5.5 The Committee may call a meeting of the Board of Directors to study issues of interest to the Committee.

5.6 The Committee members shall meet in closed sessions, at least once a year, under the direction of the Committee chairperson.

6. Quorum

6.1 Quorum for the Committee shall be a majority of the Committee members.

6.2 There shall be a quorum at every meeting in order for the Committee members to validly conduct proceedings and make decisions.

6.3 Subject to sections 6.1 and 6.2 above, the subjects submitted for consideration to every Committee meeting requiring a decision shall be approved by a majority of votes of the members present.

7. Minutes

7.1 The secretary shall keep the minutes of every Committee meeting, duly approved by it, in a register especially for this purpose.

7.2 The minutes of every Committee meeting, duly approved by it, shall be attached to the agenda of a subsequent meeting of the Board of Directors for its information. The Committee chairperson shall make a verbal report of the proceedings of every Committee meeting at a subsequent meeting of the Board of Directors.

8. Vacancy

Vacancies on the Committee shall be filled by the Board of Directors, where it considers appropriate. A failure to fill a vacancy shall not invalidate the Committee's decisions provided that there is a quorum.

9. Hiring of external advisors

The Audit Committee has the authority to retain the services of expert advisors at the Corporation's expense. In case of an emergency, this responsibility is vested in the Committee chairperson. The Committee may request any officer or employee of the Corporation, its outside legal counsel or its internal or external auditors to attend an Audit Committee meeting or meet any of its members or advisors.

The Audit Committee shall notify the Board of Directors on the extent of the financing required to pay for the compensation of the independent expert advisors retained to advise the Committee.

10. Duties and responsibilities

The Committee's duties are as follows:

10.1 Internal control

10.1.1 review the mandate of the internal audit function on an annual basis and ensure that it has the resources necessary to fulfill its mandate and the responsibilities set for it;

10.1.2 if the internal audit function has been outsourced in whole or in part to an external consulting firm, make recommendations to the Corporation's Board of Directors on the appointment of such consultants and their compensation;

10.1.3 require management to set up and maintain appropriate internal control policies and mechanisms, and review, evaluate and approve such policies and mechanisms;

10.1.4 evaluate the effectiveness of the Corporation's internal control policies and mechanisms with the Executive Vice-President and Chief Financial Officer, or any other officer or employee of the Corporation exercising responsibility for the internal audit function;

10.1.5 review the report(s) of the internal audit group on a quarterly or annual basis and ensure that the necessary measures are taken to follow up on the suggestions arising from such report(s);

10.1.6 review the recommendations of the Corporation's management and recommend to the Board of Directors the appointment or removal of an officer responsible for the internal audit function of the Corporation;

10.1.7 review and approve the annual internal audit plan and ensure the independence and effectiveness of this function;

10.1.8 require that the internal audit function be free of any influence which could interfere with its ability to carry out its responsibilities in an objective manner and, to this end, obtain disclosure from management of the services other than internal auditing provided to the Corporation by the consultants to whom this function has been outsourced;

10.1.9 evaluate the overall performance of the external consultants to whom the internal audit function has been outsourced, whether in whole or in part, including the other services rendered by these consultants, and analyze the effect of such services on their independence;

10.1.10 ensure that there is effective cooperation between internal auditing and the external auditors of the Corporation;

10.1.11 meet, in the absence of management, with the Corporation's officer in charge of the internal audit function, or the external consultant to whom this function has been outsourced;

10.1.12 review any management representation letters on the internal financial systems and controls addressed to the external auditors;

10.1.13 review and comment to the Board of Directors on all related-party transactions;

10.1.14 review any change in the Corporation's code of ethics for senior financial officers;

10.1.15 review the recommendations made by the regulatory bodies or external or internal auditors and report to the Board of Directors;

10.1.16 establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

10.1.17 review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's, current or former, external auditors that meet the CICA Rules of Professional Conduct;

10.2 External auditors

10.2.1 submit recommendations to the Corporation's Board of Directors for the appointment and compensation of the external auditors;

10.2.2 review and discuss the external auditors' detailed report on all the factors influencing their independence and objectivity; make recommendations for measures to be taken by the Board of Directors to ensure the independence of the external auditors;

10.2.3 pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the auditors and, ensure that the external auditors shall not provide the following services to the Corporation:

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the Corporation.
- Expert services, litigation support unrelated to the audit.
- Financial information systems design and implementation.
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports.
- Actuarial services.
- Internal audit outsourcing services.
- Management functions.
- Human resources services.
- Broker-dealer, investment adviser or investment banking services.
- Legal Services and any other advocacy services.
- Preparation of journal entries and source documents.
- IT Services.
- Corporate finance and similar activities.

10.2.4 review the nature and scope of the work of the Corporation's external auditors and recommend to the Board their compensation;

10.2.5 meet with the external auditors and management to discuss the annual financial statements or transactions which may be detrimental to the sound financial situation of the Corporation;

10.2.6 discuss with the external auditors not only the acceptability but also the quality of the accounting principles followed by the Corporation in its financial reports;

10.2.7 review the Corporation's guidelines for awarding professional services contracts to the external auditors outlining the criteria and levels of authorization required for types of services other than auditing which the external auditors are authorized to offer the Corporation;

10.2.8 review the annual letter of recommendation on internal control by the Corporation's external auditors and follow up on the measures subsequently taken by management;

10.2.9 meet the Corporation's external auditors on a regular basis, in the absence of the management;

10.2.10 oversee the work of the external auditors, including the auditing services and non-auditing services, and analyze the effect of these services on the auditors' independence and including the resolution of disagreements between management and the external auditors regarding financial reporting; and

10.2.11 determine that the external auditors audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the CICA independence rules;

10.3 Financial information

10.3.1 review the Corporation's quarterly and annual consolidated financial statements after the review or audit thereof by the external auditors, and recommend their approval to the Corporation's Board of Directors; review the unaudited financial statements of certain subsidiaries as appropriate;

10.3.2 obtain an annual report from management, which may be in either oral or written form, on the accounting principles used in the preparation of the Corporation's financial statements, including those policies for which management is required to exercise discretion or judgment regarding the implementation thereof;

10.3.3 annually review separately with each of management, the external auditors and the internal audit group (a) any significant disagreement between management and the external auditors or the internal audit group in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each;

10.3.4 annually or periodically, as appropriate, review any significant changes to the Corporation's accounting principles and financial disclosure practices as suggested by the external auditors, management or the internal audit group; review with the external auditors, management and the internal audit group, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Audit Committee, have been implemented;

10.3.5 review all the investments and transactions which may be detrimental to the Corporation's sound financial situation, when they are brought to its attention by the external auditors or an officer;

10.3.6 review and recommend the approval to the Board of Directors of the informational documents containing financial information, whether audited or unaudited, in particular, management's analysis of the financial situation and operating results, the annual information form and the press releases concerning the publication of the Corporation's quarterly and annual consolidated financial statements;

10.3.7 ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;

10.3.8 review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), commitments and other relationships of the Corporation or any of its subsidiaries with unconsolidated entities or other persons, that may have a material current or future effect on the financial condition, changes in the financial condition, results of operations, liquidity, capital resources or significant components of revenues or expenses;

10.3.9 enquire with management concerning any significant changes adopted by bodies such as the stock exchanges or securities commissions, as well as changes to accounting standards that may have an effect on the preparation or disclosure of the financial statements of the Corporation or its subsidiaries, and inform the Board of Directors thereof where appropriate; and

10.3.10 review the report of management on any dispute, notice of assessment or any other claim of a similar nature which may have a material effect on the Corporation's financial situation, and ensure that these material claims are correctly disclosed in the financial statements.

10.4 Miscellaneous

Exercise any other functions entrusted to it by the Board of Directors and make such recommendations to it as it considers appropriate on the subjects within its competence.