NORTHSTAR AEROSPACE, INC.

DEFERRED SHARE UNIT PLAN

Effective as of January 1, 2010

Northstar Aerospace, Inc.
Deferred Share Unit Plan

1. Purpose.

The purpose of the Plan is to attract, retain and motivate Directors and Executives and to advance the interests of the Corporation by better aligning Participant and shareholder interests through Deferred Share Unit grants.

2. Definitions.

As used in the Plan, the following terms have the following meanings:

(a) "Affiliate" means a corporation that is related to or associated with the Corporation, within the meaning of the *Income Tax Act (*Canada*)*.

(b) "Board" means the board of directors of the Corporation.

(c) "Business Day" means any day, other than a Saturday or a Sunday, on which the TSX is open for trading.

(d) "Canadian Participant" means: (i) any Executive designated by the Committee; or (ii) subject to Section 4(b), a Director; in each case, who is not a U.S. Participant.

(e) "Change of Control" means: (i) a formal bid or tender offer for Shares as a result of which an offeror and its affiliates beneficially own, directly or indirectly, fifty (50%) percent or more of the Shares then outstanding; (ii) the acquisition by any Person who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation, of Shares or rights or options to acquire Shares of the Corporation or securities which are convertible into Shares of the Corporation or any combination thereof such that after the completion of such acquisition such Person would be entitled to exercise thirty (30%) percent or more of the votes entitled to be cast at a meeting of the shareholders; or (iii) the sale by the Corporation of all or substantially all of the property or assets of the Corporation.

(f) "Committee" means the Human Resources, Compensation and Corporate Governance Committee of the Board, or any other committee appointed by the Board to administer the Plan.

(g) "Corporation" means Northstar Aerospace, Inc., and includes any successor thereto.

(h) "Deferred Share Unit" means a bookkeeping entry, equivalent in value to one (1) Share, credited to the account of a Participant in accordance with the provisions hereof.

(i) "Director" means a member of the Board who is not an Executive.

(j) "Disability" means the inability of a Participant to perform the duties associated with his position for 180 consecutive days as a result of his incapacity due to physical or mental illness. With respect to a U.S. Participant, Disability must meet one of the following requirements: (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period not less than three months under an accident and health plan covering employees of the Participant's employer.

(k) "DSU Agreement" means an agreement between the Corporation and the Participant setting out the terms of the Deferred Share Units granted to the Participant; the terms and conditions of each DSU Agreement need not be identical.

(l) "Effective Date" means the effective date of the Plan set out in Section 3.

(m) "Executive" means a member of executive management or other management personnel of the Corporation or an Affiliate.

(n) "Fair Market Value" at any date in respect of the Shares means the closing price of such Shares on the TSX on that date. In the event that the Shares do not trade on such Business Day, Fair Market Value means the average of the bid and ask prices in respect of such Shares at the close of trading on such date. In the event that the Shares are not listed and posted for trading on any stock exchange, Fair Market Value means the fair market value of the Shares as reasonably determined by the Board, in its sole discretion.

(o) "Participant" means a Canadian Participant or a U.S. Participant.

(p) "Person" means an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Business Corporations Act* (Ontario).

(q) "Plan" means this Northstar Aerospace, Inc. Deferred Share Unit Plan, as the same may be from time to time amended.

(r) "Plan Year" means a calendar year.

(s) "Section 409A" means section 409A of the *Internal Revenue Code of 1986,* as amended (U.S.) and all regulations thereunder and rulings related thereto.

(t) "Separation from Service" means, pursuant to Section 409A, when a U.S. Participant ceases to provide services to the Corporation or an Affiliate due to death, retirement or other termination of an employment or service agreement with the Corporation or the Affiliate. For purposes of this Plan, the employment relationship will be treated as continuing while the Participant is on military leave, sick leave, or other *bona fide* leave if such period does not exceed six months.

(u) "Share" means a common share of the Corporation or any other share or security into which such Share may be changed, reclassified, subdivided, consolidated or converted.

(v) "Specified Participant" means, pursuant to Section 409A, a U.S. Participant who, as of the date of the Participant's Separation from Service, is a key employee of the Corporation or an Affiliate. For these purposes, a key employee means an officer who at any time during the Plan Year meets the compensation threshold set forth in section 416 of the *Internal Revenue Code of 1986,* as amended (U.S.), owns 5% or more of the equity of the Corporation or owns 1% or more of the equity of the Corporation and meets such compensation threshold.

(w) "Termination Date" means the earliest date on which a Participant: (i) ceases to be actively and actually employed by the Corporation or an Affiliate for any reason other than transfer to the employment of Affiliate, whether with or without notice and whether unilaterally or by agreement; and (ii) ceases to be a member of the Board; provided, however, that there will be a cessation of employment with respect to an Executive who has previously been transferred to an Affiliate where such Affiliate ceases to be an Affiliate. For greater certainty, no period of notice that is or ought to be given under applicable law will be considered for purposes of determining entitlement under the Plan.

(x) "TSX" means the Toronto Stock Exchange and, where the context permits, any other stock exchange on which the Shares are or may be listed from time to time.

(y) "Unforeseeable Emergency", pursuant to Section 409A, means: (i) a severe financial hardship to a U.S. Participant resulting from an illness or accident of the Participant, the Participant's spouse, or the Participant's dependant; (ii) loss of the U.S. Participant's property due to casualty; or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the U.S. Participant. An Unforeseeable Emergency must be satisfactorily demonstrated by the U.S. Participant to the Committee.

(z) "U.S. Participant" means: (i) an Executive designated by the Committee; or (ii) subject to Section 4(b), a Director; in each case, who is subject to taxation under the *Internal Revenue Code of 1986,* as amended (U.S.).

Words denoting the singular number will include the plural and vice versa, and words denoting the masculine will include the feminine.

3. Effective Date.

The Plan shall be effective as of January 1, 2010.

4. Participation in the Plan.

(a) Executives

The Committee will designate, for each Plan Year, which persons who are Executives on June 30 of that Plan Year will participate in the Plan through receipt of a Deferred Share Unit grant.

(b) Directors

Each Director shall participate in the Plan for each Plan Year during which he is a member of the Board on June 30, through receipt of a Deferred Share Unit grant. Notwithstanding the foregoing, where such participation could create adverse tax consequences for a particular Director in a given jurisdiction, that Director will have the option to not participate in the Plan.

5. Administration.

The Plan will be administered by the Committee. The Committee is authorized to interpret, construe and administer the Plan, to determine the form and content of the DSU Agreements, to establish, amend and rescind any rules and regulations relating to the Plan (including, without limitation, jurisdiction-specific rules or regulations to address tax or other requirements particular to that jurisdiction) and to make any other determinations and perform all other acts that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation, construction and administration of the Plan, or any action, all as described herein will lie within its sole and absolute discretion and will be final, conclusive and binding on all parties concerned for all purposes.

Notwithstanding the foregoing, all actions of the Committee will be such that the Plan continuously meets the conditions of paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada), or any successor provision thereto, in respect of Canadian Participants, and of Section 409A or any successor provision thereto, in respect of U.S. Participants.

Neither the Committee or any member thereof, nor any officer or employee of the Corporation, will be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Committee and the officers and employees of the Corporation will be entitled to indemnification by the Corporation in respect of any claim, loss, damage or expense (including legal fees and disbursements) arising therefrom to the fullest extent permitted by law. The expenses of administering the Plan will be borne by the Corporation.

6. Amount and Vesting of Grant.

(a) Executives

The number of Deferred Share Units, if any, to be granted to an Executive for a Plan Year will be determined by the Committee (or the Board), at its sole discretion, provided that grants will not be made merely to defer income and will be subject to the principles of this Section 6. No later than June 30 of each Plan Year, the Board, on the recommendation of the Committee, may, in its sole discretion, determine one or more factors to be utilized in setting a particular Participant's grant for that Plan Year. For greater clarity, the Board, on the recommendation of the Committee, may vary these factors from one Plan Year to another. The result of this calculation will be divided by the Fair Market Value of the Shares as of June 30 of the Plan Year, taking into account where necessary the applicable Canadian/U.S. dollar exchange rate on such date, to yield the number of Deferred Share Units to be granted to the Executive for that Plan Year.

In the event that no other specific determination is made by the Committee, each Deferred Share Unit grant will, subject to the other provisions of this Section 6(a), vest over a 3-year term as to one-third of the Deferred Share Units covered by such grant on June 30 of each of the three next following Plan Years, provided that the Executive's Termination Date has not occurred prior to an applicable June 30 date. All Deferred Share Units which have not vested on the Executive's Termination Date will be forfeited and cancelled with no payment to the Executive therefor. On a Change of Control, the Board may conditionally or otherwise, and on such terms as it sees fit, accelerate the vesting dates of any unvested Deferred Share Units.

(b) Directors

Each Director will receive, for each Plan Year in which he is a Participant, a grant of Deferred Share Units in an amount equal to 50 per cent of his retainer fee for Board service (but not any other Board-related fees) for that Plan Year. For greater certainty, such grant will be in addition to and not in lieu of such retainer fees. For clarity, the above-referenced percentage amount will be divided by the Fair Market Value of the Shares as of June 30 of the Plan Year, taking into account where necessary the applicable Canadian/U.S. dollar exchange rate on such date, to yield the number of Deferred Share Units to be granted to the Director for the Plan Year.

Upon written annual advance notice by a Director, he may receive, for each Plan Year in which he is a Participant, a grant of Deferred Share Units in an amount equal to his retainer fee for Board service (but not any other Board-related fees) for that Plan Year. For clarity, the above-referenced amount will be divided by the Fair Market Value of the Shares as of June 30 of the Plan Year, taking into account where necessary the applicable Canadian/U.S. dollar exchange rate on such date, to yield the number of Deferred Share Units to be granted to the Director for the Plan Year.

A Director's Deferred Share Units will be fully vested upon grant.

(c) DSU Accounts

Deferred Share Units will be credited as of the relevant grant date to an account maintained in the records of the Corporation for each Participant.

7. Dividend Equivalents.

The account maintained pursuant to Section 6 for each Participant will from time to time be credited with additional Deferred Share Units (including fractional Deferred Share Units), the number of which will be determined by dividing:

(a) the product obtained by multiplying the amount of each dividend declared and paid by the Corporation on the Shares on a per share basis (excluding stock dividends, but including dividends which may be paid in cash or in shares at the option of the shareholder) by the number of Deferred Share Units recorded in the Participant's account (whether vested or unvested) on the record date for payment of any such dividend,

by

(b) the Fair Market Value of one (1) Share on the dividend payment date for such dividend.

8. Adjustments and Reorganizations.

In the event of any stock dividend (other than a dividend which may be paid in cash or in shares at the option of the shareholder), stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off or other distribution (other than normal cash dividends) of Corporation assets to shareholders or any other change affecting the Shares, such adjustments as are required to reflect such change will be made with respect to the number of Deferred Share Units outstanding under the Plan.

9. Settlement of Deferred Share Units.

(a) Canadian Participants

At any time within 90 days after the Termination Date of a Canadian Participant to whom Deferred Share Units have been granted under the Plan, the Corporation (or the relevant Affiliate, as applicable) will pay to the Participant or his legal representative a lump sum cash payment, net of any applicable withholdings, equal to the number of vested Deferred Share Units credited to his account as of that date multiplied by the Fair Market Value of one (1) Share on the Termination Date. A Canadian Participant will not be entitled to require payment of any amount on account of Deferred Share Units credited to such Participant's account prior to his Termination Date.

(b) U.S. Participants

At any time within 90 days after the happening of one of the following events:

(i) the death of a U.S. Participant;
(ii) the Disability of the U.S. Participant;
(iii) the Separation from Service of the U.S. Participant; or
(iv) an Unforeseeable Emergency in respect of the U.S. Participant,

on a day within such period determined by the Corporation, the Corporation (or the relevant Affiliate, as applicable) will pay to the Participant or his legal representative a lump sum cash payment, net of any applicable withholdings, equal to the number of vested Deferred Share Units credited to his account as of that date multiplied by the Fair Market Value of one (1) Share on the date of such event.

Pursuant to Section 409A, and notwithstanding the foregoing, the number of vested Deferred Share Units to be settled upon an Unforeseeable Emergency will be limited to the amount reasonably necessary to satisfy the emergency need (including amounts necessary to pay any federal, state, local, or foreign income taxes or penalties anticipated to result from the distribution). The remaining Deferred Share Units in the Participant's account will continue to be subject to the other terms of the Plan.

Pursuant to Section 409A, and notwithstanding the foregoing, if a U.S. Participant is a Specified Participant on the date of his Separation from Service, settlement of the Deferred Share Units will be made on the first Business Day of the seventh month following such Separation from Service.

10. Transferability of Deferred Share Units.

The rights and interests of a Participant in respect of the Deferred Share Units held in such Participant's account will not be transferable or assignable other than by will or the laws of succession to the legal representative of the Participant or, subject to applicable law, to a dependant or relation (as that term is used in paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada)), including, without limitation, a spouse of the Participant.

11. **Withholding of Taxes**.

A U.S. Participant (or in the event of the Participant's death, the administrator or executor of the Participant's estate) will pay to the Corporation or the appropriate Affiliate, or make arrangements satisfactory to the Corporation or such Affiliate regarding payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the settlement of the Deferred Share Units.

Any provision of the Plan to the contrary notwithstanding, if the U.S. Participant does not satisfy his obligations under this Section 11, the Corporation or Affiliate will to the extent permitted by law, have the right to deduct from any payments made under the Plan, regardless of the form of payment, any federal, state or local taxes of any kind required by law to be withheld with respect to the settlement of the Deferred Share Units.

12. No Right to Service.

Neither participation in the Plan nor any action under the Plan will be construed to give any Director a right to be retained as a member of the Board.

Nothing in the Plan or any Deferred Share Unit or any related DSU Agreement will confer upon an Executive any right to continue in the employ of the Corporation or any Affiliate, or affect in any way the right of the Corporation or any Affiliate to terminate his employment at any time; nor will anything in the Plan or any Deferred Share Unit or any related DSU Agreement be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate**.**

13. Unfunded Plan.

The Plan will be unfunded. The Corporation's obligations hereunder will constitute general, unsecured obligations, payable solely out of its general assets, and no Participant or other person will have any right to any specific assets of the Corporation or any Affiliate. Neither the Corporation nor any Affiliate will segregate any assets for the purpose of funding their obligations with respect to Deferred Share Units credited hereunder. Neither the Corporation, any Affiliate nor the Committee will be deemed to be a trustee of any amounts to be distributed or paid pursuant to the Plan. No liability or obligation of the Corporation pursuant to the Plan will be deemed to be secured by any pledge of, or encumbrance on, any property of the Corporation or any Affiliate.

14. No Rights to Shares or Future Grants.

No Participant or other person will have any claim or right to be issued Shares on account of Deferred Share Units credited to the account of such Participant pursuant to the Plan, and under no circumstances will Deferred Share

Units entitle a Participant to exercise any voting rights or other rights attaching to the ownership of Shares. No grant of Deferred Share Units will create any right to any future such grants.

15. No Guarantee.

No amount will be paid to or in respect of a Participant under the Plan or pursuant to any other arrangement, and no Deferred Share Units will be granted to such a Participant to compensate for any downward fluctuation in the value of the Shares, nor will any other form of benefit be conferred upon or in respect of the Participant for such purpose.

16. Successors and Assigns.

The Plan will be binding on all successors and assigns of the Corporation and a Participant, including, without limitation, the estate of such Participant, and the executor, liquidator, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

17. Plan Amendment.

The Board may, in its sole discretion and without the consent of any Participant, amend the Plan at any time; provided, however, that no amendment will reduce the number of Deferred Share Units credited to any Participant prior to such amendment. No amendment will be effective until all applicable approvals, if any, of regulatory authorities and stock exchanges have been obtained. Notwithstanding the foregoing, all actions of the Board will be such that the Plan continuously meets the conditions of paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada), or any successor provision thereto, in respect of Canadian Participants, and of Section 409A, or any successor provision thereto, in respect of U.S. Participants.

18. Plan Termination.

The Board may, in its sole discretion and without the consent of any Participant, terminate the Plan at any time by giving written notice thereof to each Participant who is a participant hereunder. Following termination of the Plan, additional Deferred Share Units will not be credited to the accounts of Participants except pursuant to Section 7. Notwithstanding termination of the Plan, all amounts distributable under the Plan will be paid to the persons entitled thereto on the date on which distributions would have been made had the Plan not been terminated. Notwithstanding the foregoing, all actions of the Board will be such that the Plan continuously meets the conditions of paragraph 6801(d) of the Regulations under the *Income Tax Act* (Canada), or any successor provision thereto, in respect of

Canadian Participants, and of Section 409A, or any successor provision thereto, in respect of U.S. Participants.

19. Conflicts.

In the event of any conflict between the provisions of the Plan and a DSU Agreement, the provisions of the Plan will govern. If any provision of the Plan or any agreement entered into pursuant to the Plan, including any DSU Agreement, contravenes any law or any order, by-law regulation or policy of any regulatory body or stock exchange having authority over the Corporation or the Plan, then such provision will be deemed to be amended at the time of the occurrence of such contravention to the extent required to bring such provision into compliance therewith. The Plan and a DSU Agreement entered into pursuant to the Plan set out the entire agreement between the Corporation and the Participant relative to the subject matter hereof and supersede all prior agreements, undertakings and understandings, whether oral or written.

20. Section 409A.

It is intended that any benefit provided under the Plan to U.S. Participants will not be subject to additional tax and interest under Section 409A. The Plan provisions applicable to such Participants will be construed in favour of complying with any applicable requirements of Section 409A as necessary to prevent the imposition of tax under that section. The Corporation will amend the Plan (retroactively, if necessary) to comply with Section 409A, including amendment to enable the Participant to prevent imposition of, or to reduce the amount of, any Section 409A tax. Neither the Corporation nor any U.S. Participant has: (i) an obligation to bring any potential Section 409A tax to the attention of the other party; or (ii) any liability for any Section 409A tax or any other reporting or withholding obligation to the other party.

21. Governing Law.

The validity, construction and effect of the Plan and any actions taken or relating to the Plan will be governed by the laws of Ontario and the federal laws of Canada applicable therein.