HÉROUX DEVTEK

ANNUAL INFORMATION FORM

FISCAL YEAR ENDED MARCH 31, 2015

JUNE 12, 2015

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

Certain statements contained under the headings "Description of the Business" and "General Development of the Business over the last three fiscal years" 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. The Corporation does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law. These statements only hold true as of the date of this annual information form and reference is made to the "Risk Factors" subheading 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 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 and the Great British Pound ("**GBP**");
- 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 availability of credit facility;
- Factors affecting restrictive debt covenants and fluctuations in interest rates;
- Operational risks related to Aerospace business;
- Factors affecting environmental matters;
- Renewal of collective bargaining agreements;
- Availability of skilled labour; and
- Pressure on Government military spending.

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 *Business 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. In June 2000, the Corporation announced the successful completion of its take-over bid for all the shares of Devtek Corporation ("**Devtek**"), a public company whose shares were listed on the Toronto Stock Exchange (the "**TSX**"). Devtek was a Toronto-based well-established manufacturer of systems, assemblies, and components for the aerospace industry. Articles of amendment were filed on September 8, 2000 to change the Corporation's name to its current name following the acquisition of 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 were then operated by the Aerostructure Product Line of the Corporation. As discussed later in this document, Les Industries C.A.T. Inc. was closed in 2010, its operations were integrated into other landing gear facilities and the Dorval facility was sold, as part of the divestiture of the Aerostructure and Industrial divisions, to PCC in August 2012 (see below).

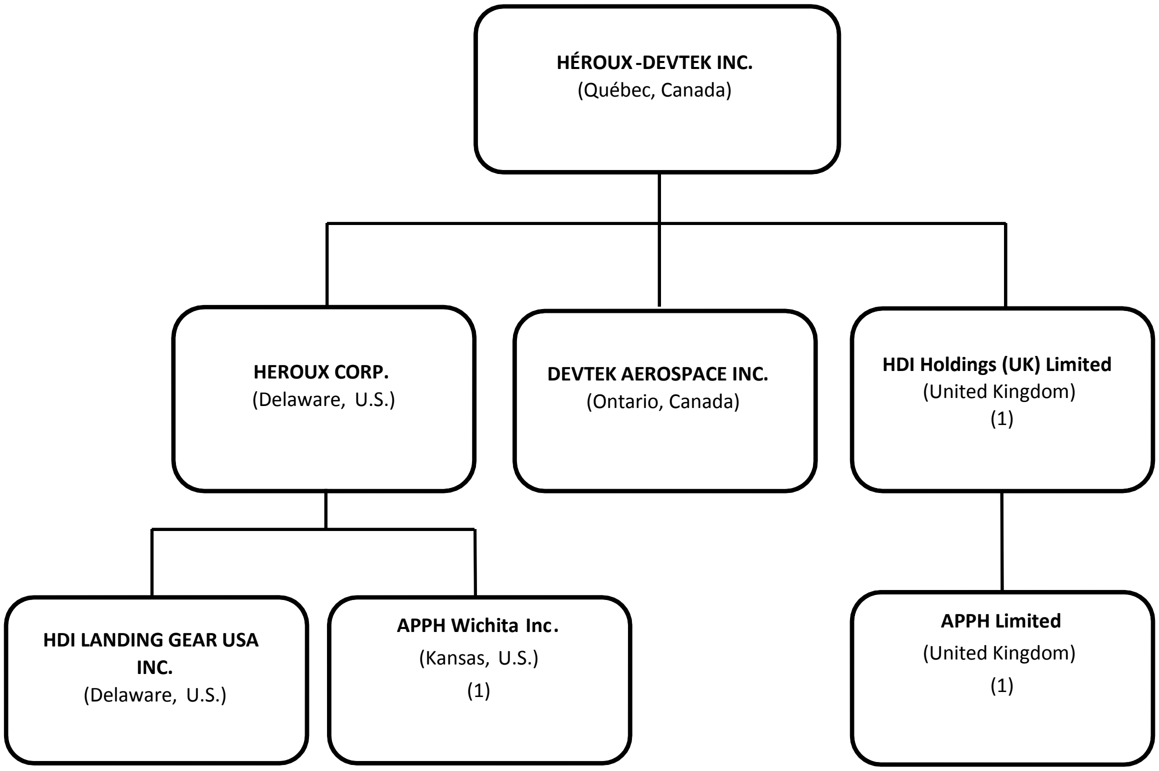
On July 16, 2012, the Corporation executed a definitive agreement for the sale of substantially all of its Aerostructure and Industrial Product Lines operations to Precision Castparts Corporation ("**PCC**"), a public company whose shares are traded on the New York Stock Exchange (the "**Sale Transaction**"). The Sale Transaction was completed on August 31, 2012. Prior to the Sale Transaction, the Aerostructure Product Line was part of the Corporation's Aerospace segment, while Industrial Product Line formed the Industrial segment. See subheading *Fiscal Year ended March 31, 2013 (Fiscal Year 2013)* hereinafter.

On February 3, 2014, the Corporation has acquired the entire share capital of United Kingdom ("**U.K.** ") based APPH Limited and United States ("**U.S.**") based APPH Wichita, Inc. (together "**APPH**"), subsidiaries of BBA Aviation Plc. APPH is an integrated provider of landing gear and hydraulic systems and assemblies for original equipment manufacturer ("**OEM**") and aftermarket applications. APPH Limited is based in Runcorn, Nottingham and Bolton in the U.K., and APPH Wichita, Inc. is based in Wichita, Kansas.

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 simplified 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) HDI Holdings (UK) Limited was created on January 28th, 2014 in light of the acquisition of APPH Limited and APPH Wichita, Inc., which was completed on February 3rd, 2014.

2. DESCRIPTION OF THE BUSINESS

2.1 Business Overview

Héroux-Devtek specializes in the design, development, manufacture, repair and overhaul of landing gear and hydraulic systems and components for the Aerospace market.

The Corporation is one of the largest landing gear companies in the world, supplying both the commercial and military sectors of the Aerospace market with new landing gear and hydraulic systems and components as well as aftermarket products and services (including spare parts and repair and overhaul services). The Corporation covers Europe and North American markets. In the commercial sector, the Corporation is active in the large commercial and business jet, regional aircraft and helicopter markets. On the military side, the Corporation provides systems, parts and services for military aircraft mainly in both the U.S. and in Europe. As such, a significant portion of the Corporation's sales are made to a limited number of customers located in Europe, the U.S. and Canada.

The Corporation also operates a facility in Toronto (Magtron), which manufactures electronic enclosures, heat exchangers and cabinets for airborne radar, electro-optic systems and aircraft controls. This facility provides competencies in vacuum and dips brazing metal joining technologies and became Canada's first facility to be Nadcap certified in aluminum vacuum brazing. It also operates a facility in Bolton, U.K., which manufactures fluid filter products.

2.2 Description of Market Segments

Aerospace Segment

The Aerospace segment is divided into two main markets. The first is the global aerospace OEM market, for which the Corporation produces landing-gear systems assemblies. The second market is the aerospace aftermarket, for which the Corporation supplies replacement landing gear components, and also provides hydraulic system and landing gear repair and overhaul services.

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 15 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, brakes and tires to the cockpit.

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

Aerospace Aftermarket

The aviation aftermarket consists primarily of the supply of replacement or substitute components and the servicing of commercial and military aircraft. The 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.

The acquisition of APPH provides greater exposure on the attractive aftermarket business into the U.S. and European markets.

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

2.3 Decentralized Operations

Following the Sale Transaction, the Corporation operates only in the Aerospace segment and is comprised essentially of the Landing Gear Product Line, Magtron and Bolton operations. They are managed through decentralized operations that encourage entrepreneurship and the involvement of every employee.

The Corporation employs 1,397 persons and operates out of fourteen sites located in Longueuil (1 plant in Longueuil and an engineering and testing facility in St-Hubert) and Laval, Québec, Kitchener, Cambridge and Toronto, Ontario, Springfield and Strongsville (Greater Cleveland), Ohio, Wichita, Kansas, Everett, Washington and Bolton, Runcorn (2 plants) and Nottingham, U.K. The head office is located in Longueuil, Québec.

The Corporate Office is involved in all major business development decisions, including strategic and long term goals for the Corporation, regulatory matters, internal audit and public reporting. The Corporate Office also provides valuable supervisory, administrative services and leadership monitoring to the various business units' key management personnel.

The Landing Gear Product Line is structured into three operational groups (Central Region, East Region and UK Region) as part of a global manufacturing strategy to maximize operations efficiency, thereby improving its profitability and competitiveness to participate in program of the higher calibre. The business units are grouped based on the complementarities or similarity of their core expertise with the objectives to facilitate the management, improve the coordination, standardize the processes and facilitate the sharing of best practices. The sales and marketing, design, engineering and product support provide services to the three operational groups.

The specialization of each site is as follow:

St-Hubert	Québec, Canada	Center of excellence for design engineering, product support and technical expertise including a state-of-the-art testing facility.
Longueuil	Québec, Canada	Center of excellence for repair and overhaul activities and for the finishing and assembly of landing gear.
Laval	Québec, Canada	Center of excellence for manufacturing and assembly of actuators and manufacturing of small to medium landing gear components.
Wichita	Kansas, U.S.	Repair and overhaul activities and manufacturing of hydraulic system and components.
Kitchener	Ontario, Canada	Center of excellence for manufacturing of medium to large complex landing gear components.
Cambridge	Ontario, Canada	Center of excellence for manufacturing large-scale complex landing gear components.
Everett	Washington, U.S.	Center of excellence for final assembly of landing gear (operational near the end of calendar 2015).
Springfield	Ohio, U.S.	Center of excellence for manufacturing of medium to large complex landing gear components.
Strongsville (Greater Cleveland)	Ohio, U.S.	Center of excellence for the finishing and assembly of landing gear.

Runcorn (2 plants)	Cheshire, U.K.	Center of excellence for repair and overhaul activities, finishing and assembly of landing gear, product support, testing and design engineering.
Nottingham	Nottinghamshire, U.K.	Center of excellence for manufacturing of small to medium landing gear components.
Bolton	Westhoughton, U.K.	Center of excellence for designing, manufacturing, assembling and testing of fluid filtration applications.
Toronto (Magtron)	Ontario, Canada	Center of excellence for electronic enclosures, heat exchangers and cabinets.

The Corporation also developed a design engineering and technical expertise with a team of more than 100 employees dedicated to design activities. The design team is located at the engineering office in St-Hubert and at the Runcorn site in the U.K. The design team uses various softwares 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, environmental and fatigue testing equipment.

The Corporation has also developed a product support organisation to provide OEM and its operators with first class in-service support including technical support, spare parts, technical publications and worldwide repair services. The product support team is composed of 11 employees located at the St-Hubert engineering office and at the Runcorn site in the U.K.

The Magtron facility is a provider of precision components and assemblies to the defence and aerospace industries. This site, through the use of its metal joining technology, also manufactures electronic enclosures, heat exchangers, and cabinets for airborne radar, electro-optic systems, and aircraft engine controls. Electro-mechanical assemblies include power dividers for naval radar systems and space payload interfaces for manoeuvre and retrieval systems. This site is located in Toronto, Ontario, and operates with 52 employees.

The Bolton facility specialized in the design and manufacture of filtration systems for aerospace applications including hydraulic systems. This site is located in Westhoughton, U.K. and operates with 17 employees.

The following table contains a description of management positions, plant locations and other corporate management information as of March 31, 2015.

<table>
<tr><td rowspan="2">HÉROUX-DEVTEK INC.
Complexe Saint-Charles
1111 Saint-Charles Street West
Suite 658, East Tower
Longueuil, Québec
Canada J4K 5G4
Tel.: (450) 679-5450</td><th colspan="2">Corporate Management</th></tr>
<tr><td colspan="2">REAL RAYMOND
Chairman of the Board

GILLES LABBÉ
President and
Chief Executive Officer

RÉAL BÉLANGER
Executive Vice-President, Business Development and Special Projects

STÉPHANE ARSENAULT
Chief Financial Officer

MARTIN BRASSARD[1]
Vice-President and Chief Operating Officer

REMY LANGELIER
Director, Business Development

FANNY D’AMBROISE
Manager, Internal Audit and Conformity

MICHEL ROBILLARD
Vice-President,
Corporate Controller

GILBERT GUÉRIN
Corporate Director,
Human Resources

DOMINIC BOLDUC
Director, Tax

JEAN-PHILIPPE SANCHE
Manager, Legal Affairs</td></tr>
<tr><th></th><th>LANDING GEAR</th><th></th></tr>
<tr><td>Dominique Dallaire
Vice-President, Eastern Region
(Longueuil, Laval and Wichita)
755 Thurber Street
Longueuil, Québec
Canada J4H 3N2
Tel: (450) 679-5454</td><td>Jack Curley
Vice-President, Central Region
(Kitchener, Cambridge, Springfield, Strongsville and Everett)
15900 Foltz Industrial Parkway
Strongsville, Ohio
USA 44149
Tel.: (440) 783-5255</td><td>Michael Meshay
Managing Director, UK Region
(Runcorn, Nottingham and Bolton)
8 Pembrooke Court, Manor Park,
Runcorn, Cheshire
United Kingdom
Tel: 44 (0) 1928 530530</td></tr>
<tr><td rowspan="2">Marc-Olivier Gagnon
Vice-President, Product Support
4925 Chemin de la Savane
St-Hubert, Québec
Canada J3Y 9G1
Tel.: (450) 550-2020</td><td>Jean Gravel
Vice-President, Sales and Program Management
755 Thurber Street
Longueuil, Québec
Canada J4H 3N2
Tel: (450) 679-5454</td><td>Rui Furtado
Vice-President, Engineering
4925 Chemin de la Savane
St-Hubert, Québec
Canada J4K 5G7
Tel.: (450) 550-2020</td></tr>
<tr><th>MAGTRON OPERATIONS</th><th>BOLTON OPERATIONS</th></tr>
<tr><td>Daniel Normandin
Vice President, Quality Assurance & Continuous Improvement
755 Thurber Street
Longueuil, Québec
Canada J4H 3N2
Tel: (450) 679-5454</td><td>Michael Secord
Plant Manager
1480 Birchmount Rd
Toronto, Ontario
Canada M1P 2E3
Tel.: (416) 757-2366</td><td>Mark Harrison
Plant Manager
Unit 1003
Great Bank Road
Westhoughton, Lancashire BL5 3XU
United Kingdom
Tel : 01928 530530</td></tr>
<tr><td colspan="3">[1] Mr. Martin Brassard was appointed as Vice-president and Chief Operating Officer of the Corporation effective November 21, 2014.</td></tr>
</table>

Properties

The Corporation has fifteen sites, seven of which are located in Canada, four in the U.K. and four in the U.S. The following table briefly describes the features of each site:

Location	Size	Use	Status
Longueuil, Québec, Canada	8,956 sq. ft.	Corporate office, responsible for all financial and major business development decisions.	Leased
Longueuil, Québec, Canada	191,400 sq. ft.	Repair and overhaul activities and for the finishing and assembly of landing gear.	Owned
St-Hubert, Québec, Canada	28,000 sq. ft.	Engineering office providing technical expertise including a state-of-the-art test laboratory.	Owned
Laval, Québec, Canada	45,000 sq. ft.	Manufacture and assembly of actuators and manufacture small to medium landing gear components.	Owned
Kitchener, Ontario, Canada	99,000 sq. ft.	Manufacture medium to large complex landing gear components.	Owned
Cambridge, Ontario, Canada (1)	108,000 sq. Ft.	Manufacture large-scale complex landing gear components.	Owned
Toronto, Ontario, Canada (Magtron)	36,000 sq. ft.	Manufacture electronic enclosures, heat exchangers and cabinets.	Leased
Springfield, Ohio, U.S.	105,000 sq. ft.	Manufacture medium to large complex landing gear components.	Owned
Strongsville (Greater Cleveland), Ohio, U.S.	101,600 sq. ft.	Finishing, sub-assemblies and assembly of landing gear.	Owned
Runcorn, Cheshire, U.K. (2 plants)	90,000 sq. ft.	Repair and overhaul activities, finishing and assembly of landing gear and design engineering.	Leased
Nottingham, Nottinghamshire, U.K.	48,000 sq. ft.	Manufacture small to medium landing gear components.	Owned
Bolton, Westhoughton,U.K.	15,000 sq. ft.	Design, manufacture, assembling of filter and testing of fluid filtration applications.	Leased
Wichita, Kansas, U.S.	63,000 sq. ft.	Repair and overhaul activities and manufacture hydraulic system and components.	Owned
Everett, Washington, U.S.	21,400 sq. ft.	Final assembly of landing gear(2).	Leased

(1) Inaugurated February 26th 2015.
(2) Operational near the end of calendar 2015.

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 the world 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. Héroux-Devtek's main competitors are Messier-Dowty, UTC Aerospace Systems ("**UTAS**"), Fokker and Liebherr.

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, its international presence (North America and Europe) and its strong design engineering team.

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 landing gear market, this participation starts at the design stage, allowing it to enter programs as a risk-sharing partner.

Sales opportunities are derived by continuous customer relationships, gathering market intelligence and attending various trade shows and operator conferences.

Customer Base

The Corporation serves a broad range of customers in the different markets in which it operates, mainly OEMs and second-tier system suppliers. The acquisition of APPH brought a significant number of new customers for the Corporation. Its commercial customers include Airbus Helicopter, Agusta-Westland, BAE Systems, Bell Helicopter Textron, The Boeing Company ("**Boeing**"), Bombardier Aerospace, Dassault Aviation, Embraer, Lockheed Martin, Messier-Dowty, Northrop-Grumman, Saab, Sikorsky, The Triumph Group, Cessna/Beechcraft and UTAS, among others. In the military sector, the Corporation's customers include the U.S. Air Force ("**USAF**"), the U.S. Navy, the Canadian Air Force, and NATO countries.

Principal Customers

Héroux-Devtek's principal customers are UTAS, Boeing and the U.S. Department of Defence. In fiscal 2015, sales to these principal customers represented approximately 39% 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, 2015.

Research and Development

The Corporation's research and development (R&D) costs for the year ended March 31, 2015 were incurred essentially by landing gear activities. They usually relate to specific development programs and are therefore included in these contracts' costs. The Corporation expects to invest about 5% of its total sales in R&D over the coming years.

2.4 Human Resources

The following table shows the total number of employees of the Corporation as at March 31, 2015 and 2014:

Product Line/Corporate Office	Number of Employees as at March 31, 2015	2014
Landing Gear	1,311	1,307
Bolton, U.K. (Filters)	17	17
Toronto (Magtron)	52	52
Corporate Office	17	16
Total	**1,397**	**1,392**

2.5 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 either during environmental audits or as part of the day-to-day operations were or are being corrected as they occur. 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 (“**ECA**”) with external environmental auditors once every three years at all its manufacturing sites. Last ECAs were performed in fiscal year 2015 and at the beginning of fiscal year 2016. No non-compliance items reported in the ECA’s represented unusual risks to the operations of the Corporation. Two manufacturing plants of the Corporation are considered to be a higher risk, mainly due to the nature of their operations, which include various plating and chemical processes. The management of the Corporation believes it has taken all appropriate action to maintain level of risk into acceptable limit.

As mentioned above, the Corporation is subject to several environmental laws and regulations, and as such, could be required in the future to make capital investments in equipment and facilities to meet the obligations coming from new legislation.

The Corporation is committed to make all the necessary investment in order to comply with environmental requirements and standards.

2.6 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. 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, 2015 (filed on SEDAR at *www.sedar.com*), which section is hereby incorporated in, and forms part of, this annual information form. 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.

Risk Associated with Business Activities

The activities conducted by the Corporation are subject to operational risks that include competition from other businesses, performance of key suppliers, product performance warranties and in particular, for proprietary products and major sales contracts, regulatory risks, successful integration of new acquisitions, dependence on key personnel and reliance on information systems, all of which could affect the Corporation’s ability to meet its obligations.

However, the Corporation has implemented risk-mitigation strategies and controls, in light of these operational risks, which include the following:

- Processes to ensure proper bid approvals, planning, execution and use of quality standards at all stages of new design, manufacture or built-to-print products and assemblies, and repair and overhaul services. This includes the risk assessment of achieving the targeted revenues (firm-fixed price contracts, escalation clauses, etc.) and related product costs as well as the development of long term agreements and competitive bidding processes with main suppliers.

- Use of proper cash flow arrangements through the use of customer advances, with certain customers, and foreign exchange hedging.

The Corporation is subject to the risk of litigation in the ordinary course of business by employees, customers, suppliers, competitors, shareholders, government agencies, or others, through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation is difficult to assess or quantify. Claimants in these types of lawsuits or claims may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits or claims may remain unknown for substantial periods of time. Regardless of outcome, litigation could result in substantial costs to the Corporation. In addition, litigation could divert management’s attention and resources away from the day- to-day operations of the Corporation’s business.

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. There are also specific risks relating to the Corporation's ability to perform and execute certain long term contracts involving the Corporation and its subsidiaries, including risks relating to the expansion of the Corporation's existing facility network as well as the Corporation's ability to successfully complete required investments in leading-edge machinery and equipment for component manufacturing and system assembly, in each case on a timely basis and within anticipated budgets. See also "Legal Proceedings".

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. 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.

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.

Risks Associated with Foreign Operations and Sales

During the fiscal year ended March 31, 2015, 77% of the Corporation's sales (71% last year) were made outside Canada, including 49% in the U.S. (62% last year). The majority of sales 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, 2015, the Corporation had forward foreign exchange contracts totalling US$119.0 million at a weighted-average rate of 1.1297 (Canadian dollar over U.S. dollar, "cad/usd") (US$127.4 million at a weighted-average rate of 1.0628 cad/usd as at March 31, 2014) with the majority maturing over the next two fiscal years.

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

Sales Originated From:	**Fiscal Years ended March 31 (%)**		
	2015	**2014**	**2013**
Canada	60	77	82
U.S.	17	18	18
U.K.	23	5	-
Total:	**100**	**100**	**100**

Sales Destined To:	**Fiscal Years ended March 31 (%)**		
	2015	**2014**	**2013**
Canada	23	29	31
U.S.	49	62	64
U.K.	14	3	-
(1) Other countries	14	6	5
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, including the discontinued operations:

	Fiscal Years ended March 31 (in thousands of $)		
	2015	**2014**	**2013**
Aerospace Segment			
Landing Gear Product Line	354,179	263,506	247,451
Other products	10,737	8,528	50,528(1)
Sub-total	**364,916**	**272,034**	**297,979**
Industrial Segment			
Gas Turbine Components	-	-	5,425(1)
Other Industrial Products	-	-	11,699(1)
Sub-total	**-**	**-**	**17,124**
Total	**364,916**	**272,034**	**315,103**

(1) Includes sales from discontinued operations following the divestiture of the Aerostructure and Industrial divisions in August 2012

The Corporation is now operating only in the Aerospace segment and is comprised essentially of the Landing Gear Product Line, Magtron and Bolton operations.

	Fiscal Years ended March 31 (in thousands of $)		
	2015	**2014**	**2013**
Continuing operations	364,916	272,034	257,022
Discontinued operations	-	-	58,081(1)
Total	**364,916**	**272,034**	**315,103**

(1) Sales from discontinued operations following the divestiture of the Aerostructure and Industrial divisions in August 2012

For fiscal 2015, Military related sales from continuing operations represented 52% (55% for fiscal 2014 and 57% for fiscal 2013) of the Corporation's total consolidated sales. The maintenance and refurbishing of landing gear for the USAF fleet now represents a smaller proportion of the Corporation's activities, mainly due to the entry in services of its design programs, the acquisition of APPH and several new military and commercial contracts including the B-777 contract with Boeing. As a result, the Corporation manufactures landing gear and hydraulic systems, sub-assemblies and related components for a broad range of aircraft.

3. GENERAL DEVELOPMENT OF THE BUSINESS 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, 2013 (Fiscal Year 2013)

On July 16, 2012, the Corporation executed a definitive agreement for the sale of substantially all of its Aerostructure and Industrial Product Lines operations to PCC for $297.8 million in cash. Héroux-Devtek has realized net cash proceeds of $234.3 million from the sale, net of related taxes and transaction costs. The assets acquired by PCC included Héroux-Devtek's Dorval (Quebec), Querétaro (Mexico) and Arlington (Texas) Aerostructure Product Line manufacturing sites, as well as the Cincinnati (Ohio) Industrial Product Line manufacturing site. The transaction closed on August 31, 2012. The Corporation then focused on growth opportunities in its core landing gear operations and also in its Magtron operations, leveraging its market-leading position in the sector.

On July 18, 2012, the Corporation announced that it has renewed an important long-term contract with the USAF to provide landing gear repair and overhaul services for the C-130, E-3 and KC-135R aircraft. The contract is for a definite four-year term, extending to August 2016. Based on the Corporation's expectations, the contract is valued at up to $90 million. Under the terms of the agreement, Héroux-Devtek is also responsible for the manufacturing and delivery of aftermarket components for these aircraft.

On September 24, 2012 the Corporation announced that it has received a license from Boeing (to service the H-47 Chinook aircraft landing gear in nearly a dozen countries). The license makes Héroux-Devtek eligible to offer its services to fabricate replacement parts and carry out repair and overhaul services for the landing gear of all variants of the Chinook aircraft. The agreement also includes renewal periods beyond the initial five-year period.

On November 19, 2012, the Corporation announced that it has been awarded a multi-year contract from Boeing to manufacture the landing gear for the H-47 Chinook medium-to-heavy-lift helicopter. Under the terms of the agreement, Héroux-Devtek will fabricate the landing gear for all Chinook aircraft destined to the U.S. Army. Landing gear deliveries have started in March 2014 and will be spread out over the next five-year period. Current program expectations call for the delivery of 155 aircraft to the U.S. Army over the contracted period. The contract also includes options, exercisable at Boeing's discretion, to fabricate the landing gear for up to 150 additional aircraft over the same period. This new long-term contract is the third agreement actively involving Héroux-Devtek on the H-47 program. The first announcement, in September 2009, was in regards to the fabrication, assembly, testing and delivery of the landing gear for H-47F aircraft delivered to customers outside the U.S., including the CH-147, as it is known for the Canadian Forces. The second agreement, announced in September 2012, was for a license allowing the Corporation to offer its services to fabricate replacement parts and carry out repair and overhaul services for the landing gear of all Chinook variants.

The Corporation announced in November 2012 a special cash distribution of $5.00 per share. This special distribution followed the sale by Héroux-Devtek of substantially all of its Aerostructure and Industrial Product Lines operations to PCC at the end of August 2012. On December 18, 2012, the shareholders of the Corporation have voted in favour of a special resolution to reduce the amount of the Corporation's issued share capital by $2.70 per share and, therefore, the special cash distribution of $5.00 per share was composed of a capital reduction and repayment of $2.70 per share and a special cash dividend of $2.30 per share. The special cash distribution was paid on December 19, 2012.

The Corporation announced in March 2013 that Industry Canada has provided the Corporation with a repayable loan contribution of up to $48.9 million. The funds are being used to support Héroux-Devtek's engineering efforts in connection with the research and development of new technologies for complete new landing gear systems. The investment is made over a five-year period and the contribution will become gradually repayable one year following the end of that period. The investment is being made through the Government of Canada's Strategic Aerospace and Defense Initiative, which supports strategic industrial research and pre-competitive development projects in the aerospace, defense, space and security industries.

Fiscal Year ended March 31, 2014 (Fiscal Year 2014)

In September 2013, the Corporation announced that its wholly-owned subsidiary HDI Landing Gear USA Inc. has signed a Memorandum of Agreement with Boeing to supply complete landing gear systems for the Boeing 777 and 777X, contingent on launch of the 777X program. A long-term contract was signed on December 18, 2013. Under the terms of the long-term contract, HDI Landing Gear USA Inc. will supply complete landing gear systems, including the main and nose landing gear, and the nose landing gear drag strut. The contract includes manufacturing parts for Boeing to sell in the aftermarket. Deliveries are scheduled to begin in early calendar 2017, with an option to extend the contract through 2028.

After having notified the Corporation in December 2013 of its intention to initiate arbitration, UTAS filed its request for arbitration relating to the interpretation of a non-compete covenant contained in an agreement between Goodrich Corporation, member of UTAS group, and Devtek Aerospace Inc. The disagreement involves the Corporation's planned activities relating to the manufacturing of pistons in support of the long-term contract with Boeing. On May 27, 2015, the Corporation entered into a memorandum of settlement with UTAS. See subheading *Recent Development* hereinafter.

On December 19, 2013, the Corporation announced that its 110 unionized employees at its Landing Gear Product Line facility in Laval have agreed to an advanced four-year extension to the current collective agreement, which now extends through December 31, 2018.

In January 2014, because the combined effect of reduced base defense budget funding, the continued sequestration situation and the recent U.S. government shutdown negatively impacted the USAF available budget for various programs and after having announced the temporary layoff of approximately 40 employees at its Longueuil facility in November 2013, the Corporation further announced the permanent layoffs of approximately 55 employees at its Longueuil facility. These layoffs were made in initiatives to optimize and consolidate manufacturing capacity, while further enhancing productivity throughout the organization. The layoffs began in April 2014 and took place over a 13-month period, after which approximately 9 workers remained on site. The Corporation's Longueuil operations now have a combined workforce of approximately 360 employees.

On February 3, 2014, the Corporation announced the acquisition of APPH for a purchase price of approximately US$124 million (net of about US$4 million of cash acquired). APPH is an integrated provider of landing gear and hydraulic systems and assemblies for OEM and aftermarket applications. APPH Limited (headquartered in Runcorn, U.K.) and APPH Wichita, Inc. (headquartered in Wichita, Kansas) specialize in the design, engineering, manufacturing and aftermarket support of landing gear and hydraulic systems and assemblies for fixed and rotary wing civil and military aircraft. Héroux-Devtek acquired four plants located in the U.K. and one plant in Wichita, Kansas. These plants have a combined workforce of approximately 400 employees, including a design engineering department staffed with 40 professionals. APPH's main design programs include landing gear systems for the Hawk, SAAB Gripen, AW101, C27J Spartan and EC175 aircraft. The acquisition of APPH brought significant strategic benefits to the Corporation, while strengthening its global competitive position and status as a leading landing gear system provider for aircraft weighting less than 100,000 pounds. The acquisition expands the Corporation's geographical footprint into the European market, provides significant content on several leading programs, further increases and diversifies the Corporation's customer base, and provides greater exposure to the attractive aftermarket business. APPH also provides Héroux-Devtek with an increased proportion of proprietary programs compared to built-to-print activities.

On March 31, 2014, the Corporation announced that it had reached an agreement with a syndicate of lenders to amend and restate its existing Credit Facility (the "**Facility**"). Under the terms of the agreement, the Facility has been extended for an additional three-year period with a new maturity date set for March 16, 2019 and the authorized amount has been increased from $150 million to $200 million, while the Facility could also be increased by an additional amount of $75 million, subject to lenders' consent. The Facility will be used for working capital, capital expenditures and other general corporate purposes of Héroux-Devtek, including acquisitions. The Facility is secured by all assets of the Corporation and is subject to certain restrictive covenants and corporate guarantees and security granted by the main subsidiaries of the Corporation.

Fiscal Year ended March 31, 2015 (Fiscal Year 2015)

On April 29, 2014, the Corporation announced that its 280 unionized Landing Gear products employees at the Longueuil, Québec facility have voted in favor of a three-year collective agreement, which now extends through April 30, 2017. The three-year agreement enables Héroux-Devtek Longueuil's operations to focus on the Corporation's initiatives to optimize this facility as a center of excellence in repair and overhaul, surface treatment, and assembly.

On May 29, 2014 and February 5, 2015, the Corporation announced a comprehensive capital investment plan that will enable it to successfully carry out an important long-term contract to supply Boeing with complete landing gear systems for the Boeing 777 and 777x aircraft. This investment plan calls for investments of approximately $105 million directly related to the Boeing contract. These investments include the expansion of the existing facility network as well as investments in leading-edge machinery and equipment for component manufacturing and system assembly. The investments are in addition to planned regular maintenance capital investments currently projected at approximately $30 million for fiscal 2015 and fiscal 2016. All major initiatives of such investment plan are progressing on schedule, including the construction of a new facility and the expansion of the existing facility network as well as investments in machinery and equipment for component manufacturing and system assembly. As of March 31, 2015, the Corporation had invested approximately $69 million directly related to the Boeing contract and it currently anticipates proceeding with additional investments of about $36 million before the end of the fiscal year ending on March 31, 2016.

As per the comprehensive capital investment plan, the Corporation has announced the construction of a new, state-of-the-art 108,000 square foot facility in Cambridge, Ontario that has been completed and leading-edge automated equipment is being installed. This facility will primarily manufacture large-scale, complex landing gear components. It is currently in the pre-production phase and is expected to be operational by the end of June 2015. In addition, the Corporation announced the expansion of its Strongsville (Greater Cleveland), Ohio facility, nearly doubling its footprint to approximately 100,000 square feet. This expansion will provide the Strongsville site with additional capacity for component finishing and a highly modern sub-assembly center. The building expansion has been substantially completed in fiscal 2015, while finishing capabilities are expected to be in place by the first half of fiscal 2016. Finally, the Corporation also announced the lease of a new 21,000 square foot facility in Everett, Washington. This facility will assure final assembly of landing gear systems to be delivered to Boeing's site located in close proximity. The plant should be operational near the end of calendar 2015.

On June 26, 2014, the Corporation completed its previously announced bought deal agreement for the issuance, on a bought deal basis, of 3,158,000 shares of the Corporation at a price of $11.75 per share for gross proceeds to the Corporation of $37,106,500 (the "**Public Offering**"). The syndicate of underwriters was co-led by National Bank Financial Inc. and TD Securities Inc.

In addition to the Public Offering, Caisse de dépôt et placement du Québec ("**Caisse**") and the Fonds de solidarité FTQ have purchased respectively 570,212 shares and 527,659 shares on a private placement basis under the same terms as the Public Offering, for aggregate gross proceeds to the Corporation of $12,899,984.

On July 14, 2014, the Corporation announced that it has renewed a contract with Viking Air Limited of Victoria, British Columbia for the fabrication of the nose landing gear for the Twin Otter Series 400 aircraft. The renewal extends the current agreement through the end of calendar year 2018 and also includes the production of aftermarket components. Based on current program expectations, this multi-year agreement could have a total value of approximately $20 million.

On July 17,2014, the Corporation announced that it has renewed an important multi-year contract with Bell Helicopter for the manufacturing of components and assemblies for several helicopter programs. Under the terms of the agreement, Héroux-Devtek will manufacture the main rotor hub and the tail rotor hub for the new Bell 505 Jet Ranger X, as well as for the 206B and 206L helicopter models. Héroux-Devtek will also manufacture tail rotor hubs, as well as other drive system components, for the 212, 407 and 412 aircraft. The contract renewal spans a five-year period ranging from calendar year 2015 through calendar year 2019 and calls for the production of components for new aircraft and the aftermarket. Based on current program expectations, the total value of this multi-year agreement could exceed $46 million.

On August 7, 2014, Heroux-Devtek's announced that it has been awarded a multi-year contract to manufacture torque tubes for the Boeing 787 Dreamliner. Under the terms of the agreement, which represents new business for Héroux-Devtek, shipments began in early calendar year 2015. The manufacturing of these components will be carried out at the Corporation's Laval, Quebec facility. Production of the 787 will increase from the current rate of 10 airplanes per month to 12 in 2016 and to 14 by the end of the decade.

In January 2015, following the announcement by Bombardier of its decision to pause the Learjet 85 program due to the continued weakness of the light business aircraft category, the Corporation announced that it would record a non-cash and non-recurring charge of $7.9 million before taxes, equivalent to $5.8 million or $0.16 per diluted share after taxes, in its financial results for the third-quarter ended December 31, 2014.

This charge represents the impairment of capitalized development costs on the Learjet 85 business aircraft program. Héroux-Devtek is the developer and supplier of the complete landing gear system for the aircraft.

On February 17, 2015, the Corporation announced that its subsidiary APPH Limited has entered into a strategic alliance with C&L Aviation Group ("**C&L**") in the U.S. to enhance the global maintenance, repair and overhaul (MRO) services and support available to operators of all variants of the Saab 340 aircraft family. This new alliance combines Héroux-Devtek's expertise as a landing gear designer and manufacturer with C&L's operator and aircraft service provider capability and knowledge. It also further enhances the worldwide support of the landing gear that is already available via Saab in Sweden, as well as REX and ACS in the Australasia market, while providing the Corporation with increased exposure into the attractive aftermarket business.

On February 26, 2015, the Corporation inaugurated its new state-of-the-art facility in Cambridge, Ontario. This 108,000 square-foot facility is one of the key constituents of the capital investment plan announced on May 29, 2014, and will essentially be aimed at successfully carrying out an important long-term contract to supply Boeing with complete landing gear systems for the B-777 and B-777X aircraft, for which deliveries are scheduled to begin in early calendar year 2017.

Recent Development

On May 27, 2015, further to UTAS request for arbitration, the Corporation entered into a memorandum of settlement with UTAS. As a result of this settlement, Héroux-Devtek recorded a non-recurring charge of $11.6 million before taxes, equivalent to $7.9 million or $0.22 per diluted share after taxes, in its financial results for the fourth quarter and fiscal year ended March 31, 2015. The final settlement, announced on May 29, 2015, included an agreement on the terms for the extension of two existing contracts with UTAS for the supply of various aircraft parts.

4. DIVIDENDS

The Corporation has declared in November 2012 and paid on December 19, 2012 to shareholders of record on November 20, 2012, a special cash distribution of $5.00 per common share. The special cash distribution of $5.00 per common share was composed of a capital reduction and repayment of $2.70 per common share and a special cash dividend of $2.30 per common share.

Over the last three fiscal years, the Corporation did not pay any dividends on its 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.

5. DESCRIPTION OF CAPITAL STRUCTURE

Authorized Share Capital

The Corporation's authorized share capital consists of an unlimited number of common shares, 35,949,445 of which were outstanding as at March 31, 2015, 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, 2015.

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.

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 at the close of the market on the TSX and volume traded on the TSX on a monthly basis for each month of the most recently completed financial year:

Period	High	Low	Volume (Common Shares)
2014			
April	11.83	11.30	462,798
May	12.35	11.08	242,262
June	12.26	10.65	669,093
July	11.44	10.29	520,845
August	11.75	10.50	410,704
September	11.35	9.80	624,733
October	10.96	9.90	237,376
November	11.94	10.25	328,753
December	11.75	10.81	107,183
2015			
January	11.52	10.75	608,947
February	11.26	9.99	513,249
March	10.39	9.84	211,821

Prior Sales

For additional information with respect to the prior sales during the fiscal year 2015 of each class of securities not listed, please refer to the section entitled "**Capital Stock, Stock Option and Stock Purchase Plans**" in the Management's Discussion and Analysis of the Corporation for the fiscal year ended on March 31, 2015 on the Corporation's Web site at www.herouxdevtek.com or on SEDAR at www.sedar.com.

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.

The shareholders' agreement between Gilles Labbé, 2635-6246 Québec Inc., 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. ("**2945**"), a corporation wholly-owned by Gilles Labbé, and the Corporation has been replaced on November 13, 2014 by a new shareholders agreement between 2945 and Caisse (the "**New Shareholders Agreement**") and by an investor rights agreement between the Corporation and Caisse (the "**Investor Rights Agreement**"). Under the Investor Rights Agreement, Caisse enjoys, among others, a preemptive right, a right to recommend a candidate to be elected to the Board of Directors of the Corporation and a right to obtain certain information subject to an obligation of confidentiality and to applicable securities laws.

Under the New Shareholders Agreement, if and when 2945 will hold 2,600,000 or less common shares of the Corporation, Caisse will enjoy a right of first opportunity to purchase any common shares of the Corporation that 2945 intends to transfer. The New Shareholders Agreement also provides that the parties must obtain the prior written consent of the other party to exercise the voting rights attached to their common shares of the Corporation on certain matters relating *inter alia* to: changes in the nature of the operations of the Corporation; amendments to the Corporation's Articles or by-laws or changes to its capital structure; and, in certain circumstances, the distribution of assets by the Corporation. The New Shareholders Agreement may be terminated by written consent of the parties or if any of the party become insolvent, bankrupt or is dissolved, if Caisse's participation in the Corporation is less than 10% or if 2945's participation in the Corporation is less than 5%.

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	2,600,000	7.23%

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 Meeting of Shareholders, which is scheduled to be held on August 7, 2015.

Name	Principal Occupation during the five preceding years	Director Since	Number of Common Shares held as at March 31, 2015
Paule Doré(1) Québec, Canada	Corporate Director. From 2006 to 2009, Special Advisor to the Founder and Executive Chairman of the Board of CGI Group Inc. Up to February 2006, Executive Vice-President and Chief Corporate Officer of CGI Group Inc. (provider of end-to-end IT and business process services).	2010	17,000(3)
Jean-Louis Fontaine(1) Québec, Canada	Vice-Chairman of the Board and director, Bombardier Inc. (diversified manufacturer of transportation equipment).	1990	48,000(4)
Gilles Labbé Québec, Canada	President and Chief Executive Officer, Héroux-Devtek.	1985	3,592,238(5)
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	20,000
James J. Morris(2) Washington, U.S.A.	Corporate Director and consultant. Up to December 31, 2006, Vice President Engineering and Manufacturing for Boeing Commercial Airplanes.	2013	20,000

Name	Principal Occupation during the five preceding years	Director Since	Number of Common Shares held as at March 31, 2015
Réal Raymond[(1)] Québec, Canada	Corporate Director and Chairman of the Board of Héroux-Devtek and Metro Inc. 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[(6)]
Andrew John Stevens[(2)] Cheltenham, United Kingdom	Corporate Director. Up to November 2011, Chief Executive Officer of COBHAM plc. From September 2005 to December 2009, Chief operating Officer of COBHAM plc (provider of innovative range of technologies and services to solve challenging problems across commercial, defense and security markets).	2014	-

(1) Member of the Human Resources and Corporate Governance Committee.
(2) Member of the Audit Committee.
(3) These shares are held by Fiducie Paule Doré, a trust controlled by Mrs. Paule Doré.
(4) 4,000 common shares included in this number are held by Gestion Jean-Louis Fontaine Inc., a company controlled by Mr. Jean-Louis Fontaine.
(5) 3,587,738 common shares included in this number are held by 2945-0228 Québec Inc., a company controlled by Mr. Gilles Labbé.
(6) These shares are held by 555319 Ontario Limited, a company wholly-owned by Mr. Brian A. Robbins and family.

Executive Officers

Executive Officer's Name	Position in the Corporation	Number of Common Shares held as at March 31, 2015
Gilles Labbé	President and Chief Executive Officer Héroux-Devtek Inc.	3,592,238[(1)]
Réal Bélanger	Executive Vice-President, Business Development and Special Projects Héroux-Devtek Inc.	214,444
Martin Brassard	Vice-President and Chief Operating Officer	133,853
Stéphane Arsenault	Chief Financial Officer	26,087[(2)]

(1) 3,587,738 common shares included in this number are held by 2945-0228 Québec Inc., a company controlled by Mr. Gilles Labbé.
(2) 1,100 common shares included in this number are held by Marisa Alfieri, the spouse of Mr. Stéphane Arsenault.

As at March 31, 2015, the directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 4,128,622 common shares representing approximately 11.5 % 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.

9. INTEREST OF EXPERTS

Ernst & Young LLP are the independent 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 professionnels agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered professional accountants in the other provinces of Canada.

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, for the fiscal year ended March 31, 2015, Mr. Louis Morin, Mr. James J. Morris, Mr. Brian A. Robbins and Mr. Andrew John Stevens. 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., a North-American supplier of promotional items, since June 2010. 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 degree in business administration from l'École des Hautes Études Commerciales (HEC) and is a Certified Public Accountant (CPA).

James J. Morris

Mr. Morris is a director of the Corporation and was appointed as a member of the Audit Committee on August 1, 2013. He currently acts as Corporate Director and consultant for different companies. Up to December 31, 2006, he was Vice President Engineering and Manufacturing for Boeing Commercial Airplanes. He is a member of the Audit Committee and Chair of the Strategy & Technology Committee of Esterline Technologies Corporation. The common shares of Esterline Technologies Corporation are traded on the New York Stock Exchange NYSE. Mr. Morris' current professional affiliations include the American Institute of Aeronautics and Astronautics and Royal Aeronautical Society.

Mr. Morris received his bachelors and masters degrees in Mechanical and Aerospace Engineering from Princeton University. He also holds a master's degree in Management from Stanford University. In 2006 he was named a Fellow of the Royal Aeronautical Society.

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.

Andrew John Stevens

Mr. Stevens is a director of the Corporation and a member of the Audit Committee since 2014. He currently acts as Corporate Director and consultant for different companies. Mr. Stevens has operating experience globally in the aerospace and defence sector. From 1976 to 1994, he worked for the Dowty Group, a leading British manufacturer of aircraft equipment. From 1994 to 1996, he was involved with Bowthorpe plc. From 1996 to 2000 he first acted as Managing Director and then Chief Operating Officer of Messier-Dowty. From 2001 to 2003, he served as Managing Director Defence Aerospace for Rolls Royce. Finally, from 2003 to 2012, he was a Board member of Cobham plc where he served variously as Group Managing Director, Aerospace Systems, Chief Operating Officer and Chief Executive Officer. This managerial experience, set out above, has provided Mr. Stevens with significant insight into financial issues encountered by companies conducting business within the aerospace sector.

Mr. Stevens is a member of the Human Resources and Audit Committee of CAE Inc. and a director of De la Rue plc.

Mr. Stevens holds a Bachelor's Degree in Production Engineering from the Aston University, UK and is a fellow of the Royal Aeronautical Society. He is a member of the Institute Production and Engineer.

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

- Audit of the Corporation's annual consolidated financial statements;
- 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 International Financial Reporting Standards (IFRS).

Audit Related Services

- Audit of the annual financial statements of the employee benefit 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	
	2015	**2014**
Audit Fees(1)	$517,410	$560,940
Audit-Related Fees(2)	234,777	278,911
Other Fees(3)	34,755	12,020
Income Tax Fees(4)	205,373	168,299
Total	**$992,255**	**$1,020,170**

(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 fees incurred in fiscal 2015 include the fees related to the short form prospectus for the public offering and concurrent private placements. The fees incurred in fiscal 2014 include the fees for the due diligence work performed for the acquisition of APPH.

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

(4) Income tax fees were billed for the review of income tax returns and consultations. The fees incurred in fiscal 2015 include tax consulting and compliance services, executive compensation and expatriate tax returns. The fees incurred in fiscal 2014 included the fees for the due diligence work performed for the acquisition of APPH.

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.

In early 2014, UTAS filed a request for arbitration relating to the interpretation of a non-compete covenant contained in an agreement between Goodrich Corporation, member of UTAS group, and Devtek Aerospace Inc. The disagreement involved the Corporation's planned activities relating to the manufacturing of pistons in support of the long-term contract with Boeing. On May 27, 2015, the Corporation entered into a memorandum of settlement with UTAS. As a result of this settlement, Héroux-Devtek recorded a non-recurring charge of $11.6 million before taxes, equivalent to $7.9 million or $0.22 per diluted share after taxes, in its financial results for the fourth quarter and fiscal year ended March 31, 2015. The final settlement, announced on May 29, 2015, included an agreement on the terms for the extension of two existing contracts with UTAS for the supply of various aircraft parts.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, there has not 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.

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.

14. MATERIAL CONTRACTS

The Corporation has no material contracts other than its Amended and Restated Credit Agreement entered into by, among others, the Corporation and a group of lenders and the Investor Rights Agreement described in item 7 above. Under the Amended and Restated Credit Agreement, the Corporation has increased its credit facility to $200 million in March 2014. This 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 Facility is secured by all assets of the Corporation, is subject to certain restrictive covenants and corporate guarantees granted by its main subsidiaries (which have also provided security over their assets) and matures on March 16, 2019.

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 dated June 20, 2014 and prepared in connection with the Annual Meeting of Shareholders of the Corporation, held on August 7, 2014. 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 copy of:

i. this annual information form together with any document incorporated by reference therein;

ii. 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 any interim condensed consolidated financial statements of the Corporation that has been filed subsequent to the consolidated financial statements for its most recently completed fiscal year; and

iii. the Corporation's Management Proxy Circular with respect to the Corporation's most recent shareholders' meeting that involved the election of directors;

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 International Financial Reporting Standards ("IFRS") 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 IFRS.

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 Committee chairperson appoints a person who does not need to be a member of the Committee, to 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 Chief Financial Officer, the Secretary or an assistant 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 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;

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;

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;

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; and

10.2.12 determine that the external auditors are a Public Accounting Firm that has entered into a Participation Agreement as such terms are defined in *Regulation 52-108 respecting Auditor Oversight* and that at the time of their report on the annual financial statements of the Corporation, they are in compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board.

10.3 Financial information

10.3.1 review the Corporation's quarterly and annual consolidated financial statements after the review (or read) or audit thereof by the external auditors, and recommend their approval to the Corporation's Board of Directors; review the unaudited (or internally prepared by management) 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.