NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder,

You are receiving this notification as Héroux-Devtek Inc. (the "**Corporation**") has elected to use the notice and access model ("**Notice and Access**") provided for under recent amendments to Regulation 54-101 *respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* for the delivery of meeting materials to its shareholders for the Annual Meeting of the shareholders of the Corporation to be held on August 7th, 2015 (the "**Annual Meeting**"). Under Notice and Access, instead of receiving printed copies of the Corporation's Management Proxy Circular (the "**Circular**"), consolidated financial statements for the year ended March 31, 2015 and management's discussion and analysis (collectively, the "**Meeting Materials**"), shareholders are receiving this notice with information on how they may access such Meeting Materials electronically. However, together with this notice, shareholders continue to receive a proxy (in the case of registered shareholders) or a voting instruction form (in the case of non-registered shareholders), enabling them to vote at the Annual Meeting. The Corporation has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Meeting Date, Location and Purposes

Notice is hereby given that the Annual Meeting will be held in the Salon des Saisons of the OMNI Mont-Royal Hotel, 1050 Sherbrooke Street West, in the City of Montréal, Québec, at 9:00 a.m., local time, on Friday, August 7th, 2015 (the "**Meeting Date**"), for the following purposes:

1. to receive the Consolidated Financial Statements of the Corporation for the year ended March 31, 2015 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 Wednesday, August 5, 2015.

Accessing Meeting Materials Online

The Meeting Materials can be viewed online under the Corporation's profile at www.sedar.com or www.herouxdevtek.com.

Requesting Printed Meeting Materials

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year from the date the Circular was filed on SEDAR. *Registered shareholders* may make their request by calling Computershare Investor Services Inc. at 1-866-962-0498 (within North America) and at 514-982-8716 (outside North America) up to the Meeting Date and at 1-866-964-0492 after the Meeting Date.

Non-registered shareholders may make their request by telephone at 1-877-907-7643 by entering the 12-digit control number located on the voting instruction form and following the instructions provided.

To receive the Meeting Materials in advance of the proxy deposit date and Meeting Date, shareholders' requests for printed copies must be received by July 29, 2015 to ensure timely receipt.

Stratification

The Corporation has determined that those registered and beneficial shareholders with existing instructions on their account to receive printed materials and those registered and beneficial shareholders with addresses outside of Canada and the United States will receive a printed copy of the Meeting Materials with this notice.

Dated at Longueuil, Québec, Canada this 19th day of June 2015.

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 Annual 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. The Corporation urges shareholders to review the Meeting Materials before voting.

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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. (the “Corporation”) for use at the annual meeting of the shareholders of the Corporation (the “Meeting”) to be held on August 7th, 2015 (the “Meeting Date”) 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 (as defined below) 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 12, 2015, the following:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Gilles Labbé	3,592,238(1)	10.0%
Caisse de dépôt et placement du Québec	4,807,395	13.4%
Deans Knight Capital Management Limited	4,806,614	13.4%

(1) 3,587,738 Common Shares included in this number are held by 2945-0228 Québec inc., a corporation 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 12**,** 2015, 35,962,098 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 19, 2015 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.

NOTICE AND ACCESS

The Corporation has elected to use the notice and access model ("**Notice and Access**") provided for under recent amendments to Regulation 54-101 *respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* for the delivery of meeting materials to its shareholders for the Meeting, namely the Circular, consolidated financial statements for the year ended March 31, 2015 and management's discussion and analysis (collectively, the "**Meeting Materials**"). The Corporation has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Under Notice and Access, instead of receiving printed copies of the Meeting Materials, shareholders receive a notice (the "**Notice**") with information on the date, location and purpose of the Meeting, as well as information on how they may access the Meeting Materials electronically.

Shareholders with existing instructions on their account to receive printed materials and those shareholders with addresses outside of Canada and the United States will receive a printed copy of the Meeting Materials with the Notice.

The Corporation urges shareholders to review this Circular before voting.

Accessing Meeting Materials Online

The Meeting Materials can be viewed online under the Corporation's profile at www.sedar.com or www.herouxdevtek.com/investor-relations.

Requesting Printed Meeting Materials

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year from the date the Circular was filed on SEDAR. *Registered shareholders* may make their request by calling Computershare Investor Services Inc. at 1-866-962-0498 (within North America) and at 514-982-8716 (outside North America) up to the Meeting Date and at 1-866-964-0492 after the Meeting Date.

Non-registered shareholders may make their request by telephone at 1-877-907-7643 by entering the 12-digit control number located on the voting instruction form and following the instructions provided.

To receive the Meeting Materials in advance of the proxy deposit date and Meeting Date, shareholders' requests for printed copies must be received no later than July 29, 2015 to ensure timely receipt.

ELECTION OF DIRECTORS

The affairs of the Corporation are managed by a Board of Directors of the Corporation (the "**Board**"). The members of the Board are elected annually, on an individual basis, 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 27, 2015, the precise number of directors has been fixed at nine directors. All nominees have served continuously as directors of the Corporation since their appointment or first election in such capacity with the exception of Ms. Nathalie Bourque, being a new nominee proposed for election as directors of the Corporation. 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 12**,** 2015.

Name	Principal Occupation
Nathalie Bourque Québec, Canada **New Nominee** **Independent** Common Shares : nil	From 2005 to February 2015, Vice-President, Public Affairs and Global Communications at CAE Inc. (provider of modelling, simulation and training for civil aviation). Prior to 2005, partner at NATIONAL Public Relations (firm of public relations).
Paule Doré(1) Québec, Canada Director since: 2010 **Independent** Common Shares : 17,000(3) Deferred Share Units: 9,429	Corporate Director. From 2006 to 2009, Special Advisor to the Founder and Executive Chairman of the Board of CGI Group Inc. Up to February 2006, Executive Vice-President and Chief Corporate Officer of CGI Group Inc. (provider of end-to-end IT and business process services).
Jean-Louis Fontaine(1) Québec, Canada Director since: 1990 **Independent** Common Shares : 48,000(4) Deferred Share Units: 17,865 Stock Appreciation Rights: 2,000	Vice-Chairman of the Board and director, Bombardier Inc. (diversified manufacturer of transportation equipment).
Gilles Labbé Québec, Canada Director since: 1985 **Non-independent** Common Shares : 3,592,238(5)	President and Chief Executive Officer, Héroux-Devtek Inc.
Louis Morin(2) Québec, Canada Director since: 2008 **Independent** Common Shares : 20,000 Deferred Share Units: 9,429 Stock Appreciation Rights: 2,000	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).
James J. Morris(2) Washington, U.S.A. Director since: 2013 **Independent** Common Shares : 20,000 Deferred Share Units: 5,437	Corporate Director and consultant. Up to December 31, 2006, Vice President Engineering and Manufacturing for Boeing Commercial Airplanes.

Name	Principal Occupation
Réal Raymond(1) Québec, Canada Director since: 2010 **Independent** Common Shares : 17,000 Deferred Share Units: 20,355	Corporate Director and Chairman of the Board of Héroux-Devtek and Metro Inc. Up to 2007, President and Chief Executive Officer of National Bank of Canada.
Brian A. Robbins(2) Ontario, Canada Director since: 2000 **Independent** Common Shares : 40,000(6) Deferred Share Units: 17,887 Stock Appreciation Rights: 2,000	President and Chief Executive Officer, Exco Technologies Limited (supplier of moulded and extruded parts for the automotive and industrial markets).
Andrew John Stevens(2) Cheltenham, United Kingdom Director since: 2014 **Independent** Common Shares: Nil Deferred Share Units: 2,756	Corporate Director. Up to November 2011, Chief Executive Officer of COBHAM plc. From September 2005 to December 2009, Chief Operating Officer of COBHAM plc. (Provider of innovative range of technologies and services to solve challenging problems across commercial, defense and security markets).

(1) Member of the Human Resources and Corporate Governance Committee (the "**Human Resources Committee**").
(2) Member of the Audit Committee.
(3) These shares are held by Fiducie Paule Doré, a trust controlled by Mrs. Paule Doré.
(4) 4,000 Common Shares included in this number are held by Gestion Jean-Louis Fontaine Inc., a corporation controlled by Mr. Jean-Louis Fontaine.
(5) 3,587,738 Common Shares included in this number are held by 2945-0228 Québec inc., a corporation controlled by Mr. Gilles Labbé.
(6) 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. Mr. Jean-Louis Fontaine has attained the age of 75 or more; however, by resolution adopted by the Board on May 27, 2015, the Board decided to waive the requirement that Mr. Fontaine retires 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.

The Corporation has adopted a majority voting policy in connection with the election of directors of the Corporation by the shareholders. For more details concerning this matter, please refer to the section entitled "Corporate Governance Disclosure".

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 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:

Nathalie Bourque
Paule Doré
Jean-Louis Fontaine
Louis Morin
James J. Morris
Réal Raymond
Brian A. Robbins
Andrew John Stevens

(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**
Nathalie Bourque	Alimentation Couche-Tard Inc.	TSX	Member of the Human Resources and Corporate Governance Committee
Paule Doré	CGI Group Inc. (1)	TSX NYSE	Chair of the Corporate Governance Committee
	Cogeco Inc.	TSX	Member of the Human Resources Committee and Chair of the Corporate Governance Committee
Jean-Louis Fontaine	Bombardier Inc.	TSX	Vice-Chairman of the Board
Gilles Labbé	CGI Group Inc. (1)	TSX NYSE	Chair of the Audit and Risk Management Committee
James J. Morris	Esterline Technologies Corporation	NYSE	Member of the Audit Committee and Chair of the Strategy & Technology Committee
Réal Raymond	METRO Inc.	TSX	Chair of Board of Director
	Sun Life Financial Inc.	TSX NYSE	Member of the Audit & Conduct Review Committee and of the Risk Review Committee
Brian A. Robbins	Exco Technologies Limited	TSX	
	AirBoss of America Corp.	TSX	Chair of the Audit Committee
Andrew John Stevens	De La Rue plc	LSE	Member of the Human Resources Committee and Audit Committee
	CAE Inc.	TSX NYSE	Member of the Human Resources Committee and Audit Committee

(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. Réal Raymond, is an “independent director” within the meaning of section 1.4 of NI 52-110. The Board has developed written position descriptions for the chairman. The chairman of the Board fosters and promotes the integrity of the Board and a culture where the Board works harmoniously for the long-term benefit of the Corporation and its shareholders. The chairman of the Board is responsible for the management, the development and the effective performance of the Board, and provides leadership to the Board for all aspects of the Board’s work. The chairman of the Board also acts in advisory capacity to the CEO and to other senior management in all matters concerning the interest and management of the Corporation.

(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, 2015:

Director	Board Meetings	Audit Committee Meetings	Human Resources and Corporate Governance Committee Meetings
Paule Doré	9 of 9	-	4 of 4
Jean-Louis Fontaine	9 of 9	1 of 1	4 of 4
Gilles Labbé	9 of 9	-	-
Louis Morin	9 of 9	5 of 5	-
James J. Morris	8 of 9	5 of 5	-
Réal Raymond	8 of 9	-	3 of 4
Brian A. Robbins	9 of 9	5 of 5	-
Andrew John Stevens(1)	7 of 8	4 of 4	-

(1) Mr. Stevens was appointed as director on May 27, 2014.

2. Board Mandate

Role of the Board

The Board 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 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. In doing so, the members of the Board must act honestly and in good faith with a view to the best interests of the Corporation.

Mandate and Objectives

The mandate of the Board includes setting long-term goals and objectives for the Corporation, formulating the plans and strategies necessary to achieve those objectives, and supervising senior management who is responsible for the implementation of the Board's objectives and day-to-day management of the Corporation. The Board retains a supervisory role and ultimate responsibility for all matters relating to the Corporation and its business.

The Board discharges its responsibility both directly and through its committees, including the Audit Committee and the Human Resources Committee. The Board may also appoint ad hoc committees periodically to address issues on a more short-term tenure.

Composition and Procedures

Size of Board and selection process – Subject to the minimum number of directors set out at two in the articles of the Corporation, the Board takes into account recommendations of the Human Resources Committee with respect to 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 and election 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 in compliance with the provisions of the Corporation's articles and by-laws.

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 52-110 respecting Audit Committees.

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

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. 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 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. The Board shall encourage and provide opportunities for all directors to continually update their skills as well as their knowledge of the Corporation, its business and its senior management, through the orientation and education program.

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 on a more short-term tenure. Each committee operates according to a Board approved written mandate outlining its duties and responsibilities. The chair of each committee reports to the Board following meetings of the committee.

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. The Human Resources Committee reports to the Board on such evaluation.

Meeting and Procedures – The Board meets at least quarterly and as many additional times as necessary to carry out its duties effectively. 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. 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 without the presence of members of management.

Quorum for meetings of the Board shall be a majority of its members; quorum shall be maintained throughout the meeting. The powers of the Board may be exercised at a meeting at which a quorum of the Board is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Board.

Each member (including the Chairman of the Board) is entitled to one vote in Board proceedings.

At all meetings of the Board, every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chairman of the Board shall not be entitled to a second vote.

Duties and Responsibilities of the Board

Board organization - The Board takes into account recommendations of the Human Resources Committee, but retains responsibility for managing its own affairs by giving its approval of its composition and size, the selection of the Chairman of the Board, candidates nominated for election to the Board, committees and committees' chairmen appointments, committees' charters and directors compensation. The Board shall ensure that the compensation adequately reflects the risks and responsibilities, and time commitment involved in being an effective director.

The Board may delegate to committees matters that the Board is responsible for, including the approval of compensation of the Board and senior management, the conduct of performance evaluations and oversight of internal control systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities. The Board is responsible for ensuring that measures are taken to orient new directors regarding the role of the Board, its committees and its directors and the nature and operation of the Corporation's business. The Board is also responsible for ensuring that measures are taken to provide continuing education for its directors to ensure that they maintain the skill and knowledge necessary to meet their obligations as directors. The Board is responsible for ensuring that appropriate structures and procedures are in place so that the Board and its committees can function independently of management.

Strategic planning - The Board holds a meeting with senior management to review the Corporation's strategic plan and annual plan and approve such plans. The Board shall take into account, among other things, the opportunities and risks of the business, market and product global trends, and growth potential. The Board is responsible for providing input to senior management on emerging trends and issues and on strategic and annual plans, objectives and goals that management develops.

Risk assessment - The Board shall ensure that the principal risks of the Corporation are identified and that the measures to mitigate and manage such risks are implemented. The Board monitors the conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements.

Integrity - The Board shall, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers and satisfy itself that the CEO and other executive officers create a culture of integrity throughout the organization. The Board is responsible for taking steps to ensure that directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board is responsible for 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.

Management - The Board is responsible for reviewing and approving, upon the recommendation of the Human Resources Committee, the appointment, compensation, and performance of the CEO and senior management. The Board is responsible for developing written position descriptions for both the Chairman of the Board and the CEO. The Board ensures that adequate plans are in place for senior management development, training and succession.

Governance, Policies and Procedures - The Board, with the assistance of the Human Resources Committee, is responsible for implementing and maintaining sound corporate governance practices in adopting principles, policies and procedures applicable to the Corporation. The Board is responsible for reviewing and approving key policy statements developed by management on issues such as ethics, compliance, communications, environment, health and safety, and public disclosures.

The Board is responsible for approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated and approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations. At least annually, the Board, with the assistance of the Human Resources Committee, review, amend, if appropriate, and approve the Corporation's policies and procedures.

Monitoring of Financial Performance and Other Financial Matters - The Board is responsible for ensuring congruence between shareholders' expectations, Corporation's plans and management performance. It is responsible for adopting processes for monitoring the Corporation's progress toward its strategic and operational goals and revising its direction to management in light of changing circumstances affecting the Corporation.

Directly and through the Audit Committee, the Board assesses the integrity of internal control over financial reporting and management information systems. The Board reviews and approves capital, operating and development expenditures, including any budgets associated with such expenditures. The Board is responsible for approving the annual audited financial statements and the unaudited interim financial statements, and the notes and management's discussion and analysis accompanying such financial statements.

The Board is responsible for reviewing and approving material transactions outside the ordinary course of business, including material investments, acquisitions and dispositions of material capital assets, material capital expenditures, material joint ventures, significant reorganizations, restructuring, acquisitions, and divestitures, and any other major initiatives. The Board ensures that the Corporation adopts prudent financial standards with respect to the business of the Corporation and prudent levels of debt in relation to the Corporation's consolidated capitalization. The Board, on the recommendation of the Audit Committee, recommends to the shareholders the appointment of the independent auditors and approves their remuneration.

The Board approves those matters that are required under the Corporation's governing statute to be approved by the directors of the Corporation, including the issuance, purchase and redemption of securities and the declaration and payment of any dividend.

Communications and reporting - The Board has responsibility for ensuring that the performance of the Corporation is adequately reported to its shareholders, its other security holders, the investment community, the relevant regulators and the public on a timely and regular basis. The Board is responsible for reviewing and approving, upon the recommendation of the Audit Committee, the contents of major disclosure documents, including the annual information form, press releases in connection with quarterly and annual financial results and is also responsible for reviewing and approving the management proxy circular and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities. The Board is responsible for ensuring appropriate processes are in place to ensure the timely disclosure of relevant corporate information and regulatory reporting.

External Consultants – 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. The Corporation provides the funds reasonably necessary to pay for the services of these external consultants.

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 effective leadership and vision for the Corporation to grow value responsibly, in a profitable and sustainable manner and, subject to approved policies and direction by the Board, manages the business and affairs of the Corporation and oversees the execution of its strategic plan and annual plan. In addition to managing the business and affairs of the Corporation, the CEO shall have specific duties set out in the written position description and such other powers and duties as the Board may specify. The CEO has a responsibility to act in the best interests of the Corporation in accordance with applicable legislation and sound governance principles.

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's 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's 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, 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 to take a consistent approach on 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 its 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. 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 appointed by the Board, each of whom the Board has determined to be independent as contemplated by the laws, regulations and listing requirements to which the Corporation is subject. 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 may contact the directors 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.

10. Majority Voting Policy

The Board, upon recommendation of the Human Resources Committee, adopted and implemented a majority voting policy. Such policy provides that in an uncontested election of directors of the Corporation, any nominee who receives a greater number of votes “withheld” than votes “for” will promptly tender his or her resignation to the Chairman of the Board following the Corporation’s meeting of shareholders. The Human Resources Committee shall consider the resignation offer and shall recommend to the Board whether to accept it or not. The Board will make its decision and announce it in a press release within 90 days following the meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or the Human Resources Committee at which the resignation is considered.

11. Term of office and other processes for the renewal of the Board of Directors

The Corporation has not fixed a maximum term of office for its directors other that the retirement age normally fixed at 75 years. The Corporation has not established a formal process for the renewal of Board membership. The Board is of the view that it is in the Corporation’s best interests to retain experienced board members who are familiar with the Corporation’s business and can provide continuity to its management.

12. Policies Regarding the Representation of Women

The Corporation does not have a formal policy with respect to the representation of women on the Board. The Board does not foresee the adoption of such a policy in the near future. The Board further believes it will require time to properly assess its objectives, targets and capabilities in order to identify and attract qualified women to serve on the Board.

The Board is mindful of the benefit of diversity on the Board and regards involvement of women and their experience and input as constructive to the Board’s decision-making process. Establishing and implementing a policy regarding female representation on the Board will be an element that the Corporation will take into consideration going forward.

Although there is only one (1) woman board member on the Board as of June 12, 2015, the Board is committed to increasing that level as board turnover occurs from time to time taking into account the skills, background, experience and knowledge desired at a particular time by the Board and its committees. In light of this commitment, the new nominee for election on the Board this year is a woman. If this candidate is elected, more than 20% of the Board members will be women.

13. Consideration of the Representation of Women in the Director Identification and Selection Process

The Human Resources Committee will, within the purview of its mandate, have the responsibility to take gender into consideration as part of its overall recruitment and selection process in respect of the Board. Accordingly, when searching for new directors, the Human Resources Committee will consider the level of women representation on the Board and, where appropriate, will recruit qualified women candidates as part of the Corporation’s overall recruitment and selection process to fill Board positions, as the need arises, through vacancies, growth or otherwise.

14. Consideration Given to the Representation of Women in Executive Officer Appointments

The Corporation will consider and be sensitive to the representation of women when making executive officer appointments. However, considering the small number of positions in question, the Corporation refrains from setting targets for the representation of women among its executive officers. It is important that each individual appointed as an executive officer be considered on the individual’s merits and on the needs of the Corporation at the relevant time. Targets based on specific criteria could limit the Corporation’s ability to appoint the individual who is the best qualified for the position. As of June 12, 2015, there is no woman occupying an executive officer position with the Corporation. The Corporation will however be committed to increasing the gender diversity of its executive officers going forward.

The Corporation’s Targets Regarding the Representation of Women on the Board of Directors and in Executive Officer Positions

The Corporation has not adopted a measurable objective for achieving gender diversity on the Board or in executive officer positions. The Corporation will consider establishing measureable objectives and targets as it further develops.

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, 2015.

Director Compensation Table

Name[1]	Fees earned ($)	Share-based awards[2][3] ($)	Option/SAR-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Paule Doré	50,911	15,003	-	-	-	-	65,914
Jean-Louis Fontaine	32,750	31,004	-	-	-	-	63,754
Louis Morin	54,142	15,003	-	-	-	-	69,145
James J. Morris	31,002	31,253	-	-	-	-	62,255
Réal Raymond	44,296	53,128	-	-	-	-	97,424
Brian A. Robbins	31,502	31,253	-	-	-	-	62,755
Andrew John Stevens[4]	28,806	31,253	-	-	-	-	60,059

(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) Mr. Stevens was appointed as director on May 27, 2014.

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, the Board approved a minimum share ownership requirement for members of the Board. This minimum requirement is 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 (2)		
Name (3)	Number of securities underlying unexercised options/SARs (#)	Option /SARs exercise price ($)	Option /SARs expiration date	Value of unexercised in-the-money options /SARs (4) ($)	Number of shares or units of shares that have not vested (#) (5)	Market or payout value of share-based awards that have not vested (5),(6) ($)	Market or payout value of vested share-based awards not paid out or distributed (5),(6) ($)
Paule Doré	-	-	-	-	-	-	94,290
Jean-Louis Fontaine	2,000	0.01	Aug. 2015	19,980	470	4,700	173,950
Louis Morin	2,000	0.01	Aug. 2015	19,980	-	-	94,290
James J. Morris	-	-	-	-	478	4,780	49,590
Réal Raymond	-	-	-	-	1,121	11,210	192,340
Brian A. Robbins	2,000	0.01	Aug. 2015	19,980	478	4,780	174,090
Andrew John Stevens(7)	-	-	-	-	478	4,780	22,780

(1) All awards have been made under the Stock Appreciation Rights Plan as hereinafter described.
(2) All awards have been made under the DSU Plan as hereinafter described.
(3) 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.
(4) This amount is calculated based on the difference between the closing share price at the end of the fiscal year 2015 and the SARs exercise price. On March 31, 2015, being the last business day of the fiscal year 2015, the closing price of the Corporation's Common Shares on the TSX was $10.00 (HRX-T).
(5) The portion of DSUs granted to a 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.
(6) This amount is calculated based on the closing share price at the end of the fiscal year 2015. On March 31, 2015, being the last business day of the fiscal year 2015, the closing price of the Corporation's Common Shares on the TSX was $10.00 (HRX-T).
(7) Mr. Stevens was appointed as director on May 27, 2014.

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 ($)
Paule Doré	-	15,003	-
Jean-Louis Fontaine	3,440	37,765	-
Louis Morin	3,440	15,003	-
James J. Morris	-	37,924	-
Réal Raymond	-	53,440	-
Brian A. Robbins	3,440	37,924	-
Andrew John Stevens(4)	-	25,833	-

(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) All awards have been made under the DSU Plan as hereinafter described. The portion of DSUs granted to a 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.

(4) Mr. Stevens was appointed as director on May 27, 2014.

*Stock Appreciation Rights Plan (the "**SAR Plan**")*

The SAR Plan for non-employee directors adopted by the Board in September 2001 was 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.

Upon recommendation of the Human Resources Committee, by resolution of the Board 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 as hereinafter described.

Until the expiry/exercise of all outstanding SARS, the SAR Plan will be 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 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.

At March 31, 2015, on a cumulative basis, 6,000 SARs were still outstanding at a weighted-average granted value of $0.01 (17,000 SARs at a weighted-average granted value of $1.72 at March 31, 2014), which expire in fiscal 2016.

*Deferred Share Unit Plan (the "**DSU Plan**")*

The DSU Plan for non-employee directors adopted by the Board in May 2011, as amended, 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, 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 will generally receive a discretionary number of DSUs that could represent up to $15,000 on the date of their grant. The portion of DSUs granted to a 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, 2015, 83,158 DSUs (64,825 DSUs at March 31, 2014) were outstanding.

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 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, 2015, the Human Resources Committee was made up of the following three independent directors: Paule Doré, whom is the Chair, Réal Raymond and Jean-Louis Fontaine. 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, Ms. Doré, as Executive Vice-President and Chief Corporate Officer of CGI Group Inc., has been the top HR executive for more than 15 years and is a member of the Human Resources Committee of Cogeco Inc. and Mr. Raymond is Chair of the Human Resources Committee of Metro Inc. and a member of the Managing Resources Committee of Sun Life Financial 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

The Human Resources Committee in consultation with management has retained PCI - Perrault Consulting Inc. ("**PCI**") in fiscal 2014 to prepare a comparative market data. The Corporation has appointed PCI initially on February 2009 to prepare annually comparative market data; a fee of $6,000 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 job evaluation analysis. 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		
PCI - Perrault Consulting Inc.		
	Fiscal Year 2015	**Fiscal Year 2014**
Executive Compensation-Related Fees	$42,281[(1)]	$25,439
All Other Fees	$1,359	$1,257
Total :	**$43,640**	**$26,696**

(1) Includes expenses related to the implementation of the new performance share unit plan (the "PSU Plan").

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

As per its Charter, the Human Resources Committee is responsible for the risk oversight of the Corporation's compensation policies and practices.

In fiscal 2013, the Board, upon recommendation of the Human Resources Committee, adopted and implemented a risk management policy which considers the implications of the risks associated with the Corporation's compensation policies and practices.

The policy establishes that Management is responsible for ensuring that procedures are in place to identify and assess all risks associated with the Corporation's compensation policies and practices and to report to the Human Resources Committee on the steps taken to identify, monitor and mitigate risks associated with compensation policies and practices.

As part of the policy, Management evaluates risk exposures related to compensation of the Board, executives, management and the broader employee population, with a focus on the short and long term Incentive plans.
This includes:

- identifying any such policies or practices that may encourage executive officers to take inappropriate or excessive risks,
- identifying risks arising from such policies and practices that could have a material adverse effect on the Corporation and
- considering the possible risk implications of the Corporation's compensation policies and practices and any proposed changes to them.

The following procedures are followed by Management to identify and mitigate compensation policies and practices that could encourage an executive officer or an individual at a principal business unit or product line to take inappropriate or excessive risks:

- annual assessment of the Corporation's compensation policies and practices, including a review and analysis of the aspects of those policies that may lead to risky behavior on the part of an executive officer or any other individual;
- dialogue and communication with experts outside the Corporation (as necessary) regarding an analysis of the risks associated with the Corporation's compensation policies and practices and a review of the risk identification and mitigation practices used by other public companies; and
- scheduling of *in camera* sessions of the Human Resources Committee allowing the members of this committee to discuss and analyze the risks associated with the Corporation's compensation policies and practices without the presence of members of management.

In keeping with the above, during fiscal 2015, the Human Resources Committee reviewed Management's report about the Corporation's compensation policies and practices, taking into account risks associated therewith. The Committee has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

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.

Restrictions on trading and hedging of Corporation shares

The Corporation has 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.

Market Comparator and Positioning

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 suggested by PCI and approved by Human Ressources Committee. PCI's analysis conducted in 2014 included 13 companies selected considering criteria such as annual average revenues between US $80 million and US $1,383 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	(000's)
Com Dev International Ltd	X	X	$215
GenCorp	X	X	US $1,383
Ducommun	X	X	US $737
Magellan Aerospace Corp	X	X	$752
AeroVironment Inc. pension	X	X	US $240
LMI Aerospace Inc.	X	X	US $413
Astronics Corp	X	X	US $340
Sparton Corp	X	X	US $266
Kratos Defence & Security	X	X	US $951
Tecumseh Product	X	X	US $824
Breeze-Eastern Corp	X	X	US $80
CPI Aerostructure Inc	X	X	US $83
Sifco Industries	X	X	US $116

Components of the Compensation Policy

The compensation policy consists of the sum of

- 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.

Salary

The Corporation's salary policy is to pay salaries for executive officers around the 25th 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 with a minimum of 80% and a maximum of 120% of a salary mid-point. 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 the possibility to earn an annual bonus provided the Corporation achieves or exceeds its 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 fiscal year's budget. The annual bonus rests in the achievement of the budgeted net income for the President and Chief Executive Officer, the Vice-President and Chief Operating Officer, the Executive Vice-President, Business Development and Special Projects and the Chief Financial Officer, and the return on net utilized assets ("RONA") and operating income for the Managing Director, UK Region. The combination of salary and annual bonus target between the 25th percentile and the 50th percentile of the Comparator Group.

The 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 some Named Executives (as hereinafter defined) depending on the level of achievement.

The Named Executives of the Corporation are the President and Chief Executive Officer, the Chief Financial Officer and the Corporation's three most highly compensated executive officers (the "**Named Executives**").

The final 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:

For positions with corporate responsibilities:

- 100% of the target bonus is based on the Corporation's performance as a whole.

For positions with product line and/or business unit responsibilities:

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

The following table summarizes the details of the annual incentive compensation:

Position	Performance Measures	Weighting	Threshold Levels
President & Chief Executive Officer; Executive Vice President, Business Development & Special Projects; the Chief Financial Officer	The Corporation's Net Income	100%	Treshold set slightly higher than previous year's Net Income
Vice President and Chief Operating Officer	The Corporation's Net Income & Landing Gear product line, RONA and Operating Income	100% (1) 50% (1) 50% (1)	Tresholds set below previous year's RONA and Operating Income
Managing Director, UK Region	The UK Region, RONA and Operating Income	50% 50%	Thresholds set higher than previous year's RONA and Operating Income

1) The Vice President and Chief Operating Officer was promoted from Vice President, General Manager, Landing Gear on November 1, 2014. His bonus formula was changed to 100% based on the Corporation's Net Income as of that date.

For fiscal years ended March 31, 2015 and 2014, the Corporation used adjusted net income, which excludes non-recurring charges, net of taxes, to assess its financial performance. This financial measure is not prescribed by IFRS. However, the Corporation's management considers these metrics to be useful information to assist in evaluating the Corporation's profitability, liquidity and ability to generate funds to finance its operations and capital investment needs.

The Human Resources Committee has concluded that it would be seriously prejudicial to the Corporation's interests to publicly disclose the level of performance that is associated with threshold, target and maximum achievement for each performance measure of the annual incentive compensation, namely: Net Income, Rona and Operating Income. The levels of these metrics could be used by competitors to infer conclusions about confidential strategic priorities of the Corporation. In addition, the disclosure of these metrics may generate confusion with the financial guidance provided to shareholders in the Corporation's annual and quarterly earnings releases. The targets are intended to be challenging – neither impossible nor easy to achieve.

The Corporation's achievement of financial objectives and performance as a whole and per product line for the fiscal year ended March 31, 2015 ranged from 0 % to 148 %, and from 113 % to 134 % for the Named Executives.

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 adjusted to better reflect the overall performance of the Corporation and exceptional market conditions. The Human Resources Committee also reserves the right to recommend to the Board 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.

Based on its review, the Human Resources Committee approved the following individual payout factor for each of the following Named Executives in connection with payment of the short term incentive to each of them:

Named Executives	Individual Payout Factor
Gilles Labbé	101%
Réal Bélanger	103%
Stéphane Arsenault	110%
Martin Brassard	129%
Michael Meshay	138%

Accordingly, based on the Human Resources Committee's assessment of the fiscal 2015 corporate objectives and on the individual performance for the fiscal year ended March 31, 2015, the following Annual Incentive Compensation, will be paid in fiscal year 2016 to each Named Executive:

Named Executives	Annual Incentive Compensation	% of Salary
Gilles Labbé	$425,000	98%
Réal Bélanger	$268,000	90%
Stéphane Arsenault	$181,000	85%
Martin Brassard	$274,000	90%
Michael Meshay	$179,000	63%

Long-term Incentive Compensation

Stock Option Plan

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 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 does not have 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 for a period of up to 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 period following termination of employment (or such other extended period as may be determined at the discretion of the Board), and 180 day period following death or retirement.

Employee Stock Purchase Plan

On September 2, 2004, the Board of the Corporation has also approved an employee stock purchase plan to incent 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.

Performance Share Unit Plan

The performance share unit plan (the “PSU Plan”) for management and key employees of the Corporation and its subsidiaries was adopted by the Board on August 6, 2014 and is intended to enhance the Corporation’s ability to attract and retain qualified management and key employees, to promote a proprietary interest in the Corporation and to focus management and key employees on operating and financial performance, corporate strategies and total long-term shareholders’ return.

The PSU Plan is administered by the Human Resources Committee. The PSU Plan enables the participants to receive upon fulfillment of certain performance vesting conditions, a cash amount equal to the market price of a common share on the determination date for each vested PSU (the “PSU Payment”). The number of PSUs to be granted is determined on the basis of the market value of the common shares of the Corporation traded on the TSX, for the five trading days preceding the date of the award of the PSUs.

The PSU payments are made on the earlier of i) the expiry date of the PSUs (provided that such PSU Payments cannot be made later than December 31st of the third calendar year following the calendar year in which the PSUs were awarded) or ii) the termination of employment, provided that the termination is for disability, death or retirement. In such cases of termination, the PSUs become vested on a pro rata basis as of the date of termination. In all other cases of termination, the PSUs are terminated without further payment.

At March 31, 2015, 115,879 PSUs were outstanding.

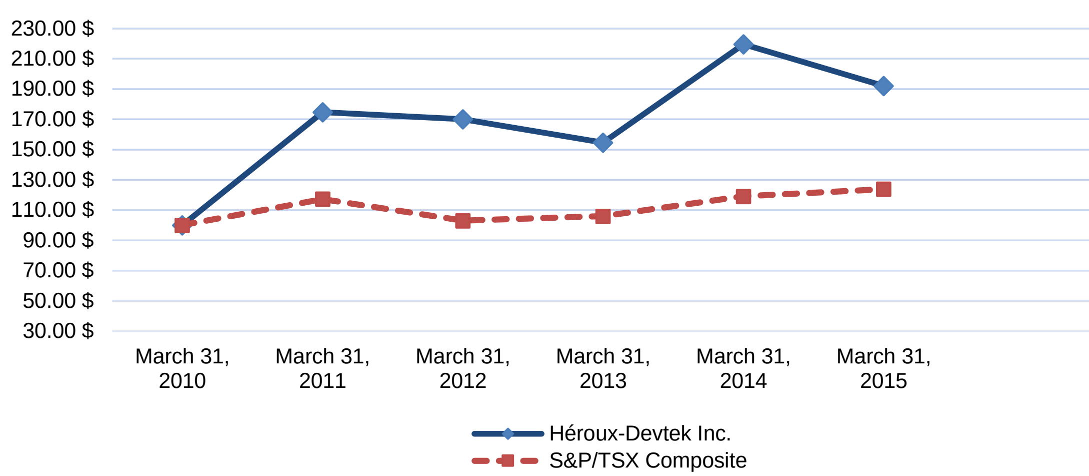
Benefits and Perquisites

The Corporation’s executive officers benefit program includes life, medical, dental and disability insurance. Perquisites may 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, 2010 with the cumulative total return of the Toronto Stock Exchange’s S&P/TSX Composite Index (formerly TSE-300 Index) for the five most recently completed fiscal years up to March 31, 2015.

Performance Graph



	March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
Héroux-Devtek	$100.00	$174.66	$170.06	$154.51[(1)]	$219.58	$191.94
S&P/TSX	$100.00	$117.27	$102.94	$105.92	$119.09	$123.80

(1) After payment of the Special Distribution of $5.00.

The trend shown by the above graph is a positive total cumulative return for a shareholder over the past five years. During the same five year period, total compensation received by the Named Executives is generally in line with the trend.

In 2014, the CEO's pay trend was compared with the trend in total shareholders' return over the latest five years. At that time, the difference in the trend rates, weighted to reflect recent history as suggested by proxy advisory firms was not material and did not raise any concern.

Preliminary tests were also performed to assess Héroux-Devtek's CEO's compensation relative to the compensation of CEOs from a selected group of Canadian and US companies from the Aerospace and Defence industry, with revenues and market capitalization comparable to Héroux-Devtek in compliance with advisory firms' compensation comparator group selection guidelines.

The tests with respect to both the percentile ranks of the CEO's pay and the total shareholders' return over three years and the CEO's pay as a multiple of the estimated median CEO pay of the Comparator Group, indicated no material pay and performance disconnect. Based on such results, there appeared to be no material disconnect between the CEO's total compensation and the total shareholders' return.

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 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 ($)	All other compensation ($) (4)	Total compensation ($)
					Annual incentive plans(3)	Long-term incentive plans			
Gilles Labbé President and Chief Executive Officer	2014/15 2013/14 2012/13	432,941 430,787 430,787	362,415 - -	74,655 457,310 -	425,000 387,000 357,000	- - -	128,500 127,200 108,100	33,161 232,500 348,561	1,456,672 1,634,797 1,244,448
Réal Bélanger Executive Vice-President, Business Development and Special Projects	2014/15 2013/14 2012/13	297,548 291,565 290,064	184,995 11,603 11,390	41,959 290,063 -	268,000 215,000 206,000	- - -	84,100 128,300 112,700	22,313 142,984 216,520	898,915 1,079,515 836,674
Stéphane Arsenault Chief Financial Officer	2014/15 2013/14 2012/13	212,100 194,167 167,338	64,097 7,400 5,334	38,976 114,328 -	181,000 115,000 76,000	- - -	10,605 9,708 8,367	10,025 55,602 55,748	516,803 496,205 312,787
Martin Brassard Vice-President and Chief Operating Officer	2014/15 2013/14 2012/13	303,406 291,501 282,502	182,632 8,475 8,205	173,570 297,252 -	274,000 205,000 165,000	- - -	12,727 12,210 12,035	8,938 107,971 9,293	955,273 922,409 477,035
Michael Meshay (5) Plant Manager UK Region	2014/15 2013/14 2012/13	284,800 - 74,456	29,267 - 4,259	- 114,328 -	179,000 - -	- - -	- - -	- - -	493,067 114,328 78,715

(1) Share-based Awards were made under the Purchase Plan (as defined hereinafter) and the PSU Plan (as defined hereinabove). The Corporation granted PSUs pursuant to the PSU Plan during the fiscal year ended March 31, 2015. Value of Share-based Awards represents the Corporation's contribution under the Purchase Plan and the PSU grant date value on August 15, 2014. The PSU grant date value is equal to the number of PSUs granted multiplied by the weighted average trading price during the five trading days preceding the grant date of the Common Shares ($11.34). These amounts do not reflect the current value of the PSUs or the value, if any, that may be received when the PSUs are vested.

(2) Value of options is theoretical-expected values calculated at the date of grant using the binomial lattice model assuming a 4.5 year expected life, expected volatility of 40% based on the Corporation history, expected forfeiture not exceeding 4.8%, no expected dividend distribution and a compounded risk-free rate of 1.7%.

(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 other compensation includes other benefits related to car usage or allowance and others. In fiscal 2014, it also included a special remuneration, following the APPH acquisition and the Boeing Contract.

(5) Mr. Michael Meshay joined the Corporation on February 3, 2014 as Managing Director, immediately following the acquisition of APPH by the Corporation. Previously, Mr. Michael Meshay worked for the Corporation up to July 16, 2012, as Vice-President and General Manager of the Industrial Division sold in fiscal 2013 to Precision Casparts Corporation ("PCC").

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[2] ($)**	**Option expiration date**	**Value of unexercised in-the-money options[3] ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested[4] ($)**	**Market or payout value of vested share-based awards not paid out or distributed [4] ($)**
Gilles Labbé	43,800 100,000 17,775	3.01 11.71 11.31	Aug. 2018 Feb. 2021 Aug. 2021	306,162 - -	11,638	118,708	207,274
Réal Bélanger	4,600 8,000 65,000 10,259	1.31 3.01 11.71 11.31	Aug. 2017 Aug. 2018 Feb. 2021 Aug. 2021	39,974 55,920 - -	8,436	85,493	239,934
Stéphane Arsenault	2,800 4,200 3,000 25,000 9,280	1.31 4.09 3.01 11.71 11.31	Aug. 2017 Jan. 2018 Aug. 2018 Feb. 2021 Aug. 2021	24,332 24,822 20,970 - -	3,839	38,822	60,967
Martin Brassard	4,600 8,000 65,000 10,469 30,000	1.31 3.01 11.71 11.31 11.45	Aug. 2017 Aug. 2018 Feb. 2021 Aug. 2021 Nov. 2021	39,974 55,920 - - -	7,750	78,637	212,277
Michael Meshay	25,000	11.71	Feb. 2021	-	1,858	18,854	28,336

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

(2) The exercise price of options outstanding at the time of the Special Distribution was adjusted downward by 4.63 $. The adjustment is equal to the difference between: i) the 5-day VWAP of the Common Shares immediately prior to such Common Shares trading on an "ex-distribution" basis (as such term is defined in the policies of the TSX); and ii) the 5-day VWAP of the Common Shares immediately after the Common Shares have commenced trading on an "ex-distribution" basis.

(3) This amount is calculated based on the difference between the closing share price at the end of the fiscal year 2015 and the option exercise price. On March 31, 2015, being the last business day of the fiscal year 2015, the closing price of the Corporation's Common Shares on the TSX was $10.00 (HRX-T).

(4) This amount when calculated to establish the value of the Common Shares under the Purchase Plan is calculated based on the closing share price at the end of the fiscal year 2015. On March 31, 2015, being the last business day of the fiscal year 2015, the closing price of the Corporation's Common Shares on the TSX was $10.00 (HRX-T). The value of share unit for the PSU plan is calculated using the average weighted trading price for the five trading days preceding March 31, 2015, being the last trading day in the fiscal year 2015 ($10.20). PSUs were valued assuming that performance measures will be met at 100%.

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	116,946	207,274	425,000
Réal Bélanger	76,706	109,528	268,000
Stéphane Arsenault	32,020	33,785	181,000
Martin Brassard	76,706	107,444	274,000
Michael Meshay	-	6,997	179,000

(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) and the PSU Plan (as defined hereinabove).

(3) These amounts represent bonuses earned in the fiscal year 2015 but paid in the fiscal year 2016 – Please refer to the "Compensation Discussion and Analysis - Annual Incentive Compensation" and "Summary Compensation Table" 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 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, the Board may designate officers and full-time key employees of the Corporation or its 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 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 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 TSX, for 30 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement, as determined by the Board 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 0.95% of the issued and outstanding Common Shares as at June 12, 2015).

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 7.81% of the Common Shares outstanding as at June 12, 2015) 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, 2015, 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	747,346	9.84	1,095,128
Equity Compensation Plans of the Corporation not approved by the shareholders	Nil	Nil	Nil
Total:	747,346	-	1,095,128

During the fiscal year 2015, 96,345 were granted under the Stock Option Plan at a weighted-average grant price of $11.35 and 38,092 Common Shares were issued to the participating employees under the Purchase Plan.

As at June 12, 2015, 747,346 Common Shares were issuable upon the exercise of outstanding options representing 2.08% of the issued and outstanding Common Shares. Such options were exercisable at exercise prices ranging from $1.31 to $11.71 per share and were due to expire up to November 23, 2021.

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, 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 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 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 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?

No modifications were made to the Purchase Plan and Stock Option Plan during fiscal year ended March 31, 2015.

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 explained above, 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 corporation (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 PLANS

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% for his credited service up to age 60, subject to a maximum of 60% of his Average Earnings, and 2% thereafter, while the percentage for Gilles Labbé is 2% for all his credited service 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	32.52	280,200	332,600	4,267,100	4,000	719,000	4,990,100
Réal Bélanger	21.82	184,500	204,400	2,787,800	-50,600	443,100	3,180,300

(1) Number of years of credited service as at March 31, 2015.
(2) The annual lifetime benefit at year end is based on years of credited service and pensionable earnings as at March 31, 2015. 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, 2015.
(3) The accrued obligation at start of year is the value of the accrued retirement benefits as at March 31, 2014 based on assumptions and methods in respect of fiscal year ended March 31, 2014, 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, 2015 based on assumptions and methods in respect of fiscal year ended March 31, 2015, 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.

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)
Stéphane Arsenault	235,900	11,480	44,405	291,785
Martin Brassard	389,200	13,961	55,606	458,767

(1) The accumulated value at start of year is the account balance as at March 31, 2014.
(2) The compensatory component represents the amount of employer contributions from April 1st, 2014 to March 31, 2015.
(3) The non-compensatory component represents the amount of employee contributions and investment earnings from April 1st, 2014 to March 31, 2015.
(4) The accumulated value at year end is the account balance as at March 31, 2015.

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(1)	Severance Payments	Maximum Payments	Total Estimated Payments(2)
Gilles Labbé	18 months + one month per year of service	30 months	1,900,923
Réal Bélanger	12 months + one month per year of service	24 months	1,005,060
Stéphane Arsenault	12 months + one month per year of service	18 months	546,281
Martin Brassard	12 months + one month per year of service	18 months	850,803

(1) The employment agreement for Mr. Michael Meshay does not provide for termination and change of control benefits.

(2) Including salary, benefits and value of in-the-money stock options vested as of March 31, 2015.

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 months following cessation of employment to exercise the options already vested.

Termination of Employment Following Change in Control

Named Executives(1)	Severance Payments	Maximum Payments	Total Estimated Payments(2)
Gilles Labbé	24 months + one month per year of service	36 months	3,065,496
Réal Bélanger	18 months + one month per year of service	30 months	1,560,920
Stéphane Arsenault	18 months + one month per year of service	24 months	816,887
Martin Brassard	18 months + one month per year of service	24 months	1,288,721

(1) The employment agreement for Mr. Michael Meshay does not provide for termination and change of control benefits.

(2) Including salary, benefits and value of in-the-money stock options vested as of March 31, 2015.

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 $25,000,000 per each loss and in the aggregate and policy year. For the twelve-month period ended March 31, 2015, the premium paid by the Corporation amounted to $87,250. When the Corporation is authorized or required to indemnify an insured, a deductible of $100,000 applies.

In addition to the above liability insurance coverage, an Excess Side A Directors and Officers' liability insurance policy was contracted with a coverage limit of $5,000,000 per claim and in the aggregate and policy year. The premium paid by the Corporation amounted to $11,750.

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, CPA auditor, CA, as independent auditors of the Corporation, at a compensation for their services to be determined by the Board.

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 19, 2015

François Renaud
Secretary

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