



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Héroux-Devtek Inc. (the "Company") will be held in the Salon "Saisons A" of the OMNI Mont-Royal Hotel, 1050 Sherbrooke Street West, in the City of Montréal, Québec, at 11:00 a.m., local time, on Wednesday, August 6, 2008, for the following purposes:

1. to receive the Consolidated Financial Statements of the Company for the year ended March 31, 2008 and the auditors' report thereon;
2. to elect directors;
3. to appoint the 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 General Meeting must be deposited with the Company c/o Computershare Trust Company of Canada, by mail to the address on the envelope provided herewith, or by personal delivery to 1500 University Street, Suite 700, Montréal, Québec, Canada H3A 3S8, not later than 5:00 p.m., local time, on Friday, August 1, 2008.

Dated at Longueuil, Québec, Canada this 4th day of July 2008.

By order of the Board of Directors,

(s) François Renaud

François Renaud , Corporate Secretary

IMPORTANT

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

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Héroux-Devtek Inc. (hereinafter called the “Company”) for use at the Annual General Meeting of the shareholders (the “Shareholders”) of the Company to be held on August 6, 2008 (hereinafter called the “Meeting”) and at every adjournment thereof. Solicitation will be primarily by mail but proxies may also be solicited by telephone, or personally by directors, officers or employees of the Company. The Company 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 the election of the directors specified in this Circular and for the appointment of the auditors named in this Circular and the fixing of their remuneration by the directors.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice relating to the Meeting and other matters which may properly come before the Meeting other than for the election of a director who would not be named in this Circular. At the date of this Circular, the management of the Company 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 Company, 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 Company are, as at July 4, 2008, the following:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
Gilles Labbé	4,402,001 ⁽¹⁾	13.91%
Caisse de dépôt et placement du Québec	4,237,183	13.39%
Howson Tattersall Investment Counsel Limited	3,753,299	11.86%
Natcan Investment Management Inc.	4,144,660	13.10%

(1) 4,372,501 Common Shares included in this number are held by 2635-6246 Québec inc. and 2945-0228 Québec inc., companies controlled by Mr. Gilles Labbé.

Appointment of Proxy

The persons named in the enclosed form of proxy are Executive Officers of the Company. **A Shareholder has the right to appoint a person, who need not be a Shareholder of the Company, 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 Trust Company of Canada, 1500 University Street, Suite 700, 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 July 4, 2008, 31,650,306 Common Shares, without nominal or par value, of the Company were outstanding. Holders of Common Shares of record at the close of business on July 7, 2008 will be entitled to one vote for each such share held by them except to the extent that a person has transferred any shares after the record date and the transferee of such shares establishes proper ownership of such Common Shares and demands, not later than 10 days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting.

Election of directors

The affairs of the Company are managed by a Board of Directors. The members of the Board are elected annually at each Annual Meeting of Shareholders to hold office until the next Annual Meeting unless, prior thereto, he or she resigns, or the office of such director becomes vacant by death, removal, or other cause. By resolution of the Board adopted on May 30, 2008, the precise number of directors has been fixed at seven. Therefore, a total of seven 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 Company and the number of Common Shares of the Company 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 Company he beneficially owns or over which he exercises control or direction, as at July 4, 2008. All nominees have served continuously as director of the Company since their appointment or first election in such capacity.

Name	Principal Occupation	Director Since	Number of Common Shares
Claude Boivin ⁽¹⁾ Quebec, Canada	Consultant and Member of various Boards of Directors	1994	18,000 ⁽³⁾
John M. Cybulski ⁽¹⁾ Florida, U.S.A.	Principal, Aeroglobe LLC (International Business Consulting Company) and Chairman of the Board of Héroux-Devtek Inc.	2004	110,900
Christian Dubé ⁽²⁾ Quebec, Canada	Vice-President and Chief Financial Officer, Cascades Inc. (leader in the production, conversion and the marketing of packaging products- boxboard, cartonboard-fine specialty papers and tissue papers made primarily with recycled fibre)	2004	5,000
Jean-Louis Fontaine ⁽²⁾ Quebec, Canada	Vice-Chairman of the Board and Director, Bombardier Inc.	1990	48,000 ⁽⁴⁾
Gilles Labbé Quebec, Canada	President and Chief Executive Officer, Héroux-Devtek Inc.	1985	4,402,001 ⁽⁵⁾
Brian A. Robbins ⁽²⁾ Ontario, Canada	President and Chief Executive Officer, Exco Technologies Limited (supplier of moulded and extruded parts for the automotive and industrial markets)	2000	40,000 ⁽⁶⁾
Louis Morin ⁽²⁾⁽⁷⁾ Quebec, Canada	Vice-President and Chief Financial Officer of Quebecor Media Inc. (Quebecor is one of Canada's largest media companies. It delivers services such as analog and digital broadcasting; cable and wireless telephone; Internet access; newspaper, magazine, and book publishing; and the distribution and retailing of a wide array of cultural products)	2008	-

- (1) Member of the Human Resources and Corporate Governance Committee.
- (2) Member of the Audit Committee.
- (3) These shares are held by Gestion Marclo Inc., a company controlled by Mr. Claude Boivin.
- (4) 4,000 Common Shares included in this number are held by Gestion Jean-Louis Fontaine Inc., a company controlled by Mr. Jean-Louis Fontaine.
- (5) 4,372,501 Common Shares included in this number are held by 2635-6246 Québec inc. and 2945-0228 Québec inc., companies controlled by Mr. Gilles Labbé.
- (6) These shares are held by 555319 Ontario Limited, a corporation wholly-owned by Mr. Brian A. Robbins and family.
- (7) Board member since March 2008.

Mr. Louis Morin was Senior Vice President and Chief Financial Officer of Bombardier Inc. from April 1999 until February 2003 and Chief Financial Officer of Bombardier Recreational Products Inc. until January 2006.

Helmut Hofmann, director of the Company since 2000, is no longer eligible to stand for re-election at the Meeting and he will cease to hold office on the Board at the Meeting. The Board intends to appoint Mr. Hofmann as an honorary director following the Meeting. Mr. Hofmann will attend Board and Human Resources and Corporate Governance Committee meetings and as such, will be receiving a compensation equivalent to the compensation paid to the elected directors of the Company acting in such capacities.

Audit Committee

Reference is made to Item 10 ("The Audit Committee") of the Company's Annual Information Form ("AIF") that contains the information required by section 5.1 and Form 52-110F1 of National Instrument 52-110 ("NI 52-110"). The Company'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 securityholder of the Company.

Corporate Governance Disclosure

The following discussion addresses the Company's position as at March 31, 2008 with respect to corporate governance practices, and has been prepared in accordance with National Instrument 58-101 and Form 58-101F1.

1. Board of Directors

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

Claude Boivin
John M. Cybulski
Christian Dubé
Jean-Louis Fontaine
Helmut Hofmann
Brian A. Robbins
Louis Morin

- (b) Gilles Labbé, as President and Chief Executive Officer of the Company, is not "independent" within the meaning of section 1.4 of NI 52-110.
- (c) A majority of the directors of the Company are "independent" within the meaning of section 1.4 of NI 52-110.
- (d) The following table sets forth the name of each director of the Company who is presently a director of another issuer that is a reporting issuer, the name of the other issuer, the market(s) on which the other issuers are listed or traded and the list of any board committees with the other issuer(s) on which the director is a member:

Name of the Director	Other Reporting Issuer		
	Name	Market listed	Board Committee of the other issuer
Claude Boivin	CGI Group Inc.	TSX NYSE	Chair of the Corporate Governance Committee and member of the Human Resources Committee.
	GLV Inc.	TSX	Member of the Corporate Governance and Human Resources Committee and of the Audit Committee.
	Boralex Power Income Fund	TSX	Chairman of the Board of Trustees and member of the Audit Committee, of the Governance Committee and of the Environment, Health and Safety Committee.
Jean-Louis Fontaine	Bombardier Inc.	TSX	Vice-Chairman of the Board and Director, Bombardier Inc.
Brian A. Robbins	Exco Technologies Limited ⁽¹⁾	TSX	
	AirBoss of America Corp.	TSX	Chair of the Audit Committee.

⁽¹⁾ Interlocking directorships.

- (e) The “independent directors” do not hold regularly scheduled meetings at which members of management are not in attendance, but they have at least two meetings a year at which members of management are not in attendance and hold *in camera* sessions without the members of management at each meeting of the Board where the independent directors so decide. While there are no formal structures in place to ensure that the Board of Directors can function independently of management, the Board of Directors of the Company is free to ask one or more members of management to withdraw during certain discussions and the directors of the Company would not hesitate to meet without the presence of the members of management who are also directors, including the President and Chief Executive Officer, if the circumstances were to so require.
- (f) The chairman of the Board, Mr. John M. Cybulski, is an “independent director” within the meaning of section 1.4 of NI 52-110. As chairman of the Board, he manages the business of the Board and ensures that the functions identified in its mandate are being effectively carried out by the Board and its committees. In addition to ensuring the operation of the Board, the Chairman performs the following functions:
1. in consultation with the President and Chief Executive Officer, he prepares the agenda for each meeting of the Board;
 2. he ensures that all directors receive the information required for the proper performance of their duties;
 3. he ensures that the appropriate committee structure is in place and makes initial recommendations for appointment to such committees;

4. in consultation with the Chair of the Human Resources and Corporate Governance Committee, he ensures that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committee and individual directors, which may include the use of director questionnaires and interviews of each director on his or her performance, and makes recommendations for changes when appropriate; and
 5. he works with the President and Chief Executive Officer and senior management to monitor progress on strategic planning, policy implementation and succession planning.
- (g) The following table summarizes for each of the directors the number of board and committee meetings they have attended since the beginning of the most recently completed financial year:

Director	Board Meetings ⁽¹⁾	Audit Committee Meetings	Human Resources and Corporate Governance Committee Meetings
Claude Boivin	6 of 8	-	4 of 4
John M. Cybulski ⁽²⁾	8 of 8	2 of 2	2 of 2
Christian Dubé	6 of 8	4 of 4	-
Jean-Louis Fontaine ⁽³⁾	7 of 8	1 of 2	2 of 2
Helmut Hofmann	7 of 8	-	3 of 4
Gilles Labbé	8 of 8	-	-
Pierre Marcouiller ⁽⁴⁾	2 of 2	-	2 of 2
Brian A. Robbins	7 of 8	4 of 4	-
Louis Morin ⁽⁵⁾	1 of 1	-	-

⁽¹⁾ Including two meetings held by telephone conference.

⁽²⁾ In August 2007, ceased to be a member of the Audit Committee and became a member of the Human Resources and Corporate Governance Committee.

⁽³⁾ In August 2007, ceased to be a member of the Human Resources and Corporate Governance Committee and became a member of the Audit Committee.

⁽⁴⁾ No longer a director since August 2007.

⁽⁵⁾ Director since March 2008.

2. Board Mandate

Role of the Board

The Board of Directors is elected by the Company's shareholders to supervise, directly and through its committees, the management of the business and affairs of the Company, which are conducted by its officers and employees under the direction of the President and Chief Executive Officer ("CEO").

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

Duties and Responsibilities of the Board

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

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

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

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

senior management – overseeing the selection, evaluation and compensation of the CEO and senior management and monitoring succession planning;

maintaining integrity – reviewing and monitoring the controls and procedures within the Company 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 Business Conduct;

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

CEO – reviewing and approving, upon the recommendation of the Human Resources and Corporate Governance Committee, the appointment, compensation, and performance of the CEO and the succession plan for him and senior managers;

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

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

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

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

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

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

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

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

corporate governance monitoring – developing and monitoring, through the Human Resources and Corporate Governance Committee, the system of corporate governance of the Company.

Composition and Procedures

Size of Board and selection process – The Human Resources and Corporate Governance Committee of the Board maintains an overview of the desired size and profile of the Board, the need for recruitment and the expected experience of new candidates. The size of the Board must be sufficient in number to ensure a diversity of skills and perspectives and to provide useful experience to the Board supervising the management of the Company as well as to staff on the various Board committees, while allowing the Board to function efficiently and effectively. In March 2008, the number of directors was increased from seven to eight directors and Mr. Louis Morin has been appointed director of the Company. The Human Resources and Corporate Governance Committee reviews and recommends to the Board the candidates for nomination as directors. The Board approves the final choice of candidates for nomination and election by the shareholders. Between annual meetings, the Board may appoint directors to serve until the next annual meeting.

Qualifications – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Company. They should possess skills and competencies in areas that are relevant to the Company'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 NI 52-110.

Chairman of the Board – The Board 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 President and Chief Executive Officer.

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 Company expects from its directors), and the nature and operation of the Company's business.

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

The independent directors have at least two meetings a year at which members of management are not in attendance and hold *in camera* sessions without the members of management at each meeting of the Board where the independent directors so decide.

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

Evaluation – The Human Resources and Corporate Governance 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.

Compensation – The Human Resources and Corporate Governance Committee recommends to the Board the compensation for non-management directors. In reviewing the adequacy and form of compensation, the committee seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Company and aligns the interests of the directors with the best interests of the shareholders.

Access to independent advisors – The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Company. 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 and Corporate Governance Committee. Any director may also, subject to the approval of the Chairman of the Board or of the Chair of the Human Resources and Corporate Governance Committee, retain an outside advisor at the expense of the Company.

Retirement Age – A director who has attained the age of 75 prior to the annual shareholders' meeting in any year shall retire from office at such annual meeting.

3. Position Descriptions

- (a) The Board has developed a written position description for the chairman of the Board (see paragraph 1 (f) above). The Board has not deemed necessary to develop a written position description for the chair of each board committee; however, the written mandate of each board committee provides that the chair of the committee is appointed by the Board of Directors.
- (b) The Board and the CEO have developed a written position description for the CEO. Pursuant to such position description, the CEO provides leadership of the Company and, subject to approved policies and direction by the Board of Directors, manages the business and affairs of the Company and oversees the execution of its strategic plan. In addition to managing the business and affairs of the Company, the CEO performs the following functions:
 1. **presents** to the Board for approval a strategic plan for the Company including the strategies to achieve that plan, the risks and alternatives to these strategies and specific steps and performance indicators, which will enable the Board to evaluate progress on implementing such strategies;
 2. **proposes** to the Board for approval annual capital and operating plans to implement the Company's strategies together with key financial and other performance goals for the Company's activities and reports regularly to the Board on the progress against these goals;
 3. **acts** as the primary spokesperson for the Company to all its stakeholders;
 4. **presents** to the Board for approval annually an assessment of the senior management of the Company together with a succession plan that provides for the orderly succession of senior management including the recruitment, training and development required;
 5. **recommends** to the Board the appointment or termination of any officer of the Company other than the Chair;
 6. **together** with the Company's Chief Financial Officer, establishes and maintains disclosure controls and procedures, and internal controls and procedures for financial reporting appropriate to ensure the accuracy and integrity of the Company's financial reporting and public disclosures; and
 7. **ensures** that the Company is in full compliance with applicable laws and regulations and with its own policies.

4. Orientation and Continuing Education

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

5. Ethical Business Conduct

- (a) On February 10, 2005, the Board adopted a *Code of Conduct* to help the Company's directors, officers and employees take a consistent approach to key integrity issues.

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

- (b) The Company is not aware that any of its directors, officers, nominees for election as directors, other insiders of the Company 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 Company's most recently completed financial year or in any proposed transaction which has materially affected or is likely to materially affect the Company or any of its subsidiaries. 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 and Corporate Governance 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 Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve. The Human Resources and Corporate Governance Committee is composed of the Chairman of the Board of the Company and two independent directors.

7. Compensation

The Human Resources and Corporate Governance 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 and Corporate Governance Committee.

9. Assessments

The Human Resources and Corporate Governance 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 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 Committee contacts each director separately in order to discuss their answer to the questionnaires. The 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 Committee recommends changes to enhance the performance of the Board based on the survey feedback.

Compensation of directors

Retainer and Attendance Fees

The Board approved an increase in the annual retainer fees payable to the Chairman of the Board following the appointment of John M. Cybulski as Chairman of the Board, in August 2007. 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. The following table sets out the annual retainer and meeting attendance fees payable to directors of the Company .

Annual Retainer Fees

	Board	Audit Committee	Human Resources and Corporate Governance Committee
Chair	US\$30,000 ⁽¹⁾	\$7,500	\$5,000
Members (Other than Chair)	\$15,000	\$2,500	\$2,000

⁽¹⁾ Annual Retainers Fees have been increased in August 2007.

Attendance Fees Per Meeting⁽¹⁾

Board Members	Audit Committee Members	Human Resources and Corporate Governance Committee Members
\$1,000	\$1,000	\$1,000

⁽¹⁾ Each member receives 50% of the attendance fees if the meeting is conducted by telephone conference.

Total director compensation for the most recent completed fiscal year

Six directors, who are neither executive officers nor employees of the Company received in the aggregate \$249,738 for their services in their capacity as directors of the Company during the fiscal year ended March 31, 2008.

Individual director compensation for the most recent completed fiscal year

	Annual Retainer Fees \$	Attendance Fees \$	Expenses	Total Fees Paid \$
Claude Boivin	20,000	9,500	—	29,500
John M. Cybulski ⁽¹⁾	US\$26,000	US\$11,000	US\$6,522	US\$43,522
Christian Dubé	22,500	9,000	—	31,500
Jean-Louis Fontaine	17,250	9,000	1,258	27,508
Helmut Hofmann	19,000	9,000	21,670	49,670
Gilles Labbé ⁽²⁾	—	—	—	—
Pierre Marcouiller ⁽³⁾	32,607	4,000	—	36,607
Brian A. Robbins	17,500	10,000	1,681	29,181
Louis Morin	1,250	1,000	—	2,250

⁽¹⁾ Acting as Chairman of the Board since August 2, 2007 and his annual retainer fees in such capacity are fixed at US\$30,000 with US\$1,000 attendance fees.

⁽²⁾ Mr. Gilles Labbé is President and Chief Executive Officer of the Company and does not receive any director fees.

⁽³⁾ Mr. Marcouiller is no longer a director of the Company since August 2007. The Annual retainer fees include \$26,940 paid under the SAR Plan (as defined hereinafter).

Share Ownership Requirements

In order to meet best corporate governance practices, on February 8, 2007, upon recommendation of the Committee, the Board approved the introduction of a minimum share ownership requirement for members of the Board. This minimum requirement was set at an amount equal to five times the amount of the annual retainer fees payable to members of the Board, being 5 x \$15,000. Directors have a period of three years to comply with this requirement.

Stock Appreciation Rights Plan (the "SAR Plan")

The SAR Plan for non-employee directors adopted by the Board of Directors in September 2001 and amended in September 2003 is intended to enhance the Company's ability to attract and retain high quality individuals to serve as members of the Board and participate in the Company's long-term success and to promote a greater alignment of interests between the Company's non-employee directors and its shareholders.

The SAR Plan is administered by the Human Resources and Corporate Governance Committee (the "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 Company traded on the Toronto Stock Exchange, for the five trading days preceding the date of the award of the SAR. Effective August 4, 2006, the Board approved upon the recommendation of the Committee, an increase in the annual grant of SARs to non-employee directors from 2,500 per year to 4,000 per year.

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

of the Board, who approved same on the same date. These modifications are effective retroactively and are applicable to the outstanding SARs.

At March 31, 2008, on a cumulative basis, 95,500 SARs were still outstanding at a weighted-average granted value of \$6.53 (88,000 SARs at a weighted-average granted value of \$5.42 at March 31, 2007), which expire at various dates between fiscal years 2009 and 2014.

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 Company for the three most recent completed fiscal years in respect of the Chief Executive Officer, Chief Financial Officer and the Company's three most highly compensated executive officers (the "Named Executives").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All other Compensation
		Salary ⁽¹⁾	Bonus ⁽¹⁾	Other Annual Compensation ⁽²⁾	Securities Under Options Granted	
		(\$)	(\$)	(\$)	(#)	
Gilles Labbé President and Chief Executive Officer	2007/08	384,000	552,600	-	90,000	-
	2006/07	368,750	371,700	-	85,000	-
	2005/06	350,000	210,000	-	-	-
Réal Bélanger Executive Vice-president and Chief Financial Officer	2007/08	260,000	310,000	-	40,000	-
	2006/07	252,250	217,900	-	50,000	-
	2005/06	245,500	135,000	-	37,000	30,000
Martin Brassard ⁽³⁾ Vice-President, General Manager, Landing Gear Division	2007/08	232,000	200,000	-	35,000	-
	2006/07	213,750	177,000	-	60,000	-
	2005/06	188,125	100,000	-	50,000	-
Richard Rosenjack ⁽⁴⁾ Vice-President, General Manager Aerostructure Division	2007/08	US254,994	US250,000	-	30,000	-
	2006/07	US247,700	US164,700	-	35,000	-
	2005/06	US156,808	US86,000	-	25,000	US50,000
Michael Meshay ⁽⁵⁾ Vice-President, General Manager Gas Turbine Components Division	2007/08	US217,453	US210,000	-	23,000	-
	2006/07	US204,500	US50,000	-	25,000	-
	2005/06	US132,307	-	-	25,000	-

⁽¹⁾ Represents salary and bonus amounts earned in the corresponding fiscal year.

⁽²⁾ The value of perquisites for each Named Executive is indicated when such value is equal to or exceeds \$50,000 or 10 percent of the total annual salary and bonus.

⁽³⁾ Mr. Martin Brassard has taken up his duties on May 15, 2005. Prior to such date, Mr. Brassard was Vice-President, Control and Information Technology of the Company and he was not part of the Named Executives.

⁽⁴⁾ Mr. Richard Rosenjack has taken up his duties on July 25, 2005.

⁽⁵⁾ Mr. Michael Meshay has taken up his duties on July 26, 2005.

**OPTIONS GRANTED TO NAMED EXECUTIVES DURING
THE FISCAL YEAR ENDED MARCH 31, 2008**

Name	Common Shares under Options granted	% of total options granted to employees in fiscal year	Exercise price	Trading value of securities on the date of grant	Expiration date
	(#)	(%)	(\$Can/title)	(\$Can/title)	
Gilles Labbé	90,000	25.35%	9.90	9.90	August 20, 2014
Réal Bélanger	40,000	11.27%	9.90	9.90	August 20, 2014
Martin Brassard	35,000	9.86%	9.90	9.90	August 20, 2014
Richard Rosenjack	30,000	8.45%	9.90	9.90	August 20, 2014
Michael Meshay	23,000	6.48%	9.90	9.90	August 20, 2014

**AGGREGATE OPTIONS EXERCISED BY NAMED EXECUTIVES DURING THE FISCAL YEAR ENDED
MARCH 31, 2008 AND NON REALIZED PROFITS ON UNEXERCISED OPTIONS AT THE END OF
THE FISCAL YEAR**

Name	Securities acquired on exercise	Aggregate value realized	Unexercised options at FY-End		Value of unexercised in-the-money options at FY-End ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
	(#)	(\$)	(#)	(#)	(\$)	(\$)
Gilles Labbé	—	—	153,706	197,331	283,079	339,843
Réal Bélanger	—	—	127,346	126,307	281,970	298,035
Martin Brassard	—	—	58,019	133,335	126,508	331,605
Richard Rosenjack	—	—	8,333	81,668	34,663	181,687
Michael Meshay	—	—	8,333	64,668	34,663	149,587

⁽¹⁾ On March 31, 2008, the closing price of the Common Shares was \$8.00 (HRX-T).

Security-Based Compensation Arrangements

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

The Purchase Plan

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

The Stock Option Plan

Under the Company's Stock Option Plan (the "Plan") established in 1986, as amended in 1988, 1990, 1996, 1998, 1999, 2000, 2002, 2003, 2006 and 2007, the Board of Directors may designate officers and full-time key employees of the Company or its business units or subsidiaries as eligible employees under the Plan, and may grant to such eligible employees options to purchase Common Shares of the Company. The purpose of the Plan is to provide an additional incentive for the Company's officers and key employees to promote the interests of the Company to the best of their ability.

Who is eligible to participate?

The Purchase Plan

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

The Stock Option Plan

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

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

The Purchase Plan

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

The Stock Option Plan

The options are awarded by means of a stock option agreement entered into in this regard with each beneficiary. Options generally may be exercised after the first anniversary of the date of grant until the seventh anniversary of the date of grant, subject to a vesting schedule upon each anniversary at a rate set forth in the agreement, provided that the average closing price of the Common Shares on the Toronto Stock Exchange (the "TSX"), for 20 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement, as determined by the Board of Directors on the recommendation of the Human Resources and Corporate Governance Committee at the time of the grant of the options.

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

The Purchase Plan

The maximum number of Common Shares made available for the Purchase Plan shall not exceed 340,000 (representing approximately 1% of the issued and outstanding Common Shares as at July 4, 2008).

The Stock Option Plan

Following an increase in the number of shares which may be issued under the Plan, which was approved by the shareholders at the annual meeting held on August 3, 2006, the total number of said issuable shares shall not exceed in the aggregate 2,808,257 Common Shares (representing approximately 8.9% of the Common Shares outstanding as at July 4, 2008) and the total number of shares in respect of which options may be granted to any one person under the 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, 2008, aggregated information for the Company's Purchase Plan and Stock Option Plan which are the only compensation plans under which equity securities of the Company 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 Company approved by the shareholders	1,274,221	\$6.68	657,558
Equity Compensation Plans of the Company not approved by the shareholders	Nil	Nil	Nil
Total:	1,274,221	N/A	657,558

During the fiscal year 2008, 27,702 Common Shares were issued and 12,279 Common Shares were attributed to the participating employees under the Purchase Plan.

As at July 4, 2008, 1,274,221 Common Shares were issuable upon the exercise of outstanding options representing 4% of the issued and outstanding Common Shares. Such options were exercisable at exercise prices ranging from \$3.84 to \$9.90 per share and were due to expire up to August 20, 2014.

What is the maximum percentage of securities available under the security-based compensation arrangements to Company'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 Company'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 Stock Option Plan

- (a) the number of Common Shares issued to one Insider pursuant to the 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 Plan to any one beneficiary shall not exceed 20% of the aggregate number of Common Shares issuable under the Plan, as amended from time to time;
- (c) annually, the number of Common Shares that may be issued pursuant to options granted to the President and Chief Executive Officer of the Company shall not exceed one third of the Common Shares that may be issued pursuant to all the options granted during the year under the Plan; and
- (d) the options granted to insiders pursuant to the 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 average closing price of the Company's Common Share on the TSX over the five trading days preceding the Common Share subscription. Also, the Company 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 Company'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 Company 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 Company 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 Company.

In the event that a participating employee retires (*de facto*, but after age 55), dies or becomes totally and permanently disabled (qualifying for the Company'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 Company, 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 Company or any subsidiary is terminated for any reason other than death or retirement (a "**termination of employment**"), any or all of the vested options held by such beneficiary which have not been previously exercised may be exercised, at any time during a maximum period of 90 days following the date of termination of employment, or such other extended period as may be determined at the discretion of the Board of Directors of the Company, 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 Plan, in the event the employment of a beneficiary is terminated for cause, the vested options held by such beneficiary which have not been previously exercised will only be exercisable on the next business day following the date of personal delivery of a written notice to the beneficiary confirming (i) such termination for cause and (ii) the requirement to exercise such vested options.

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

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

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

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

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

The Purchase Plan

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

The Stock Option Plan

The Board of Directors may, without the approval of the shareholders of the Company 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 Plan;
- (b) an addition to, deletion from or alteration of the 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 Plan or an option; and
- (d) any other amendment that does not require shareholder approval under the Plan.

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

- (a) any increase in the number of Common Shares reserved for issuance under the 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 Company.

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 2008.

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

Except for the Company's matching attribution, no financial assistance is provided by the Company 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 Company, 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 Company proposes to amalgamate, merge or consolidate with any other company (other than a wholly-owned subsidiary), or in the event of a change of control, as such term is defined in the Plan, the Company shall, upon notice thereof to each beneficiary holding options under the 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.

If an offer to purchase all of the outstanding Common Shares of the Company 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.

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 Company'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 Company, the extension would apply to all participants who have options which expire during the Blackout Period.

Pension Plan

Defined Benefit Pension Plan

The Company provides the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer with a contributory defined benefit pension plan. The contribution of each employee payable under this pension plan represents 5% of the annual base salary subject to the maximum limit under the income tax regulations. The benefits payable under this defined benefit pension plan are based on a percentage of the final Average Base Salary of the employee multiplied by his credited years of service. Pension benefits in excess of the amount that can be funded through the registered pension plan under the Income Tax Act are provided by an unregistered supplementary pension plan payable directly by the Company.

Named Executive	% of Final Average Base Salary ⁽¹⁾	Credited years of service	Maximum Defined Pension Benefits
Gilles Labbé	2.000%	26 years (from 1982)	-
Réal Bélanger	2.965%	15 years (from 1993)	60% of Final Average Base Salary

⁽¹⁾ Final Average Base Salary is based on the three (3) consecutive years within the 10 years of continuous employment before retirement or termination of employment, where base salaries were the highest.

The retirement benefits pursuant to the pension plan are payable from normal retirement date for life (with 60% continuance to the spouse); early retirement at age 55 or later is permitted subject to a 3% reduction per year if retirement occurs prior to attainment of age 60, completion of 30 years of service or the date the sum of the employee's age and years of service totals 80.

Benefits are payable upon death or termination of employment. Accrued pension benefits payable from normal retirement date as at March 31, 2008 are estimated at \$199,700 per annum for Mr. Gilles Labbé and at \$115,600 per annum for Mr. Réal Bélanger.

Defined Contribution Pension Plan

The Company also offers to the other Named Executives and to other key employees a defined contribution pension plan. The contributions payable under this pension plan, equally made by the employee and by the Company, each represents 5% of the annual base salary of the employee, subject to the maximum deductible amount under the income tax regulations.

Other Employment – Related Agreements

Gilles Labbé, Réal Bélanger and Martin Brassard

In October 2003, August 2004 and September 2005, the Company entered into standard employment agreements with Mr. Gilles Labbé, President and Chief Executive Officer, Mr. Réal Bélanger, Executive Vice-President and Chief Financial Officer and Mr. Martin Brassard, Vice-President and General Manager, Landing Gear Division (collectively the "Executive Officers" and individually an "Executive Officer") in order to define the terms and conditions of termination of employment of said individuals in the event of a change in control of the Company, as defined in such agreement. These agreements were entered into in order to ensure such senior executives would continue to adequately see to the best long-term interests of the Company.

Hence, for a period of two years following a change in control of the Company, the agreements provide that, if the purchaser terminates the employment of the Executive Officer (otherwise than for cause, or in the event of the disability or death of the Executive Officer) or if the Executive Officer terminates his or her employment for "any reason" in the 6 months following change in control or if the Executive Officer terminates his or her employment for a "sufficient reason" having to do with the terms and conditions of his employment (such as (i) a meaningful change in the position or reporting relationship of the Executive Officer or (ii) another change described in the agreements) in the 24 months from the change in control, the Executive Officer will be entitled to the payment of a severance package following termination of his or her employment. The severance package is primarily composed of the following elements, depending on the position held by the Executive Officer:

- (i) a lump sum amount equal to the base salary of the Executive Officer at time of termination, for a period of 18 or 24 months, plus one or two months for each full year of service, up to a maximum period of 24, 30 or 36 months; and
- (ii) a lump sum amount equal to the target bonus applicable to the position of the Executive Officer for the period set out in (i) above; and
- (iii) the continuation of employee benefits (ceasing upon re-employment) and the continuation of the accrual of pension benefits for the period set out in (i) above; perks are maintained for 90 days; and
- (iv) all stock options previously granted vest immediately and may be exercised up to 6 months following termination of employment.

Moreover, the Executive Officers undertake to not solicit the Company'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 Company for a period equal to the minimum severance period (18 or 24 months).

The agreements also determine, in exchange for undertakings on the part of the Executive Officers that they would not solicit the Company's customers or employees and that they would not compete with the Company, the terms and conditions of payment of a similar severance package in the context of cessation of employment in circumstances other than those provided for in the event of a change in control of the Company, stipulating that

- (i) the lump sum mentioned in (i) above is, for a period of 12 or 18 months, up to a maximum period of 18, 24 or 30 months;
- (ii) the lump sum mentioned in (ii) above is limited to the bonus that otherwise would have been payable for the fiscal year in which cessation of employment occurs, but prorated, provided the Executive Officer has completed at least six months of employment in said year;

- (iii) the continuation of employee benefits as set forth in (iii) above, but without continuation of the accrual of pension benefits; and
- (iv) only the options already vested may be exercised in the 6 month period following cessation of employment.

Report of the Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee (the "Compensation Committee") is composed of the following three directors: Claude Boivin (Chair), John M. Cybulski and Helmut Hofmann. Gilles Labbé, as President and Chief Executive Officer, attended the Compensation Committee meetings. However, Mr. Labbé did not participate in the discussions pertaining to the determination of his own remuneration or in matters of corporate governance. All the members of the Compensation Committee are independent within the meaning of NI 58-101.

The Compensation Committee has the responsibility to establish a compensation policy for the executive officers which is consistent with the Company's business plan, strategies and objectives. This Committee has, namely, the responsibility to analyse for the Board of Directors all questions relating to human resources planning, compensation for executive officers and other employees, short and long-term incentive programmes, employee benefits programmes, and recommends the appointment of executive officers. In such context, the Compensation Committee relies on the following principles and criteria to determine the compensation paid to executive officers:

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

Components of the Total Executive Compensation

The Total Executive Compensation Program consists of the sum of

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

Each of these elements, together with the Company philosophy with respect to same, is hereinafter detailed, except for benefits (which consist in a median value package of flexible life, medical, dental and disability insurance) and perquisites (which mainly consist of Company cars).

Base Salary

The Company's base salary policy is to pay base salaries for executive officers that are between the 50th percentile (median) and 55th percentile of the comparators' marketplace. All executive positions are evaluated and classified with a salary grade. For each salary grade, a salary scale set between a minimum of 80% and a maximum of 120% of the market's 50th to 55th percentile is developed. Salaries paid aim at the mid-point of this salary scale but reflect the individual's performance, tenure in the job, etc.

Annual Incentive Compensation

The Company offers executive officers and key employees of the Company and of its Divisions or business units the possibility to earn an annual bonus provided the Company achieves or exceeds its division/business unit financial objectives and provided the executive achieves specific personal objectives. The annual bonus for the divisional or business unit executives rests on two financial objectives set against the previous year results, namely Return on Net

Utilized Assets (RONA) and operating income; the annual bonus for corporate executives rests on budgeted net income and earnings per share.

The target bonuses for executive officers other than the President and CEO vary between 35% and 70% of base salary depending on the position occupied, with maximum bonuses not to exceed 120% of base salary for a given fiscal year.

Long-term Incentive Compensation

The establishing of a balance between short and long-term compensation is essential for the Company's performance. For this reason, the Company has adopted a Stock Option Plan in 1986 (amended in 1988, 1990, 1996, 1998, 1999, 2000, 2002, 2003, 2006 and 2007) allowing the grant of options to officers and certain key employees of the Company and its business units. Reference is made to the description of such plan under the heading "Stock Option Plan" above.

In general, the Board of Directors determines the number of options granted annually by multiplying the base salary of the employee by a multiple varying between 50% and 100%, established according to the level of responsibility and authority of such executive officer. The options are granted at market value at time of grant and may be exercised over seven years. 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 20 consecutive trading days, exceeds or equals the conditional share price set forth in the agreement at the time of the grant of the options. Rights are given to exercise the vested options within a 90 day or 180 day period following termination of employment, death or retirement.

On September 2, 2004, the Board of Directors of the Company has also approved an employee stock purchase plan to induce key employees to hold, on a permanent basis, Common Shares of the Company. Reference is made to the description of such plan under the heading "Stock Purchase and Ownership Incentive Plan" above.

President and CEO's compensation

The President and CEO's total compensation is established in accordance with the same principles and methodology described hereinabove for other executive officers; an annual review and evaluation of the President and CEO's performance is conducted as part of the setting of total compensation for a given fiscal year. As at March 31, 2008, the President and CEO's annual base salary was of \$387,500, representing a 3.2% increase compared to his annual base salary as at March 31, 2007.

As regards annual incentive (bonus) compensation, the President and CEO's target bonus is set at 70% of base salary with a maximum bonus of 170% to which may be added a percentage for personal contribution (maximum of 20% for a total maximum bonus of 190%) of base salary. For fiscal year 2007-2008, the President and CEO earned a bonus of \$552,600 based on the Company's performance and the achievement of personal objectives.

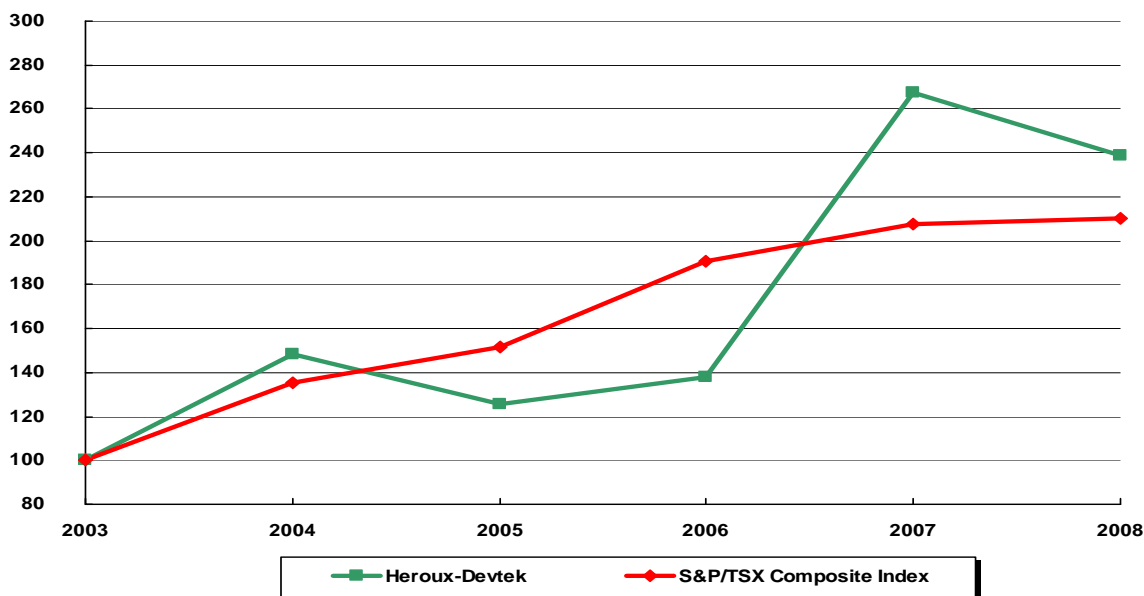
In 2007, a total of 90,000 options at an exercise price of \$9.90 were granted to the President and CEO by way of long term incentive compensation.

The Compensation Committee, whose members are listed below, has approved the publication of this report and its inclusion in this Circular:

Claude Boivin, President
Helmut Hofmann
John M. Cybulski

The following graph compares the total cumulative shareholder return for \$100 invested in the Company's Common Shares on March 31, 2002 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.

PERFORMANCE GRAPH



	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008
Héroux-Devtek	\$100	\$148.36	\$125.37	\$138.21	\$267.16	\$238.81
S&P/TSX	\$100	\$135.35	\$151.54	\$190.92	\$207.55	\$210.46

Transaction with Interested Parties

The Company is not aware that any of its directors, officers, nominees for election as directors, other insiders of the Company 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 Company's most recently completed financial year or in any proposed transaction which has materially affected or is likely to materially affect the Company or any of its subsidiaries.

Indebtedness of directors, Executive Officers and Senior Officers

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

Liability Insurance

The Company takes out liability insurance for the benefit of its directors and officers to cover them against certain liabilities contracted by them in such capacity. For the most recently completed financial year, this insurance provided for a coverage limit of \$20,000,000 per each loss and policy year. For the twelve-month period ended March 31, 2008, the premium paid by the Company amounted to \$100,000. When the Company is authorized or required to indemnify an insured, a deductible of \$100,000 applies.

Appointment and Remuneration of Auditors

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

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

Additional Information

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

(s) François Renaud

Longueuil, Québec
July 4, 2008

François Renaud
Corporate Secretary