NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of the shareholders of Héroux-Devtek Inc. (the “Corporation”) will be held in the Salon “Pierre-de-Coubertin” of the OMNI Mont-Royal Hotel, 1050 Sherbrooke Street West, in the City of Montréal, Québec, at 11:00 a.m., local time, on Thursday, August 2, 2012, for the following purposes:

1. to receive the Consolidated Financial Statements of the Corporation for the year ended March 31, 2012 and the auditors’ report thereon;
2. to elect directors;
3. to appoint the independent auditors and to authorize the directors to fix their remuneration; and
4. to transact such other business as may properly be brought before the meeting.

Proxies to be used at the Annual Meeting must be deposited with the Corporation c/o Computershare Investor Services Inc., by mail to the address on the envelope provided herewith, or by personal delivery to 1500 University Street, 7th Floor, Montréal, Québec, Canada H3A 3S8, not later than 5:00 p.m., local time, on Tuesday, July 31, 2012.

Dated at Longueuil, Québec, Canada this 29th day of June 2012.

By order of the Board of Directors,

(s) François Renaud
François Renaud, Secretary

IMPORTANT

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend, and would like your shares represented, please sign the enclosed proxy and return it as soon as possible in the envelope provided.

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MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Héroux-Devtek Inc. (hereinafter called the "Corporation") for use at the Annual Meeting of the shareholders of the Corporation to be held on August 2, 2012 (hereinafter called the "Meeting") and at every adjournment thereof. Solicitation will be primarily by mail but proxies may also be solicited by telephone, or personally by directors, officers or employees of the Corporation. The Corporation will bear all expenses in connection with the solicitation of proxies.

VOTING BY PROXY

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy will be voted or withheld from voting on any ballot that may be called for and, if the shareholder specifies a choice in respect of the matters to be voted upon, the shares shall be voted or withheld from voting in accordance with the specification made by the shareholder. **If no specification is made, such shares will be voted for (i) the election of the directors specified in this Circular and (ii) the appointment of the independent auditors named in this Circular and the fixing of their remuneration by the directors.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice relating to the Meeting and other matters which may properly come before the Meeting other than for the election of a director who would not be named in this Circular. At the date of this Circular, the management of the Corporation is not aware that any such amendments, variations, or other matters are to be presented for action at the Meeting.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and senior officers of the Corporation, the only persons and companies who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Common Shares of the Corporation are, as at June 29, 2012, the following:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Gilles Labbé	3,788,038 (1)	12.4%
Caisse de dépôt et placement du Québec	4,237,183	13.9%
Deans Knight Capital Management Limited	4,901,200	16.1%
I.G. Investment Management, Ltd.	3,616,100	11.9%

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

APPOINTMENT OF PROXY

The persons named in the enclosed form of proxy are executive officers of the Corporation. **A shareholder has the right to appoint a person, who need not be a shareholder of the Corporation, other than the persons designated in the accompanying form of proxy, to attend and act on his or her behalf at the Meeting. To exercise this right, a shareholder may either cross out the names printed on the form of proxy and insert such other person's name in the blank space provided in the accompanying form of proxy or complete another appropriate form of proxy.**

REVOCABILITY OF PROXY

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and transmitted either to c/o Computershare Investor Services Inc., 1500 University Street, 7th Floor, Montréal, Québec, Canada H3A 3S8, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or to the Chairman or Secretary of such Meeting on the day of the Meeting or any adjournment thereof, or by any other manner permitted by law. Any proxy given by a shareholder can also be revoked by the shareholder if the shareholder attends the Meeting in person and so requests.

VOTING RIGHTS

As of June 29, 2012, 30,453,463 Common Shares, without nominal or par value, of the Corporation were outstanding. Holders of Common Shares of record at the close of business on June 26, 2012 will be entitled to one vote for each such share held by them except to the extent that a person has transferred any shares after the record date and the transferee of such shares establishes proper ownership of such Common Shares and demands, not later than 10 days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting.

ELECTION OF DIRECTORS

The affairs of the Corporation are managed by a Board of Directors. The members of the Board are elected annually at each Annual Meeting of shareholders to hold office until the next Annual Meeting unless, prior thereto, he or she resigns, or the office of such director becomes vacant by death, removal, or other cause. By resolution of the Board adopted on May 24, 2012, the precise number of directors has been fixed at nine. Therefore, a total of nine nominees are being proposed as directors for election by the shareholders at the Meeting. The following table sets out the names of said nominees for election, their present principal occupation, the years in which they became directors of the Corporation and the number of Common Shares of the Corporation owned, directly or indirectly, or controlled or directed by the nominees. **The persons designated on the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below.** Each of the nominees has provided the information as to the shares of the Corporation he or she beneficially owns or over which he or she exercises control or direction, as at June 29, 2012. All nominees have served continuously as director of the Corporation since their appointment or first election in such capacity.

Name	Principal Occupation	Director Since	Number of Common Shares
Claude Boivin(1) Québec, Canada	Consultant and Member of various Boards of Directors.	1994	18,000(3)
John M. Cybulski(1) North Carolina, U.S.A.	Principal, Aeroglobe LLC (International Business Consulting Company) and Chairman of the Board of Héroux-Devtek Inc.	2004	135,900
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. (provider of end-to-end IT and business process services).	2010	13,400(4)
Christian Dubé(2) Québec, Canada	President of Cascades SAS, the European subsidiary of Cascades Inc. and Chairman of the Board of Reno de Medici, an Italian public company traded on the Milan Stock Exchange where Cascades Inc. has a 40% interest. Vice-President Business development of Cascades Inc. (leader in the production, conversion and the marketing of packaging products-boxboard, cartonboard-fine specialty papers and tissue papers made primarily with recycled fibre). Up to May 2010, Chief Financial Officer of Cascades Inc.	2004	10,000
Jean-Louis Fontaine(2) Québec, Canada	Vice-Chairman of the Board and director, Bombardier Inc. (diversified manufacturer of transportation equipment).	1990	48,000(5)
Gilles Labbé Québec, Canada	President and Chief Executive Officer, Héroux-Devtek Inc.	1985	3,788,038 (6)

Name	Principal Occupation	Director Since	Number of Common Shares
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	9,000
Réal Raymond(1) Québec, Canada	Corporate Director. Up to 2007, President and Chief Executive Officer of National Bank of Canada (financing corporation and bank).	2010	17,000
Brian A. Robbins(2) Ontario, Canada	President and Chief Executive Officer, Exco Technologies Limited (supplier of moulded and extruded parts for the automotive and industrial markets).	2000	40,000(7)

(1) Member of the Human Resources and Corporate Governance Committee (the "Human Resources Committee")
(2) Member of the Audit Committee.
(3) 3,000 Common Shares included in this number are held by Gestion Marclo Inc., a corporation controlled by Mr. Claude Boivin.
(4) These shares are held by Fiducie Paule Doré, a trust controlled by Mrs. Paule Doré.
(5) 4,000 Common Shares included in this number are held by Gestion Jean-Louis Fontaine Inc., a corporation controlled by Mr. Jean-Louis Fontaine.
(6) 3,667,501 Common Shares included in this number are held by 2635-6246 Québec inc. and 2945-0228 Québec inc., corporations controlled by Mr. Gilles Labbé.
(7) These shares are held by 555319 Ontario Limited, a corporation wholly-owned by Mr. Brian A. Robbins and family.

According to the Corporation's Board of Directors Charter, a director who has attained the age of 75 prior to the annual shareholders' meeting in any year should normally retire from office at such annual meeting. Messrs Claude Boivin and John M. Cybulski have attained the age of 75 or more; however, by resolution adopted by the Board of Directors on May 24, 2012, the Board of Directors decided to waive the requirement that Mr. Boivin and Mr. Cybulski retire from office.

To the Corporation's knowledge, no proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company that, (i) while the proposed director was acting in that capacity, 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) after the proposed director ceased to act in that capacity but which resulted from an event that occurred while that person was acting in such capacity, 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 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 proposed director is, at the date of this Circular, or has been, within 10 years before the date of this Circular, 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 proposed director has, within 10 years before the date of this Circular, 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 proposed director 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 shareholder in deciding whether to vote for a proposed director.

AUDIT COMMITTEE

Reference is made to Item 10 - Audit Committee of the Corporation's Annual Information Form ("AIF") that contains the information required by section 5.1 and Form 52-110F1 of Regulation 52-110 *respecting Audit Committees* ("NI 52-110"). The Corporation's AIF is available on SEDAR at www.sedar.com and a copy of same will be provided free of charge, upon request, to any shareholder of the Corporation.

CORPORATE GOVERNANCE DISCLOSURE

The following discussion addresses the Corporation's position as at March 31, 2012 with respect to corporate governance practices, and has been prepared in accordance with Regulation 58-101 respecting *Disclosure of Corporate Governance Practices* ("NI 58-101") and Form 58-101F1.

1. Board of Directors

(a) The following directors or proposed directors are "independent" within the meaning of section 1.4 of NI 52-110:

John M. Cybulski
Claude Boivin
Paule Doré
Christian Dubé
Jean-Louis Fontaine
Louis Morin
Réal Raymond
Brian A. Robbins

(b) Gilles Labbé, as President and Chief Executive Officer (the "CEO") of the Corporation, is not "independent" within the meaning of section 1.4 of NI 52-110.

(c) A majority of the directors of the Corporation are "independent" within the meaning of section 1.4 of NI 52-110.

(d) The following table sets forth the name of each director or proposed director of the Corporation who is presently a director of another issuer that is a reporting issuer, the name of the other issuer, the market(s) on which the other issuers are listed or traded and the list of any board committees with the other issuer(s) on which the director is a member:

Name of the Director	Other Reporting Issuer		
	Name	Market listed	Board Committee of the other issuer
Claude Boivin	CGI Group Inc. (1)	TSX NYSE	Member of the Audit and Risk Management Committee
	GLV Inc.	TSX	Member of the Corporate Governance and Human Resources Committee

<table>
<tr><th rowspan="2">Name of the Director</th><th colspan="3">Other Reporting Issuer</th></tr>
<tr><th>Name</th><th>Market listed</th><th>Board Committee of the other issuer</th></tr>
<tr><td>John M. Cybulski</td><td>Suwary S.A.</td><td>WSE</td><td></td></tr>
<tr><td rowspan="2">Paule Doré</td><td>CGI Group Inc. (1)</td><td>TSX
NYSE</td><td></td></tr>
<tr><td>Cogeco Inc.</td><td>TSX</td><td>Member of the Human Resources Committee and Chair of the Corporate Governance Committee</td></tr>
<tr><td>Christian Dubé</td><td>Reno de Medici S.p.A.</td><td>Milan, Italy</td><td>Chairman of the Board</td></tr>
<tr><td>Jean-Louis Fontaine</td><td>Bombardier Inc.</td><td>TSX</td><td>Vice-Chairman of the Board</td></tr>
<tr><td>Gilles Labbé</td><td>CGI Group Inc. (1)</td><td>TSX
NYSE</td><td>Chair of the Audit and Risk Management Committee</td></tr>
<tr><td>Réal Raymond</td><td>METRO INC.</td><td>TSX</td><td>Lead Director, Chair of Human Resources Committee and Member of the Executive Committee</td></tr>
<tr><td rowspan="2">Brian A. Robbins</td><td>Exco Technologies Limited</td><td>TSX</td><td></td></tr>
<tr><td>AirBoss of America Corp.</td><td>TSX</td><td>Chair of the Audit Committee</td></tr>
</table>

(1) Interlocking directorships.

(e) The “independent directors” meet, without the presence of members of management, at the end of each regular meeting (unless they waive such requirement) and they have at least two meetings a year at which members of management are not in attendance.

(f) The chairman of the Board, Mr. John M. Cybulski, is an “independent director” within the meaning of section 1.4 of NI 52-110. As chairman of the Board, he manages the business of the Board and ensures that the functions identified in its mandate are being effectively carried out by the Board and its committees. In addition to ensuring the operation of the Board, the Chairman performs the following functions:

1. in consultation with the CEO, he prepares the agenda for each meeting of the Board;

2. he ensures that all directors receive the information required for the proper performance of their duties;

3. he ensures that the appropriate committee structure is in place and makes initial recommendations for appointment to such committees;

4. in consultation with the Chair of the Human Resources Committee, he ensures that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board’s committee and individual directors, which may include the use of director questionnaires and interviews of each director on his or her performance, and makes recommendations for changes when appropriate; and

5. he works with the CEO and senior management to monitor progress on strategic planning, policy implementation and succession planning.

(g) The following table summarizes for each of the directors the number of board and standing committee meetings they have attended for the financial year ended on March 31, 2012:

Director	Board Meetings	Audit Committee Meetings	Human Resources and Corporate Governance Committee Meetings
Claude Boivin	10 of 10	-	4 of 4
John M. Cybulski	9 of 10	-	3 of 4
Paule Doré	10 of 10	-	4 of 4
Christian Dubé	7 of 10	3 of 4	-
Jean-Louis Fontaine	10 of 10	4 of 4	-
Gilles Labbé	10 of 10	-	-
Louis Morin	10 of 10	4 of 4	-
Réal Raymond	10 of 10	-	4 of 4
Brian A. Robbins	9 of 10	4 of 4	-

2. Board Mandate

Role of the Board

The Board of Directors is elected by the Corporation's shareholders to supervise, directly and through its committees, the management of the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the CEO.

The primary stewardship responsibility of the Board of the Corporation is to ensure that the management conducts the business and affairs of the Corporation with the main objectives to enhance shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which it operates, to continuously improve the Corporation's performance and quality of its products and services, and to ensure its continuous growth and development.

Duties and Responsibilities of the Board

The Board meets regularly to review reports by management on the performance of the Corporation. In addition to the general supervision of management, the Board performs the following functions:

strategic planning – overseeing the strategic planning process within the Corporation and reviewing, approving and monitoring, annually, the Corporation's strategic plan, including fundamental financial and business strategies and objectives, taking into account, among other things, the opportunities and risks of the business, market and product global trends, and growth potential;

risk assessment – identifying and assessing the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;

integrity of CEO and other executive officers – to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and satisfying itself that the CEO and other executive officers create a culture of integrity throughout the organization;

maintaining integrity – reviewing and monitoring the controls and procedures within the Corporation to maintain the integrity and accuracy of its financial reporting, internal controls and disclosure controls, and management information systems, and compliance with its Code of Conduct;

expectations – ensuring that its expectations of management are understood, that the appropriate matters come before the Board and that the Board is kept informed of shareholder feedback;

CEO – reviewing and approving, upon the recommendation of the Human Resources Committee, the appointment, compensation, and performance of the CEO and senior management and the succession plan for him and senior managers. The Board shall also develop a written position description for the CEO;

selection of Board nominees - selecting, upon the recommendation of the Human Resources Committee, nominees for election as directors;

annual review – conducting, through the Human Resources Committee, an annual review of Board and committee practices and mandates;

compensation of non-management directors – reviewing and approving, upon the recommendation of the Human Resources Committee, the compensation of non-management directors, and ensuring that their compensation adequately reflects the risks and responsibilities, and time commitment involved in being an effective director;

independent functioning – ensuring that appropriate structures and procedures are in place so that the Board and its committees can function independently of management;

approval of key policies – reviewing and approving key policy statements developed by management on issues such as ethics, compliance, communications, environment, health and safety, and public disclosures;

approval of disclosure documents – reviewing and approving, upon the recommendation of the Audit Committee, the contents of major disclosure documents, including the annual information form, annual and quarterly management's discussion and analysis, press releases in connection with quarterly and annual financial results and the corresponding financial statements, and the management proxy circular;

approval of financial activities - reviewing and approving significant capital expenditures, raising of capital, significant loans and other major financial activities;

approval of significant operations - reviewing and approving significant reorganizations, restructuring, acquisitions, and divestitures; and

corporate governance monitoring – developing and monitoring, through the Human Resources Committee, the system of corporate governance of the Corporation.

Composition and Procedures

Size of Board and selection process – The Human Resources Committee of the Board maintains an overview of the desired size and profile of the Board, the need for recruitment and the expected experience of new candidates. The size of the Board must be sufficient in number to ensure a diversity of skills and perspectives and to provide useful experience to the Board supervising the management of the Corporation as well as members on the various Board committees, while allowing the Board to function efficiently and effectively. The Human Resources Committee reviews and recommends to the Board the candidates for nomination as directors. The Board approves the final choice of candidates for nomination and election by the shareholders. Between annual meetings, the Board may appoint directors to serve until the next annual meeting.

Qualifications – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation's activities, solid business experience, good judgment, integrity, financial literacy and the ability to allocate the necessary time and effort to perform Board and committees duties. A majority of the Board shall be composed of independent directors within the meaning of section 1.4 of Regulation *respecting 52-110 Audit Committees*.

Chairman of the Board – The Board, upon the recommendation of the Human Resources Committee, shall appoint a Chairman of the Board, who should be an independent director and shall develop a written position description for the Chairman of the Board. At all times the same person may not occupy the position of Chairman of the Board and of the CEO.

Director orientation – The Chairman of the Board, the CEO and the Executive Vice-President and Chief Financial Officer are responsible for providing an orientation and education program for new directors with a view to ascertaining that all new directors fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the Corporation expects from its directors), and the nature and operation of the Corporation's business.

Meetings – The Board has at least five scheduled meetings a year. Additional meetings may be held when required. The Board is responsible for its agenda. Prior to each Board meeting, the CEO discusses agenda items for the meeting with the Chairman of the Board. Materials for each meeting will be distributed to the directors in advance of the meetings.

The independent directors have at least two *in-camera* sessions a year without the presence of members of management.

Committees – The Board has established two standing committees to assist the Board in discharging its responsibilities: the Audit Committee and the Human Resources Committee. Special committees may be established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each standing committee are reviewed annually by the Board.

Evaluation – The Human Resources Committee bears the responsibility to assess the Board's performance as a whole as well as that of individual directors and performs an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors.

Access to independent advisors – The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Except for the Audit Committee, the retention and the terms and conditions of the retention of external advisors shall receive prior approval by the Human Resources Committee. Any director may also, subject to the approval of the Chairman of the Board or of the Chair of the Human Resources Committee, retain an outside advisor at the expense of the Corporation.

Retirement Age – The retirement age for members of the Board is normally fixed at 75 years.

3. Position Descriptions

(a) The Board has developed a written position description for the chairman of the Board (see paragraph 1 (f) above) and for the chair of each board committee. The Board has adopted general terms describing the responsibilities of the chair of each board committee, namely those of presiding committee meetings, and overseeing the way in which the relevant board committee carries out its mandate. The chair of a board committee is required, following a meeting of such committee, to report to the Board at the next regularly scheduled meeting of the Board. The chair of each board committee is responsible for the management, the development and the effective performance of the committee. The chair of each board committee provides leadership and direction to the committee for all aspects of the committee's work and takes all reasonable measures to ensure such committee fulfils its responsibilities.

(b) The Board and the CEO have developed a written position description for the CEO. Pursuant to such position description, the CEO provides leadership of the Corporation and, subject to approved policies and direction by the Board of Directors, manages the business and affairs of the Corporation and oversees the execution of its strategic plan. In addition to managing the business and affairs of the Corporation, the CEO performs the following functions:

1. presents to the Board for approval a strategic plan for the Corporation including the strategies to achieve that plan, the risks and alternatives to these strategies and specific steps and performance indicators, which will enable the Board to evaluate progress on implementing such strategies;

2. proposes to the Board for approval annual capital and operating plans to implement the Corporation's strategies together with key financial and other performance goals for the Corporation's activities and reports regularly to the Board on the progress against these goals;

3. acts as the primary spokesperson for the Corporation to all its stakeholders;

4. presents to the Board for approval annually an assessment of the senior management of the Corporation together with a succession plan that provides for the orderly succession of senior management including the recruitment, training and development required;

5. recommends to the Board the appointment or termination of any officer of the Corporation other than the Chair;

6. together with the Corporation's Executive Vice-President and Chief Financial Officer, establishes and maintains disclosure controls and procedures, and internal controls and procedures for financial reporting appropriate to ensure the accuracy and integrity of the Corporation's financial reporting and public disclosures; and

7. ensures that the Corporation is in full compliance with applicable laws and regulations and with its own policies.

4. Orientation and Continuing Education

New directors participate in an initial information session on the Corporation in the presence of management representatives. In addition, they are furnished with appropriate documentation relating to the commercial activities of the Corporation and the internal organization of the Corporation and with a copy of the Board of Directors' Manual. The meetings in which new directors participate (including annual strategic planning sessions) as well as discussions with other directors and with management permit new directors to familiarize themselves rapidly with the operations of the Corporation.

The Board of Directors' Manual is updated periodically and contains pertinent material and information on the Corporation, the Board, and its Committees. Directors meet with the Chairman of the Board, the CEO and members of Management to discuss the Corporation's operations and are given periodic presentations on a particular product line or on a specific business development. New Directors benefit from guided tours of the Corporation's installations. From time to time and before each meeting of the Board of Directors, each Director is provided with publications concerning recent industry's developments, new applicable legislation as well as any relevant information.

5. Ethical Business Conduct

(a) On February 10, 2005, the Board adopted a *Code of Conduct* to help the Corporation's directors, officers and employees take a consistent approach to key integrity issues. The *Code of Conduct* may be obtained upon written request to the Secretary, Héroux-Devtek Inc., Suite 658, East Tower, Complexe Saint-Charles, 1111 Saint-Charles Street W., Longueuil, Québec, Canada, J4K 5G4.

The Board has the responsibility of reviewing and monitoring the controls and procedures within the Corporation to maintain the integrity and accuracy of its financial reporting, internal controls and disclosure controls, and management information systems, and compliance with its *Code of Conduct*. The Board discharges his responsibility of monitoring compliance with the *Code of Conduct* through the Human Resources Committee.

The Corporation has also developed and implemented and the Board has approved various corporate policies including a corporate disclosure and insider trading policy and a whistle blower policy. The Corporation will periodically ask employees to acknowledge their commitment to the spirit and letter of the Corporation's Code of Conduct. A procedure has been put in place so that employees may raise an integrity concern by written or oral communications and it may also be anonymous.

(b) In order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest, should it occurs, the Board will ask the director or executive officer interested in the transaction or agreement to withdraw during the discussions pertaining to such transaction or agreement.

6. Nomination of Directors

The Human Resources Committee is responsible for identifying and recommending potential appointees to the Board. In this regard, the committee maintains an "evergreen" list of potential nominees. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, shown support for the Corporation's mission and strategic objectives, and a willingness to serve. The Human Resources Committee is composed of at least three directors, each of whom the Board of Directors has determined to be independent as contemplated by the laws, regulations and listing requirements to which the Corporation is subject, appointed by the Board of Directors. The CEO of the Corporation takes part in the work of the Human Resources Committee as a non-voting member and removes himself where the Human Resources Committee decides on his remuneration and on corporate governance matters.

7. Compensation

The Human Resources Committee is charged with reviewing on an annual basis the compensation and benefits paid to the directors in light of market conditions and practice and in light of risks and responsibilities.

8. Other Board Committees

The Board has no standing committees other than the Audit Committee and the Human Resources Committee.

9. Assessments

The Human Resources Committee is responsible for monitoring the effectiveness of the Board and the performance of the directors. The process is facilitated by questionnaires sent by the Chair of the Human Resources Committee to enable individual directors to provide feedback on the effectiveness of the Board and its Committees. Following receipt of the questionnaires, the Chair of the Human Resources Committee contacts each director separately in order to discuss their answer to the questionnaires. The Human Resources Committee assesses the operation of the Board and the committees, the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees. The Human Resources Committee recommends changes to enhance the performance of the Board based on the survey feedback.

DIRECTOR COMPENSATION

The following table sets forth, to the extent required by applicable securities legislation, all amounts of compensation provided to the directors of the Corporation for the most recent completed fiscal year ended March 31, 2012.

Director Compensation Table

Name(1)	Fees earned ($)	Share-based awards(2)(3)(4) ($)	Option/SAR -based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Claude Boivin	67,500	40,837	-	-	-	-	108,337
John M. Cybulski	108,000	24,837	-	-	-	-	132,837
Paule Doré	45,000	24,837	-	-	-	-	69,837
Christian Dubé	40,500	24,837	-	-	-	-	65,337
Jean-Louis Fontaine	33,314	41,089	-	-	-	-	74,403
Louis Morin	55,500	24,837	-	-	-	-	80,337
Réal Raymond	84,875	42,340	-	-	-	-	127,215
Brian A. Robbins	32,814	41,089	-	-	-	-	73,903

(1) Mr. Gilles Labbé is the CEO of the Corporation and does not receive any director fees. Mr. Labbé compensation is disclosed in the Summary Compensation Table and elsewhere in this Circular.
(2) All awards have been made under the Deferred Share Unit Plan as described elsewhere in this Circular.
(3) For the purposes of this table and in accordance with paragraph 3.1 of Item 3 of Form 51-102F6 of the Canadian Securities Administrators' Regulation 51-102 *respecting Continuous Disclosure Obligations*, share-based awards include award amounts based on the grant date fair value of the award of DSUs (as hereinafter defined) for the fiscal period in question.
(4) The share based-awards include a total of 15,172 DSUs which were granted to the directors and honorary director during the first quarter of the fiscal year 2012 by resolution of the Board of Directors adopted on June 6, 2011. Such DSUs were granted on a discretionary basis for the fiscal year ended on March 31, 2011 considering that no stock appreciation rights ("SAR" or "SARs"; a description of the Stock Appreciation Rights Plan is contained hereafter) have been granted to the non-employee directors and honorary director for the fiscal year 2011.

Retainer and Attendance Fees

Each director receives payment of an annual retainer fee as well as each member of a committee of the Board, such payment being in addition to attendance fees per meeting. Directors also receive reimbursement for reasonable expenses incurred in connection with attending Board and committee meetings.

Share Ownership Requirements

In order to meet best corporate governance practices, on February 8, 2007, upon recommendation of the Human Resources Committee, the Board approved the introduction of a minimum share ownership requirement for members of the Board. This minimum requirement was set at an amount equal to five times the amount of the annual retainer fees payable to members of the Board. On August 4, 2010, this minimum requirement was reduced by the Board upon recommendation of the Human Resources Committee to be set at an amount equal to three times the amount of the annual retainer fees payable to such members. Directors have a period of three years to comply with this requirement.

Director Outstanding Share-based Awards and Option-Based Awards at the End of the Fiscal Year

	Option-based Awards (1)				Share-based Awards		
Name (2)	**Number of securities underlying unexercised options/SARs (#)**	**Option /SARs exercise price ($)**	**Option /SARs expiration date**	**Value of unexercised in-the-money options /SARs (3) ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested (4) (5) ($)**	**Market or payout value of vested share-based awards not paid out or distributed (4) (5) ($)**
Claude Boivin	2,500 4,000 4,000 5,000 5,000	3.84 4.79 9.90 7.29 4.56	Aug. 2012 Aug. 2012 Aug. 2013 Aug. 2014 Aug. 2015	12,550 16,280 - 7,850 21,500	572	5,068	40,063
John M. Cybulski	2,500 4,000 4,000 5,000 5,000	3.84 4.79 9.90 7.29 4.56	Aug. 2012 Aug. 2012 Aug. 2013 Aug. 2014 Aug. 2015	12,550 16,280 - 7,850 21,500	-	-	26,551
Paule Doré	-	-	-	-	-	-	26,551
Christian Dubé	2,500 4,000 4,000 5,000 5,000	3.84 4.79 9.90 7.29 4.56	Aug. 2012 Aug. 2012 Aug. 2013 Aug. 2014 Aug. 2015	12,550 16,280 - 7,850 21,500	-	-	26,551
Jean-Louis Fontaine	2,500 4,000 4,000 5,000 5,000	3.84 4.79 9.90 7.29 4.56	Aug. 2012 Aug. 2012 Aug. 2013 Aug. 2014 Aug. 2015	12,550 16,280 - 7,850 21,500	581	5,148	40,276
Louis Morin	5,000 5,000	7.29 4.56	Aug. 2014 Aug. 2015	7,850 21,500	-	-	26,551
Réal Raymond	-	-	-	-	626	5,546	41,332
Brian A. Robbins	2,500 4,000 4,000 5,000 5,000	3.84 4.79 9.90 7.29 4.56	Aug. 2012 Aug. 2012 Aug. 2013 Aug. 2014 Aug. 2015	12,550 16,280 - 7,850 21,500	581	5,148	40,276

(1) All awards have been made under the Stock Appreciation Rights Plan as hereinafter described.

(2) Mr. Gilles Labbé is the CEO of the Corporation and does not receive any director fees. Mr. Labbé compensation is disclosed in the Summary Compensation Table and elsewhere in this Circular.

(3) This amount is calculated based on the difference between the closing share price at the end of the fiscal year 2012 and the SARs exercise price. On March 30, 2012, being the last business day of the fiscal year 2012, the closing price of the Corporation's Common Shares on the TSX was $8.86 (HRX-T).

(4) This amount is calculated based on the closing share price at the end of the fiscal year 2012. On March 30, 2012, being the last business day of the fiscal year 2012, the closing price of the Corporation's Common Shares on the TSX was $8.86 (HRX-T).

(5) The portion of DSUs granted to a director or honorary director as annual retainer fees vests in stages over 12 months starting on August 1st of each year of grant with 1/12 of the DSUs vesting on the last day of each month.

Director Incentive Plan Awards – Value Vested or Earned During the Year

Name (1)	Option/SAR-based awards – Value vested during the year (2) ($)	Share-based awards – Value vested during the year (3) ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Claude Boivin	2,190	40,063	-
John M. Cybulski	2,190	26,551	-
Paule Doré	-	26,551	-
Christian Dubé	2,190	26,551	-
Jean-Louis Fontaine	2,190	40,276	-
Louis Morin	2,190	26,551	-
Réal Raymond	-	41,332	-
Brian A. Robbins	2,190	40,276	-

(1) Mr. Gilles Labbé is the CEO of the Corporation and does not receive any director fees. Mr. Labbé compensation is disclosed in the Summary Compensation Table and elsewhere in this Circular.

(2) All awards have been made under the Stock Appreciation Rights Plan as hereinafter described. The value is calculated based on the Corporation's Common Shares at such date when SARs are vested.

(3) The portion of DSUs granted to a director or honorary director as annual retainer fees vests in stages over 12 months starting on August 1st of each year of grant with 1/12 of the DSUs vesting on the last day of each month.

Stock Appreciation Rights Plan (the "SAR Plan")

The SAR Plan for non-employee directors adopted by the Board of Directors in September 2001 is intended to enhance the Corporation's ability to attract and retain high quality individuals to serve as members of the Board and participate in the Corporation's long-term success and to promote a greater alignment of interests between the Corporation's non-employee directors and its shareholders.

The SAR Plan is administered by the Human Resources Committee. The SAR Plan enables the participants to receive, on the exercise date of a SAR, a cash amount equal to the excess of the market price of a common share on the exercise date of the SAR over the exercise price of the SAR. The exercise price of each SAR granted is determined on the basis of the average closing price of the common shares of the Corporation traded on the Toronto Stock Exchange (the "TSX"), for the five trading days preceding the date of the award of the SAR. The SARs generally may be exercised after the first anniversary of the date of grant until the sixth anniversary of the date of grant, subject to a vesting schedule. SARs are vested or earned over a four-year period. On May 30, 2008, the Board approved upon the recommendation of the Human Resources Committee, an increase in the annual grant of SARs to non-employee directors from 4,000 per year to 5,000 per year.

On October 31st, 2007 the members of the Human Resources Committee have reviewed the terms of the SAR Plan for non-employee directors. The purposes of the proposed modifications to the SAR Plan were to introduce provisions dealing with the exercise of SARs (whether vested SARs or non-vested SARs) following termination of service as member of the Board (upon resignation, removal or otherwise), death or disability of the participant, or following delisting of the shares of the Corporation or a "change of control". The members of the Human Resources Committee approved the proposed modifications to the SAR Plan and the Human Resources Committee recommended the approval of these modifications to the members of the Board, who approved same on the same date. These modifications are effective retroactively and are applicable to the outstanding SARs.

On August 21, 2008, the members of the Human Resources Committee have reviewed the terms of the SAR Plan for non-employee directors in order for honorary directors who are neither employees nor officers of the Corporation or of any subsidiary to benefit for same. The members of the Human Resources Committee approved the proposed modifications to the SAR Plan and the Human Resources Committee recommended the approval of these modifications to the members of the Board, who approved same on the same date. These modifications are effective retroactively and are applicable to the outstanding SARs.

Upon recommendation of the Human Resources Committee, by resolution of the Board of Directors adopted on August 4, 2010, it has been decided that no additional SARs will be granted under the SAR Plan. All outstanding SARs will remain effective until their expiry/exercise date. In May 2011, the SAR Plan was replaced by the Deferred Share Unit Plan.

At March 31, 2012, on a cumulative basis, 130,500 SARs were still outstanding at a weighted-average granted value of $6.32 (143,000 SARs at a weighted-average granted value of $6.21 at March 31, 2011), which expire at various dates between fiscal years 2013 and 2016.

Deferred Share Unit Plan (the “DSU Plan”)

The DSU Plan for non-employee directors and non-employee honorary directors adopted by the Board of Directors in May 2011 is intended to enhance the Corporation’s ability to attract and retain high quality individuals to serve as members of the Board and participate in the Corporation’s long-term success and to promote a greater alignment of interests between the Corporation’s non-employee directors and its shareholders. The DSU Plan was adopted in replacement of the SAR Plan.

The DSU Plan is administered by the Human Resources Committee. The DSU Plan enables the participants to receive upon termination of service as director or honorary director, a cash amount equal to the market price of a common share on the termination date for each vested DSU (the “DSU Payment”). The number of DSUs to be granted is determined on the basis of the average closing price of the common shares of the Corporation traded on the TSX, for the five trading days preceding the date of the award of the DSUs.

An eligible director under the DSU Plan may elect annually to receive up to 50% of its annual retainer fees in DSUs. In addition, all non-employee directors and honorary directors will generally receive a discretionary number of DSUs that could represent up to $15,000 on the date of their grant. The DSU awards will generally be made once a year, six business days following the publication by the Corporation of its financial results for the first quarter. The portion of DSUs granted to a director or honorary director as annual retainer fees will vest in stages over 12 months starting on August 1st of each year of grant with 1/12 of the DSUs vesting on the last day of each month.

The DSU payments are only made upon termination of service of a participant either by resignation, upon dismissal, at the end of the term of office or upon disability or death of such participant.

The DSU Plan was adopted on May 26, 2011. At March 31, 2012, 37,718 DSUs were outstanding. A number of 15,172 DSUs were granted to the directors and honorary director during the first quarter of the fiscal year 2012 by resolution of the Board of Directors adopted on June 6, 2011. Such DSUs were granted on a discretionary basis for the fiscal year ended on March 31, 2011 considering that no SARs have been granted to the non-employee directors and honorary director for the fiscal year 2011. An additional number of 22,546 DSUs were granted to the directors and honorary director on August 15, 2011, by resolution of the Board of Directors.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Governance

Human Resources Committee

The Human Resources Committee has the responsibility to establish a compensation policy for the executive officers which is consistent with the Corporation's business plan, strategies and objectives. This Committee has, namely, the responsibility to analyze for the Board of Directors all questions relating to human resources planning, compensation for executive officers, directors and other employees, short and long-term incentive programs, employee benefits programs, and recommends the appointment of executive officers.

During the fiscal year ended March 31, 2012, the Human Resources Committee was made up of the following four independent directors: Réal Raymond, whom is the Chair, Claude Boivin, John M. Cybulski and Paule Doré. All members of the Human Resources Committee are considered to be independent members under the applicable securities legislation. They all possess experience in the area of executive compensation, either as the past CEOs of publicly traded companies or as executives. Specifically, Mr. Boivin is a member of the Corporate Governance and Human Resources Committee of GLV Inc., Mr. Cybulski is Principal of Aeroglobe LLC, Ms. Doré is a member of the Human Resources Committee of Cogeco Inc. and Mr. Raymond is Chair of the Human Resources Committee of Metro Inc.

The Board believes that the members of the Human Resources Committee possess the combined knowledge, experience and backgrounds necessary to fulfill the Committee's mandate.

External Independent Consultant

For the fiscal year ended March 31, 2012, the Human Resources Committee in consultation with management has retained PCI - Perrault Consulting Inc. ("**PCI**") to prepare a comparative market data. The Corporation has appointed PCI initially on February 2009 to prepare annually comparative market data, a fee of $10,000 has been paid by the Corporation to PCI for the preparation of the annual comparative market data**.** The Corporation has also engaged PCI for conducting market wage/salary surveys as related to engineering, administrative and production sectors in addition to job evaluation equity analysis, and consulting on salary equity programs. PCI is a Montreal based company founded in 2001 which has extensive expertise in the development of compensation plan design, short and long-term incentive plans and overall compensation management for executives.

External Compensation Consultant	**Fiscal Year 2012**			**Fiscal Year 2011**		
PCI - Perrault Consulting Inc.	Executive Compensation-Related Fees	All Other Fees (1)	Total	Executive Compensation-Related Fees	All Other Fees (1)	Total
Total : $144,942	$7,425	$63,745	$71,170	$27,041	$46,731	$73,772

(1) Fees for conducting market wage/salary surveys as related to engineering, administrative and production sectors in addition to job evaluation equity analysis, and consulting on salary equity programs.

Discussion and Analysis

Objectives of the Compensation Policy

The compensation policy has the following primary objectives:

- offer total compensation capable of attracting and retaining top level executive officers required to ensure the Corporation's short and long-term goals and success;
- motivate the executive officers in achieving and exceeding the goals of the Corporation and of its shareholders;
- provide executive officers with total compensation that stands at the first quartile of the market comparators when the Corporation achieves or exceeds its profitability and shareholder value creation goals.

The compensation policy is established in such a way to compensate the executive officers and other key employees considering market and Corporation's performance.

Compensation and Risk Management

The Human Resources Committee is of the opinion that the total compensation of the executive officers is balanced to avoid any potential risk that may result from taking actions to maximize compensation without regard for the risk assumed by the Corporation.

Nonetheless management will undertake the task of developing a formal compensation risk assessment process for the approval by the Human Resources Committee in 2013. As part of this process, management will evaluate risk exposures related to compensation of the Board of Directors, executives, management and the broader employees population, with a focus on the Incentive plans; short and long term. Management will be asked to report to the Human Resources Committee on the steps taken to indentify, monitor and control compensation risk exposures.

Restrictions on trading and hedging of Corporation shares

The Corporation has not adopted a policy refraining its directors and officers to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the director, officer or employee. The Human Resources Committee and the Board of Directors have agreed to adopt such policy during the actual fiscal year of the Corporation.

Market Comparator and Positing

The Corporation's positioning in the market with respect to compensation for executive officers is assessed based on a comparator group that serves as a reference group, as established by PCI. PCI's analysis included 8 companies selected considering criteria such as annual revenues between $200 million and $1,200 million, comparable client base, publicly-traded, autonomous, market for potential recruitment and entrepreneurial (the "Comparator Group"), these companies are:

Companies	**Selection criteria**				**Revenues**
	High Technology	Aerospace	Important Shareholder	Head Office in Quebec	(000's)
Com Dev International Ltd.	X				$203,195
Northstar Aerospace Inc.	X	X	X		$215,607
Vector Aerospace Corporation	X	X	X		$544,644
Magellan Aerospace Corporation	X	X			$691,410
Transdigm Group Inc.	X	X			$1,206,000
LMI Aerospace Inc.	X	X			$254,040
Ducommun Technologies	X	X			$580 914
Aerovironment	X	X			$292 503

Components of the Compensation Policy

The compensation policy consists of the sum of

- base salary;
- annual incentive (bonus) compensation;
- long term incentive compensation;
- benefits and perquisites; and
- pension.

Each of these elements, together with the Corporation philosophy with respect to same, is hereinafter detailed.

Base Salary

The Corporation's base salary policy is to pay base salaries for executive officers that are between the 45^{th} percentile and 70^{th} percentile of the Comparator Group. All executive officers salaries are evaluated and classified with a salary grade. For each salary grade, a salary scale set between a minimum of 80% and a maximum of 120%. Salaries paid aim at the mid-point of this salary scale but reflect the individual's performance, tenure in the job, etc. The salaries of the executive officers are reviewed and adjusted yearly by the Human Resources Committee considering the individual performance and the Comparator Group.

Annual Incentive Compensation

The Corporation offers executive officers of the Corporation and of its Product Lines or business units the possibility to earn an annual bonus provided the Corporation achieves or exceeds its product line/business unit financial objectives and provided the executive officer or employee achieves specific personal objectives. The annual bonus for the product line or business unit executives and employees rests on financial objectives set against the budget in fiscal year, relatively in the achievement of the Return on Net Utilized Assets (RONA) and operating income; the annual bonus for the Named Executives rests in the achievement of the budgeted net income and earnings per share. The combination of base salary and annual bonus are between the 70^{th} percentile and 98^{th} percentile of the Comparator Group.

Target bonus is calculated based on the degree of achievement of the financial performance presented in the annual budget of the Corporation. In order to be eligible to receive bonuses based on financial performance the product line or business unit shall have met at least 80% of its financial target budget. If such goal is achieved, the percentage of target bonus could go from 40% to 120% for eligible managers, 130% for senior managers and 170% for Named Executives depending on the level of achievement.

The final eligible target bonus to be paid to each executive officers and key employees will also take into account the performance of the Corporation as a whole based on consolidated net income. Therefore, the total annual incentive compensation paid based on the Corporation's performances is composed of the following:

- 75% of the target bonus is based on the product lines and/or business units performances; and
- 25% of the target bonus is based on the Corporation's performance as a whole.

Finally, the executive officers and key employees' bonus will be calculated based on the individual performance; from 80% for "below expectations" to 120% for "outstanding contribution". The Human Resources Committee may, from time to time, exercise its discretion to allow that the annual incentive compensation otherwise payable in accordance with the Corporation's policies be varied on the overall performance of the Corporation and exceptional market conditions. The Human Resources Committee also reserves the right to recommend to the Board of Directors to waive minimum requirements for the annual incentive compensation when exceptional strategic achievements that could increase the long-term value of the Corporation are realized during the year.

The Corporation's achievement of financial objectives and performance as a whole and per product line for the fiscal year ended March 31, 2012 ranged from 87% to152%.

For the fiscal year ended March 31, 2011, the following Annual Incentive Compensation was paid in fiscal year 2012 to each Named Executives:

Named Executives	Annual Incentive Compensation	% of Base Salary
Gilles Labbé	$515,000	125%
Réal Bélanger	$300,000	108%
Martin Brassard	$250,000	94%
Richard Rosenjack(1)	$142,296	51%
Michael Meshay(1)	$213,444	88%

(1) All amounts were paid in US currency at a translation rate of CAN$1.0164 (corresponds to the average rate for the period of April 1, 2010 to March 31, 2011)

For the fiscal year ended March 31, 2012, the following Annual Incentive Compensation will be paid in fiscal year 2013 to each Named Executives:

Named Executives	Annual Incentive Compensation	% of Base Salary
Gilles Labbé	$650,000	154%
Réal Bélanger	$348,543	122%
Martin Brassard	$285,000	104%
Richard Rosenjack(1)	$188,689	70%
Michael Meshay(1)	$208,551	83%

(1) All amounts will be paid in US currency at a translation rate of CAN$0.9931 (corresponds to the average rate for the period of April 1, 2011 to March 31, 2012)

Long-term Incentive Compensation

The establishment of a balance between short and long-term compensation is essential for the Corporation's performance. For this reason, the Corporation has adopted a Stock Option Plan in 1986 (the "Stock Option Plan") allowing the grant of options to officers and certain key employees of the Corporation and its business units. Reference is made to the description of such plan under the heading "Security-Based Compensation Arrangements" hereafter.

In general, the Board of Directors determines the number of options granted annually by multiplying the base salary of the Named Executives by a multiple varying between 30% and 50%, established according to the level of responsibility and authority of such Named Executives. The total amount of stock options issued over the past years is looked at but has not a material impact on the number of options to be granted to the employee. The options are granted at market value at time of grant and may be exercised over seven years. These options are performance based and vest, not only over time but also when a targeted accretion of the Corporation's share on the TSX is met. More specifically, options granted vest upon each anniversary at a rate set forth in the stock option agreement provided that the average closing price of the Common Shares on the TSX, for 30 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement at the time of the grant of the options. Rights are given to exercise the vested options within a 90 day or 180 day period following termination of employment, death or retirement.

On September 2, 2004, the Board of Directors of the Corporation has also approved an employee stock purchase plan to induce key employees to hold, on a permanent basis, Common Shares of the Corporation. Reference is made to the description of such plan under the heading “Security-Based Compensation Arrangements” hereafter.

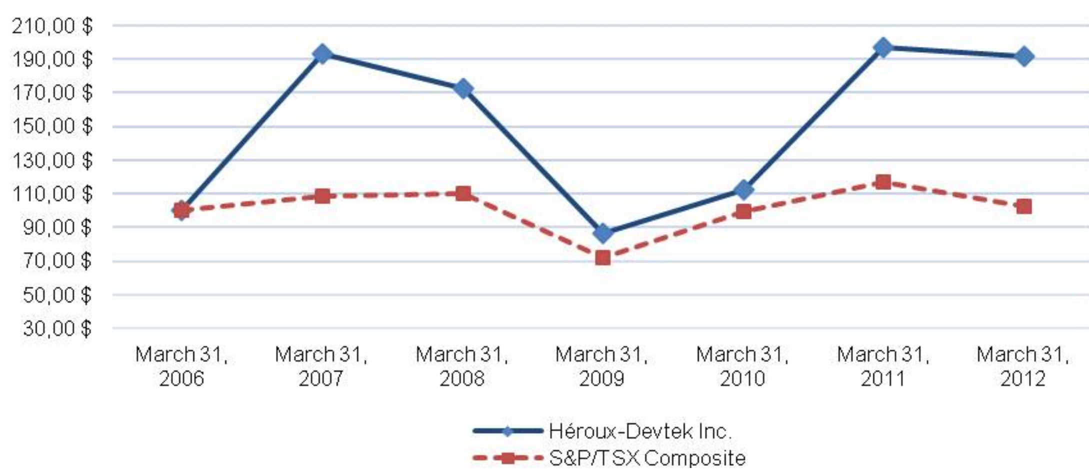
Benefits and Perquisites

The Corporation’s executive officers benefit program includes life, medical, dental and disability insurance. Perquisites consist of car allowance and reimbursement for club memberships, medical and financial services. Such benefits and perquisites are designed to be competitive with the Comparator Group and other comparable Canadian enterprises.

The compensation policy seeks to primary reward the superior performance through both individual and corporate results and the increased shareholder value. In reviewing executive officers compensation, the Human Resources Committee will take into consideration numerous factors that are not easily measurable but which consider the individual performance, experience, integrity, and peer appreciation.

The following graph compares the total cumulative shareholder return for $100 invested in the Corporation's Common Shares on March 31, 2006 with the cumulative total return of the Toronto Stock Exchange’s S&P/TSX Composite Index (formerly TSE-300 Index) for the six most recently completed fiscal years.

Performance Graph



	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Héroux-Devtek	$100.00	$193.30	$172.79	$86.39	$112.53	$196.54	$191.36
S&P/TSX	$100.00	$108.71	$110.23	$72.01	$99.40	$116.56	$102.32

The trend shown by the above graph is a positive total cumulative return for a shareholder over the past six years. During the same six year period, total compensation received by the Named Executives is generally in line with the trend. The fiscal 2012 was a record year for the Corporation in terms of sales and net income. The overall Corporation’s results were favourably impacted in the Aerospace segment, due to the improvement in the commercial aerospace market and, in the Industrial segment, due to the increase in sales in the Gas turbine sector and Heavy Equipment product sales, combined with certain manufacturing cost improvements in both business segments of the Corporation.

EXECUTIVE COMPENSATION

The following table sets forth, to the extent required by applicable securities legislation, all annual and long-term compensation for services in all capacities to the Corporation for the three most recent completed fiscal years in respect of the Chief Executive Officer, Chief Financial Officer and the Corporation's three most highly compensated executive officers (the "Named Executives").

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Share-based awards (1) ($)	Option-based awards (2) ($)	Non-equity incentive plan compensation ($)		Pension Value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans(3)	Long-term incentive plans			
Gilles Labbé President and Chief Executive Officer	2011/12	421,377	-	241,046	650,000	-	94,500	50,638	1,457,561
	2010/11	412,090	-	-	515,000	-	78,000	48,262	1,053,352
	2009/10	403,340	-	63,050	396,000	-	54,263	50,785	967,438
Réal Bélanger Executive Vice-president and Chief Financial Officer	2011/12	284,758	11,320	66,040	348,543	-	100,500	26,125	837,286
	2010/11	278,827	11,116	39,560	300,000	-	83,600	24,804	737,907
	2009/10	273,360	8,194	29,100	240,000	-	98,390	27,802	676,846
Martin Brassard Vice-President, General Manager, Landing Gear	2011/12	273,490	10,401	66,040	285,000	-	11,593	11,007	657,531
	2010/11	267,330	10,658	39,560	250,000	-	11,292	12,790	591,630
	2009/10	258,500	6,390	29,100	260,000	-	10,044	8,763	572,797
Richard Rosenjack (4) Vice-President, General Manager Aerostructure	2011/12	270,978	6,145	56,134	188,689	-	2,893	11,688	536,527
	2010/11	279,436	10,361	-	142,296	-	4,720	12,197	449,010
	2009/10	293,058	8,179	19,400	92,684	-	9,556	9,814	432,691
Michael Meshay (4) Vice-President, General Manager Industrial Products	2011/12	250,033	9,919	96,992	208,551	-	4,419	11,688	581,602
	2010/11	242,403	9,201	32,680	213,444	-	7,484	12,431	517,643
	2009/10	239,490	5,679	14,550	87,232	-	7,755	13,085	367,791

(1) Share-based Awards were made under the Purchase Plan (as defined hereinafter). Value of Share-based Awards represents the Corporation's contribution under the Purchase Plan.

(2) Value of options is theoretical-expected values calculated at the date of grant using the binomial lattice model assuming a six-year expected life, expected volatility of 45%, no expected dividend distribution and a compounded risk-free rate of 3.0%.

(3) These amounts represent annual bonuses as more fully described under the heading "Compensation Discussion and Analysis-Annual Incentive Compensation" elsewhere in this Circular.

(4) All amounts were paid in US currency at a translation rate of CAN$0.9931 (corresponds to the average rate for the period of April 1, 2011 to March 31st , 2012).

Outstanding Share-based Awards and Option-based Awards at the End of the Fiscal Year

	Option-based Awards				Share-based Awards[1]	
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[2] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested [3] ($)
Gilles Labbé	85,000	4.79	Aug. 2013	345,950	-	-
	90,000	9.90	Aug. 2014	-		
	65,000	4.56	Aug. 2016	279,500		
	73,000	7.64	Aug. 2018	89,060		
Réal Bélanger	40,000	9.90	Aug. 2014	-		
	25,000	4.58	Nov. 2015	107,000		
	30,000	4.56	Aug. 2016	129,000		
	23,000	5.94	Aug. 2017	67,160		
	20,000	7.64	Aug. 2018	24,400	3,918	34,713
Martin Brassard	50,000	4.28	May 2012	229,000		
	60,000	4.79	Aug. 2013	244,200		
	35,000	9.90	Aug. 2014	-		
	20,000	4.58	Nov. 2015	85,600		
	30,000	4.56	Aug. 2016	129,000		
	23,000	5.94	Aug. 2017	67,160		
	20,000	7.64	Aug. 2018	24,400	3,595	31,852
Richard Rosenjack	35,000	4.79	Aug. 2013	142,450		
	30,000	9.90	Aug. 2014	-		
	20,000	4.58	Nov. 2015	85,600		
	20,000	4.56	Aug. 2016	86,000		
	17,000	7.64	Aug. 2018	20,740	3,582	31,735
Michael Meshay	25,000	3.84	Aug. 2012	125,500		
	25,000	4.79	Aug. 2013	101,750		
	23,000	9.90	Aug. 2014	-		
	15,000	4.58	Nov. 2015	64,200		
	15,000	4.56	Aug. 2016	64,500		
	19,000	5.94	Aug. 2017	55,480		
	16,000	7.64	Aug. 2018	19,520		
	15,000	7.73	Sept. 2018	16,950	3,574	31,670

(1) Share-based Awards were made under the Purchase Plan (as defined hereinafter).

(2) This amount is calculated based on the difference between the closing share price at the end of the fiscal year 2012 and the option exercise price. On March 30, 2012, being the last business day of the fiscal year 2012, the closing price of the Corporation's Common Shares on the TSX was $8.86 (HRX-T).

(3) This amount is calculated based on the closing share price at the end of the fiscal year 2012. On March 30, 2012, being the last business day of the fiscal year 2012, the closing price of the Corporation's Common Shares on the TSX was $8.86 (HRX-T).

Incentive Plan Awards – value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year (1) ($)	Share-based awards – Value vested during the year (2) ($)	Non-equity incentive plan compensation – Value earned during the year(3) ($)
Gilles Labbé	68,540	-	650,000
Réal Bélanger	65,464	10,593	348,543
Martin Brassard	60,281	8,888	285,000
Richard Rosenjack	41,769	13,305	188,689
Michael Meshay	38,010	10,399	208,551

(1) These amounts only represent in-the-money stock options vested during the year and are calculated based on the Corporation’s Common Shares value at such date when the stock options are vested.
(2) Share-based Awards were made under the Purchase Plan (as defined hereinafter).
(3) These amounts represent bonuses earned in the fiscal year 2012 but paid in the fiscal year 2013 – Please refer to the “Compensation Discussion and Analysis - Annual Incentive Compensation” elsewhere in this Circular.

Security-Based Compensation Arrangements

Stock options granted or securities issued by the Corporation pursuant to the Corporation's security-based compensation arrangements are governed by one of the following plans: the Stock Purchase and Ownership Incentive Plan (the “Purchase Plan”) and the Stock Option Plan.

The Purchase Plan

On September 2, 2004, the Board of Directors of the Corporation approved the Purchase Plan to induce key employees to hold, on a permanent basis, Common Shares of the Corporation. The Purchase Plan was amended in 2006 and 2011.

The Stock Option Plan

Under the Stock Option Plan, as amended in 1988, 1990, 1996, 1998, 1999, 2000, 2002, 2003, 2006, 2007 and 2011, the Board of Directors may designate officers and full-time key employees of the Corporation or its business units or subsidiaries as eligible employees under the Stock Option Plan, and may grant to such eligible employees options to purchase Common Shares of the Corporation. The purpose of the Stock Option Plan is to provide an additional incentive for the Corporation’s officers and key employees to promote the interests of the Corporation to the best of their ability.

Who is eligible to participate?

The Purchase Plan

Eligibility for the Purchase Plan extends to all management Employees (*i.e.* all the regular employees who hold a permanent management position within the Corporation that is classified in salary grades IX and above according to the job classification established by the Corporation or of equivalent level in a subsidiary of the Corporation) designated by the Corporation or by the Human Resources Committee, who have no less than 6 months of continuous service, except when that condition is otherwise waived by the Human Resources Committee. The Board of Directors or the Human Resources Committee may from time to time designate any other employee of the Corporation or one of its subsidiaries as eligible for the Purchase Plan.

The Stock Option Plan

Pursuant to the Stock Option Plan, options may be granted in favour of officers (other than independent directors) and key employees of the Corporation and of its subsidiaries.

What is the term and vesting schedule of stock options or of the securities issuable under the security-based compensation arrangements?

The Purchase Plan

Membership in the Purchase Plan is optional and is valid for one Purchase Plan year at a time, namely for the period beginning January 1 and ending December 31 of each calendar year. An eligible management Employee shall become a participating employee only if he joins the Purchase Plan by completing the enrolment form and if he subscribes with respect to said Purchase Plan year, for a number of shares whose aggregate subscription price shall equal between 2% and 10% of the employee's annual salary as at the date of his enrolment, without exceeding 10% of said annual salary. Every July 1, in each three calendar years following calendar year in which occurred the subscription or attribution of Common Shares, one third of the Common Shares so subscribed or attributed will vest to the participant.

The Stock Option Plan

The options are awarded by means of a stock option agreement entered into in this regard with each beneficiary. Options generally may be exercised after the first anniversary of the date of grant until the seventh anniversary of the date of grant, subject to a vesting schedule upon each anniversary at a rate set forth in the agreement, provided that the average closing price of the Common Shares on the Toronto Stock Exchange, for 30 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement, as determined by the Board of Directors on the recommendation of the Human Resources Committee at the time of the grant of the options.

If an offer to purchase all of the outstanding Common Shares of the Corporation is made, all options that are not vested shall, from the date of the offer, be fully vested notwithstanding any provision to the contrary in any stock option agreement, provided, however, the conditional share price has been met at the time the offer is made.

How many securities are authorized to be issued under the security-based compensation arrangements and what percentage of the Corporation's shares outstanding do they represent?

The Purchase Plan

Following the replenishment of the number of shares which may be issued under the Purchase Plan, which was approved by the Shareholders at the annual and special meeting held on August 4, 2011, the maximum number of Common Shares made available for the Purchase Plan shall not exceed 340,000 (representing approximately 1.1% of the issued and outstanding Common Shares as at June 29, 2012).

The Stock Option Plan

Following the replenishment of the number of shares which may be issued under the Stock Option Plan, which was approved by the shareholders at the annual and special meeting held on August 4, 2011, the total number of said issuable shares shall not exceed in the aggregate 2,808,257 Common Shares (representing approximately 9.2% of the Common Shares outstanding as at June 29, 2012) and the total number of shares in respect of which options may be granted to any one person under the Stock Option Plan may not exceed five percent (5%) of the total number of Common Shares outstanding at each stock option award date.

The following table shows, as of March 31, 2012, aggregated information for the Corporation's Purchase Plan and Stock Option Plan which are the only compensation plans under which equity securities of the Corporation are authorized for issuance from treasury.

Equity Compensation Plan Information

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options and rights	Weighted Average Exercise Price of Outstanding Options and rights	Number of Common Shares Remaining Available for Future Issuance Under the Equity Compensation Plans
Equity Compensation Plans of the Corporation approved by the shareholders	1,411,344	6.48	1,682,334
Equity Compensation Plans of the Corporation not approved by the shareholders	Nil	Nil	Nil
Total:	1,411,344	-	1,682,334

During the fiscal year 2012, 242,000 options were granted under the Stock Option Plan and 18,277 Common Shares were attributed to the participating employees under the Purchase Plan.

As at June 29, 2012, 1,411,344 Common Shares were issuable upon the exercise of outstanding options representing 4.63% of the issued and outstanding Common Shares. Such options were exercisable at exercise prices ranging from $3.84 to $9.90 per share and were due to expire up to September 18, 2018.

What is the maximum percentage of securities available under the security-based compensation arrangements to Corporation's insiders?

In order for the Stock Option Plan together with the Purchase Plan to comply with stock exchange rules, both plans provide that :

(a) the number of shares issuable to insiders, from time to time, under all security based compensation arrangements may not exceed 10% of the total number of issued and outstanding Common Shares; and

(b) the number of shares issued to insiders under all security based compensation arrangements during any one-year period may not exceed 10% of the total number of issued and outstanding Common Shares.

What is the maximum number of securities any one person is entitled to receive under the security-based compensation arrangements and what percentage of the Corporation's outstanding capital does this represent?

The Purchase Plan

An eligible management Employee shall become a participating employee only if he subscribes with respect to said Purchase Plan year, for a number of shares whose aggregate subscription price shall equal between 2% and 10% of the employee's annual salary as at the date of his enrolment, without exceeding 10% of said annual salary.

The maximum number of shares issuable to a single person under the Purchase Plan and any other stock option plan of the Corporation shall not represent more than 5% of the outstanding common shares in any one-year period.

The Stock Option Plan

(a) the number of Common Shares issued to one Insider pursuant to the Stock Option Plan, within a one-year period, shall not exceed 5% of the total number of Common Shares outstanding at each date of such issue of Common Shares;

(b) the aggregate number of Common Shares issued or which could be issued under the Stock Option Plan to any one beneficiary shall not exceed 20% of the aggregate number of Common Shares issuable under the Stock Option Plan, as amended from time to time;

(c) annually, the number of Common Shares that may be issued pursuant to options granted to the CEO of the Corporation shall not exceed one third of the Common Shares that may be issued pursuant to all the options granted during the year under the Stock Option Plan; and

(d) the options granted to insiders pursuant to the Stock Option Plan shall not be repriced at a reduced exercise price.

How is the exercise price determined under the security-based compensation arrangements?

The Purchase Plan

The subscription price of the issued Common Shares represents 90 % of the weighted average closing price of the Corporation's Common Share on the TSX over the five trading days preceding the Common Share subscription. Also, the Corporation matches 50 % of the employee's contribution by attributing to the employee, on a monthly basis, additional Common Shares acquired on the TSX at market price. However, the Corporation's matching attribution cannot exceed 4 % of the employee's annual base salary. Common Shares attributed to the employee, as well as the subscribed Common Shares, will be earned and released over a three-year period beginning on July 1 of each year following the year in which the employee contributed to the Purchase Plan.

The Stock Option Plan

The exercise price per share of an option will not be less than the average closing price of a regular board lot of Common Shares of the Corporation traded on the TSX for the five trading days preceding the granting of the option.

Under what circumstances is an individual no longer entitled to participate?

The Purchase Plan

When a participating employee voluntarily terminates his employment with the Corporation or when his employment is terminated due to his dismissal (with or without cause), the said participating employee thereby loses his right to all the shares attributed not yet vested. Moreover, all the Common Shares subscribed by the participating employee, regardless of whether or not they are unrestricted at the date of termination of his employment, shall become unrestricted automatically. The participating employee may then ask the trustee to provide him with a certificate issued for all the Common Shares subscribed plus all the Common Shares attributed that are vested in the participating employee; he may also ask the trustee to sell all or part of the aforesaid Common Shares at the market price. In all cases, all Common Shares attributed that are not yet vested shall be sold by the trustee on the market with payment of the proceeds of disposition to the Corporation.

In the event that a participating employee retires (*de facto*, but after age 55), dies or becomes totally and permanently disabled (qualifying for the Corporation's long-term disability plan), he or his beneficiary, as the case may be, may ask the trustee to provide him with a certificate issued for all the Common Shares subscribed, regardless of whether or not they are unrestricted, plus all the Common Shares attributed to him, regardless of whether or not they previously became vested. In the event of a change of control of the Corporation, as such expression is defined in the Purchase Plan, the participating employees shall have the same rights.

The Stock Option Plan

In the event that a beneficiary's employment with the Corporation or any subsidiary is terminated for any reason other than death or retirement (a "termination of employment"), any or all of the vested options held by such beneficiary which have not been previously exercised may be exercised, at any time during a maximum period of 90 days following the date of termination of employment, or such other extended period as may be determined at the discretion of the Board of Directors of the Corporation, other than a voluntary termination of employment (but in no event after the expiry date), provided, however, that, notwithstanding any other term or condition of the Stock Option Plan, in the event the employment of a beneficiary is terminated for cause, the vested options held by such beneficiary which have not been previously exercised will only be exercisable on the next business day following the date of personal delivery of a written notice to the beneficiary confirming (i) such termination for cause and (ii) the requirement to exercise such vested options.

In the event of the death of a beneficiary, his vested options may be exercised by the beneficiary's legal personal representative(s) at any time after the date of the beneficiary's death up to and including (but not after) a date which is 180 days following the date of the beneficiary's death (but in no event after the expiry date), as to any or all of such beneficiary's vested options which had not previously been exercised.

Upon the retirement of a beneficiary, any or all of the vested options held by such beneficiary which have not been previously exercised may be exercised at any time during a maximum period of 180 days following the date of his retirement (but in no event after the expiry date).

Can stock options or rights held pursuant to the security-based compensation arrangements be assigned or transferred?

All benefits, rights and options accruing to any participant in accordance with the terms and conditions of the Purchase Plan and of the Stock Option Plan shall not be transferable unless under the laws of descent and distribution or pursuant to a will.

How are the security-based compensation arrangements amended? Is shareholder approval required?

The Purchase Plan

The Board of Directors has full and complete responsibility for the Purchase Plan, which includes, without restriction, the power to adopt, amend, suspend or terminate the Purchase Plan, as it deems necessary or desirable, provided that such acts do not retroactively affect the rights of the participating employees under the Purchase Plan and that the approval of the regulators and the self-regulatory organizations, if necessary, is obtained. The Purchase Plan does not require that an amendment thereto be approved by the shareholders of the Corporation. However, notwithstanding the foregoing, the TSX may require security holder approval for some types of amendments that are considered as fundamental changes to the Purchase Plan.

The Stock Option Plan

The Board of Directors may, without the approval of the shareholders of the Corporation but subject to receipt of requisite approval from the TSX, in its sole discretion make the following amendments to the Stock Option Plan:

(a) a change to the vesting provisions of an option or of the Stock Option Plan;

(b) an addition to, deletion from or alteration of the Stock Option Plan or an option that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange;

(c) an amendment to correct or rectify any ambiguity, defective provision, error or omission in the Stock Option Plan or an option; and

(d) any other amendment that does not require shareholder approval under the Stock Option Plan.

The approval of the Board of Directors and the requisite approval from the TSX and the shareholders shall be required for any of the following amendments to be made to the Stock Option Plan:

(a) any increase in the number of Common Shares reserved for issuance under the Stock Option Plan, including a change from a fixed number of Common Shares to a fixed maximum percentage;

(b) any reduction in the purchase price or cancellation and reissue of options or any extension of the expiry of an option;

(c) any change to the eligible participants which would have the potential of broadening or increasing insider participation;

(d) the addition of any form of financial assistance; and

(e) the addition of a deferred or restricted share unit or other provision which results in a beneficiary being issued Common Shares while no cash consideration is received by the Corporation.

Were any amendments made to the security-based compensation arrangements in the last fiscal year?

At the annual and special meeting of shareholders held on August 4, 2011, the shareholders resolved to amend the Purchase Plan and the Stock Option Plan in order to allow the replenishment of the number of Common Shares reserved for issuance under these plans.

Does the Corporation provide any financial assistance to participants to purchase shares under the security-based compensation arrangements?

Except for the Corporation's matching attribution, no financial assistance is provided by the Corporation to the participating employee for the subscription or purchase of Common Shares under the Purchase Plan.

There is no provision allowing financial assistance under the Stock Option Plan.

Are there any adjustment provisions under the security-based compensation arrangements?

The Purchase Plan

In the event of a change of control of the Corporation, as such expression is defined in the Purchase Plan, the participating employee may ask the trustee to provide him with a certificate issued for all the Common Shares subscribed, regardless of whether or not they are unrestricted, plus all the Common Shares attributed to him, regardless of whether or not they previously became vested.

The Stock Option Plan

In the event that the Corporation proposes to amalgamate, merge or consolidate with any other company (other than a wholly-owned subsidiary), or in the event of a change of control, as such term is defined in the Stock Option Plan, the Corporation shall, upon notice thereof to each beneficiary holding options under the Stock Option Plan, permit the exercise of all such options, within the 6-month period following the date of such notice, for all options (whether or not such options had previously vested), provided however, the conditional share price has been met at the time of the change of control and, upon the expiration of such 6-month period, all rights of the beneficiaries to such options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever.

Are there any blackout period provisions under the security-based compensation arrangements?

Under the Stock Option Plan, in the event that the term of an option expires during such period of time during which insiders are prohibited from trading in shares as provided by the Corporation's insider trading policy, as it may be implemented and amended from time to time (the "Blackout Period") or within 10 business days thereafter, the option shall expire on the date that is 10 business days following the Blackout Period. Although the Blackout Period would only cover insiders of the Corporation, the extension would apply to all participants who have options which expire during the Blackout Period.

PENSION PLAN

Defined Benefit Pension Plans

The pension payable to eligible executive officers is based on the years of credited service and a percentage of the average of the best three consecutive basic earnings (Average Earnings) at the date of retirement; for Réal Bélanger, this percentage is equal to 2.965% and his pension is limited to 60% of his Average Earnings while the percentage for Gilles Labbé is 2% and his pension is not limited. The pension is payable at normal retirement date (first of the month coincident with or immediately following the executive's 65th birthday) or as early as the first of the month following age 55. Upon early retirement, the pension is reduced by ¼ % for each month by which the early retirement date precedes the earliest of the following dates: executive's 60th birthday, executive's age plus continuous service equals 80, executive's continuous service equals 30 years.

The pension is payable from two sources: a registered Individual Pension Plan (IPP) and an unregistered Executive Retirement Plan (ERP). The IPP pays the pension up to the Income Tax limits and the excess is paid from the ERP.

The IPP pension is funded through Corporation's and employee's contributions while the ERP pension is funded through Corporation's contributions to the Retirement Compensation Arrangements (RCA).

In the event of a change in control of the Corporation, the ERP benefits shall be fully funded upon the closing of such change of control and no reduction would be applied on the pension upon early retirement.

The following table shows the retirement benefits for each eligible Named Executives under the defined benefit pension plans:

Name	Number of years of Credited Service (1)	Annual Benefits Payable ($) (2)		Accrued Obligation at start of year ($) (3)	Compensatory Change ($) (4)	Non-Compensatory Change ($) (5)	Accrued Obligation at year end ($) (6)
		At year end	At age 65				
Gilles Labbé	29.52	242,100	316,600	2,879,100	48,900	454,000	3,382,000
Réal Bélanger	18.82	154,800	166,500	1,904,500	69,500	274,100	2,248,100

(1) Number of years of credited service as at March 31, 2012.
(2) The annual lifetime benefit at year end is based on years of credited service and pensionable earnings as at March 31, 2012. The annual lifetime benefit payable at age 65 is based on years of credited service as at age 65 and pensionable earnings as at March 31, 2012.
(3) The accrued obligation at start of year is the value of the accrued retirement benefits as at March 31, 2011 based on assumptions and methods in respect of fiscal year ended March 31, 2011, as disclosed in the Corporation's Financial Statements available on SEDAR at www.sedar.com and a copy of same will be provided free of charge, upon request, to any shareholder of the Corporation.
(4) The compensatory change in the accrued obligation includes service cost net of employee contributions and difference between actual and estimated earnings.
(5) The non-compensatory change in the accrued obligation includes changes in assumptions, employee contributions and interest on the accrued obligation at the start of the year.
(6) The accrued obligation at year end is the value of the accrued retirement benefits as at March 31, 2012 based on assumptions and methods in respect of fiscal year ended March 31, 2012, as disclosed in the Corporation's Financial Statements available on SEDAR at www.sedar.com and a copy of same will be provided free of charge, upon request, to any shareholder of the Corporation.

Defined Contribution Pension Plan

Under the defined contribution pension plan offered to executive officers working in Canada, the Corporation contributes an amount equal to the executive officers' contributions (5% of basic earnings), subject to the Income Tax limits, to a savings account opened on their behalf. The executive officers' accounts accumulate with interest according to their investment instructions. At retirement, the executive officers receive their account balance.

Under the defined contribution pension plan offered to executive officers working in the US, the Corporation contributes an amount related to the executive officers' contributions to a savings account opened on their behalf. The executive officers' accounts accumulate with interest according to their investment instructions. At retirement, the executive officers receive their account balance.

The following table shows the accumulated values for each eligible Named Executive under the defined contribution pension plans:

Name	Accumulated Value at start of year ($) (1)	Compensatory ($) (2)	Non-Compensatory ($) (3)	Accumulated Value at year end ($) (4)
Martin Brassard	251,300	12,700	2,300	266,300
Richard Rosenjack	142,800	3,400	28,100	174,300
Michael Meshay	21,000	5,000	25,300	51,300

(1) The accumulated value at start of year is the account balance as at March 31, 2011.
(2) The compensatory component represents the amount of employer contributions from April 1st, 2011 to March 31, 2012.
(3) The non-compensatory component represents the amount of employee contributions and investment earnings from April 1st, 2011 to March 31, 2012
(4) The accumulated value at year end is the account balance as at March 31, 2012.

TERMINATION AND CHANGE OF CONTROL BENEFITS

With respect to the Named Executives, individual employment agreements stipulate that, in the case of termination of employment initiated by the Corporation for reasons other than cause, severance payments are as follow:

Termination by the Corporation Without Cause

Named Executives	Severance Payments	Maximum Payments	Total Estimated Payments(1)
Gilles Labbé	18 months + one month per year of service	30 months	$2,027,358
Réal Bélanger	12 months + one month per year of service	24 months	$1,029,976
Martin Brassard	12 months + one month per year of service	18 months	$1,296,458
Richard Rosenjack	9 months + one month per year of service	18 months	$678,697
Michael Meshay	9 months + one month per year of service	18 months	$867,764

(1) Including salary, benefits and value of in-the-money stock options vested on March 31, 2012.

The Named Executives undertake to not solicit the Corporation's customers or employees and that they would not compete with the Corporation.

Some of the Named Executives could also receive the bonus, included above, that otherwise would have been payable for the fiscal year in which cessation of employment occurs, but prorated, provided the Named Executive has completed at least six months of employment in said year. The employee benefits will continue but without continuation of the accrual of pension benefits and the Named Executive will have a period of 6 month following cessation of employment to exercise the options already vested.

Termination of Employment Following Change in Control

Named Executives	Severance Payments	Maximum Payments	Total Estimated Payments(1)
Gilles Labbé	24 months + one month per year of service	36 months	$3,422,689
Réal Bélanger	18 months + one month per year of service	30 months	$1,715,056
Martin Brassard	18 months + one month per year of service	24 months	$1,697,998
Richard Rosenjack	12 months + one month per year of service	24 months	$792,115
Michael Meshay	12 months + one month per year of service	24 months	$1,071,570

(1) Including salary, benefits and all in-the-money stock options outstanding as of March 31, 2012.

The Named Executives undertake to not solicit the Corporation's customers or employees for a period equal to the maximum severance period (24, 30 or 36 months) and to not enter into competition with the Corporation for a period of 18 or 24 months.

Some of the Named Executives could also receive a lump sum amount equal to the target bonus, included above, applicable to the position of the Named Executive for the period set out in table above. The employee benefits will continue as well as the accrual of pension benefits for the period set out in the table above; perks are maintained for 90 days. All stock options previously granted vest immediately and may be exercised up to 6 months following termination of employment.

TRANSACTION WITH INTERESTED PARTIES

The Corporation is not aware that any of its directors, officers, nominees for election as directors, other insiders of the Corporation or any persons associated with or otherwise related to any of the foregoing has had an interest in any material transaction carried out since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or is likely to materially affect the Corporation or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the Corporation's directors, executive officers or employees or former directors, executive officers or employees is indebted to the Corporation.

LIABILITY INSURANCE

The Corporation takes out liability insurance for the benefit of its directors and officers to cover them against certain liabilities contracted by them in such capacity. For the most recently completed financial year, this insurance provided for a coverage limit of $20,000,000 per each loss and policy year. For the twelve-month period ended March 31, 2012, the premium paid by the Corporation amounted to $100,000. When the Corporation is authorized or required to indemnify an insured, a deductible of $100,000 applies.

APPOINTMENT AND REMUNERATION OF AUDITORS

At the Meeting, the shareholders will be called upon to appoint auditors to hold office until the next annual meeting of shareholders and to authorize the directors to establish the remuneration of the auditors appointed.

Unless instructions are given to abstain from voting with regard to the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Ernst & Young LLP, Chartered Accountants, as independent auditors of the Corporation, at a compensation for their services to be determined by the Board of Directors.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation at the following address to request copies of the Corporation's consolidated financial statements and MD&A: Secretary, Héroux-Devtek Inc., Suite 658, East Tower, Complexe Saint-Charles, 1111 Saint-Charles Street W., Longueuil, Québec, Canada, J4K 5G4. These documents are also available on the Corporation's Web site at www.herouxdevtek.com and on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative consolidated financial statements and MD&A for its most recently completed financial year.

APPROVAL

The contents and the sending of this Circular have been approved by the directors of the Corporation.

(s) François Renaud

Longueuil, Québec
June 29, 2012

François Renaud
Secretary

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