ANNUAL INFORMATION FORM

For the Year Ended December 31, 2008

March 31, 2009

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form ("**AIF**") constitute forward-looking statements or information within the meaning of securities laws (collectively "**forward-looking statements**"). Forward looking statements may relate to the future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, projected costs, financial results, taxes and plans and objectives of or involving Vector Aerospace Corporation ("**Vector**", and together with its subsidiaries, the "**Company**"). Particularly, statements regarding the expectations of strong maintenance, repair and overhaul services ("**MRO**") spending continuing, cash flow requirements and renewals of certain Manufacturer Service License and Authorizations are forward-looking statements. In some cases, forward-looking statements can be identified through the use of words or phrases such as "will likely result," "are expected to", "will continue", "is anticipated", "estimated", "intend", "plan", "projection", "could", "may", "believes", "feel", "targeting", "look forward", "goals", "objective", "outlook" and similar expressions concerning matters that are not historical facts.

Forward-looking statements are based on certain factors and assumptions. In making our forward looking statements, we have assumed that no significant or prolonged disruptions to commercial air travel worldwide occur, that there are no negative changes in government priorities and spending on military aviation activities related to the Company's services, that the Company is able to successfully secure projects in the future, that no significant changes in foreign currency exchange rates occur, and no disruption or shortage of parts from original equipment manufacturers ("**OEMs**") and others used in providing the Company's services occur.

Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materiality from what we currently expect. These factors include, without limitation, the expected changes in foreign exchange rates, the impacts on the aviation industry of the global economic recession, the impacts as a result of the tensions and conflicts in the Middle East, the impacts of possible acts of terrorism on the aviation industry, timing of product delivery, availability of parts from OEMs and others used in providing the Company's services, Canada, the United States, the United Kingdom and foreign government activities, volatility of the market for the Company's services, worldwide political stability, factors that could result in significant or prolonged disruption to commercial air travel worldwide, domestic and international economic conditions, other political and economic situations and uncertainties, the impacts of changes in government priorities and spending on military aviation activities related to the Company's services, the ability of the Company to replace lost revenue of a customer significant to an operating division, the ability of the Company to successfully implement production efficiency changes, cost reductions and restructuring initiatives at various locations throughout the Company and the possibility that such efforts will not have as great an impact on the operating results of the Company as is currently anticipated, and other similar events affecting the Company or other parties whose operations or assets, directly or indirectly, affect the Company, and those risks set forth under the heading "Risk Factors" below. Readers should also refer to the Company's continuous disclosure materials filed with Canadian Securities Regulatory Authorities for additional information with respect to certainty of these risk factors, including Vector's Annual Report and Management's Discussion and Analysis for the year ended December 31, 2008, which are available at www.sedar.com.

All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by this Special Note Regarding Forward-Looking Statements. The forward-looking information contained herein is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the current date. The reader should not place undue importance on forward-looking statements and should not rely on this information as of any other date. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. The Company disclaims any intentions or obligation to update or revise any forward-looking statements or comments as a result of any new information, future event or otherwise unless such disclosure is required by law.

TABLE OF CONTENTS

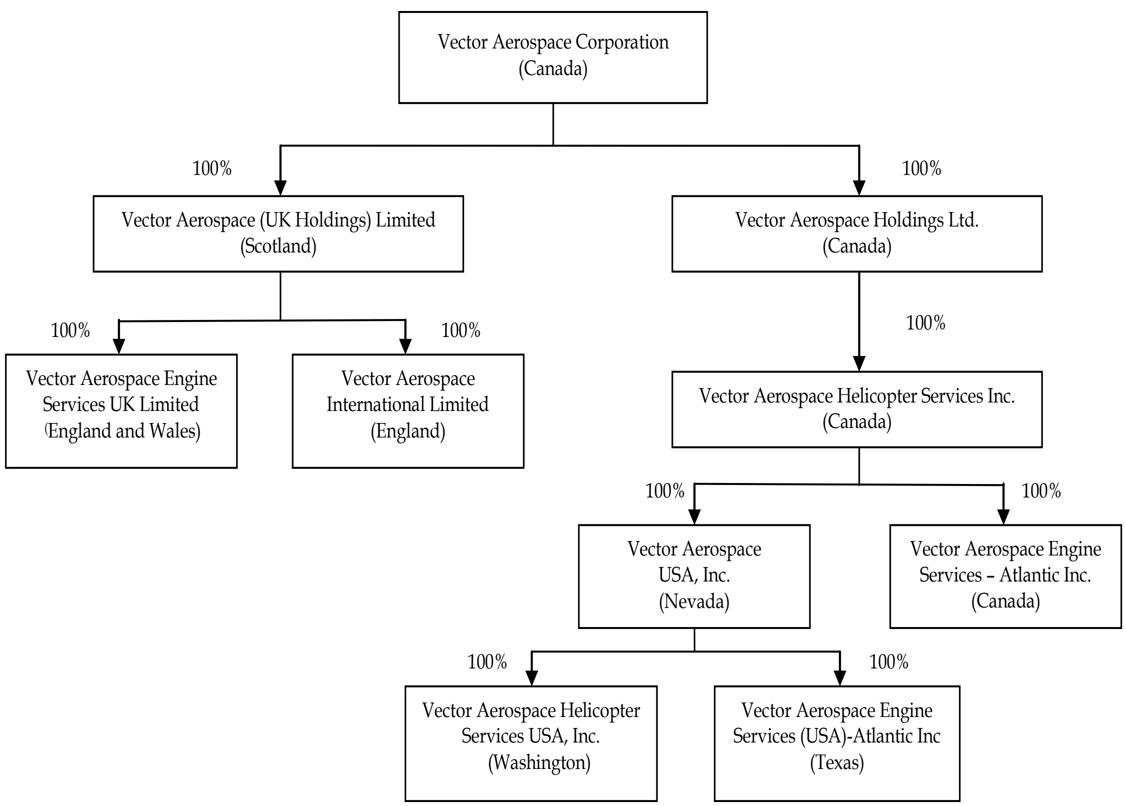
Except as otherwise noted, the information in this AIF is given as of December 31, 2008, and all dollar amounts are stated in Canadian dollars.

ITEM 1: NAME AND INCORPORATION

Vector was incorporated under the *Canada Business Corporations Act* on April 23, 1998. Amendments to Vector's Articles of Incorporation were made in May 1998 to remove restrictions surrounding share ownership and to allow for the issuance of First Preferred Shares and Second Preferred Shares. Vector's head and registered office is located at Suite 2100, 2 Bloor Street West, Toronto, Ontario, M5W 3E2. Unless the context indicates otherwise, all references to the "Company" refer to Vector and its subsidiaries, taken as a whole.

ITEM 2: INTERCORPORATE RELATIONSHIPS

The principal subsidiaries of Vector as of March 26, 2009 including (a) the percentage of the votes attaching to all voting securities of each subsidiary beneficially owned, or over which control or direction is exercised, by Vector; and (b) their jurisdiction of incorporation, are set forth in the following chart:



In 2008 the Company completed a transition to a 'One Vector' approach and is now utilizing its corporate brand at all of its operating units. This exercise has resulted in the legal name changes of the operating divisions. In March 2008, ACROHELIPRO Global Services Inc. changed its legal name to Vector Aerospace Helicopter Services Inc. ("**Helicopter Services–NA**" or "**HS-NA**"). In April 2008, the DARA acquired businesses were purchased by Vector Aerospace International Limited ("**Helicopter Services–UK**" or "**HS-UK**"). In July, 2008, Sigma Aerospace Limited changed its legal name to Vector Aerospace Engine Services UK Limited ("**Engine Services–UK**" or "**ES-UK**"). On November 1, 2008, Atlantic Turbines International Inc. changed its legal name to Vector Aerospace Engine Services–Atlantic Inc ("**Engine Services–Atlantic**" or "**ES-Atlantic**").

ITEM 3: GENERAL HISTORY OF THE BUSINESS

Three Year History

In March 2006, Vector's board of directors entered into a shareholder protection rights plan agreement with Computershare Investor Services Inc., as rights agent, as amended and restated in May 2006 (the "**Rights Plan**"). The Rights Plan was ratified and confirmed by Vector's shareholders at its annual and special general meeting held on May 15, 2006. The Rights Plan was designed to provide the Vector board of directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for Vector, and to provide every shareholder with an equal opportunity to participate in such bid. The full text of the Rights Plan can be found on SEDAR at www.sedar.com.

In October 2006, Vector, through its wholly owned subsidiary, Engine Services-UK, signed a three-year contract with the Royal Saudi Air Force, to maintain and overhaul the T56 engines used on the air force fleet of C130 military transport aircraft.

On April 1, 2008, Vector, through one of its subsidiaries HS-UK completed the acquisition of the United Kingdom Ministry of Defence (MoD) Defence Aviation Repair Agency (DARA) Rotary Wing and Components businesses including the land, buildings and fixed assets of the two facilities for cash consideration of $34,694,000 (£17,000,000), plus an additional post closing purchase price adjustment of $22,768,000 (£11,157,000) for excess working capital acquired. The final payment was made in January 2009.

The acquisition expands Vector's customer base, provides access to new markets in the defense sector and adds maintenance, repair and overhaul skills and capabilities. The acquisition has added approximately 1,300 employees to Vector's operations in the UK, nearly doubling its aggregate workforce. Details of the acquisition are disclosed in Vector's 2008 consolidated financial statements and Management's Discussion & Analysis. The acquired businesses are referred to as HS-UK.

In April/May 2008, Vector, HS-NA and two former executives of Vector agreed to a final settlement of their respective claims. The former executives commenced an action against Vector and HS-NA in February 2004, seeking termination payments and benefits under their employment agreements and supplementary retirement plans and other related claims. The settlement of the litigation is fully described in the Company's 2008 consolidated financial statements and Management's Discussion & Analysis.

Business Segments

HS-NA provides helicopter repair and overhaul services to customers worldwide. HS-NA operates from facilities in Richmond and Langley, British Columbia, through Vector Aerospace Helicopter Services USA, Inc. ("**HS-USA**") from facilities in Andalusia, Alabama, Dallas, Texas, through Vector Aerospace Helicopter Services California, Inc. ("**HS-California**") and through Vector Aerospace California, Inc. ("**VA-California**") from facilities in California.

HS-UK services dynamic components such as gearboxes and main rotorheads, and provides helicopter airframe modifications, repair, and refurbishment primarily for military helicopters. The Rotary Wing division of HS-UK is located in Gosport, England ("**Fleetlands"**) and provides maintenance, repair and overhaul support for the MoD Chinook (CH-47), Lynx and Sea King helicopters. The Components division is located in Perth, Scotland ("**Almondbank")** and provides maintenance, repair and overhaul and component support for these and other helicopter and fixed wing platforms within the United Kingdom, both for MoD and other customers.

ES-Atlantic provides maintenance, repair and overhaul services for specific fixed-wing engines, including the PW100, PT6A turboprop and JT15D turbofan engines manufactured by Pratt & Whitney Canada Inc. ("**P&WC**"). ES-Atlantic operates from facilities located in Summerside, Prince Edward Island, Johannesburg, South Africa and Nairobi, Kenya, and through Vector Aerospace Engine Services (USA) – Atlantic Inc. ("**ES-Atlantic USA**") from facilities in Dallas, Texas, Pittsburgh, Pennsylvania, and Atlanta, Georgia.

ES-UK carries out the maintenance, repair and overhaul of a range of fixed-wing and industrial turbine engines, including the Rolls-Royce Dart and Conway engines, the Rolls-Royce T56/501 engine line, and the Honeywell ALF 502/507 engine line. ES-UK operates from facilities located in Croydon and Pyestock, England.

Trends

The Company anticipates continued growth in revenue and earnings for 2009 as a result of the full year impact of HS-UK, additional military revenue, increase market share from P&WC products and increased activity related to helicopter airframe repair, refurbishments and modifications. As a result of the economic downturn, activity level related to MRO work on light and medium helicopters (engines and components) and corporate fixed wing aircraft (engines) is expected by the Company to decline and remain depressed for the near term. Military spending for MRO on the products the Company services is expected to remain strong in the near term as militaries focus on cost containment and reduce or defer new program spending. The impact of the strong United States dollar, in relation to the Canadian dollar, is expected to positively impact the Company's results in 2009.

ITEM 4: DESCRIPTION OF THE BUSINESS

General

The Company is a global provider of aviation maintenance repair and overhaul services for various aero and aero-derivative gas turbine engines, components and helicopter airframes to a broad world-wide customer base. The Company operates facilities in Canada, the United States, the United Kingdom and Africa. Through its helicopter and fixed-wing segments, the Company services both commercial and military markets.

Principal Products and Services

Helicopter Services - NA

HS-NA carries out the maintenance, repair and overhaul of a number of gas turbine engines, dynamic components, accessories and airframes on various helicopter platforms. The HS-NA facility in Richmond, British Columbia is equipped for repairing, cleaning, precision balancing, non-destructive testing, machining, coordinate measuring and specialized processing of the detail parts of helicopter engines, components, accessories and airframes. It also maintains an engine test facility comprised of five cells which were designed by HS-NA's in-house engineering group in conjunction with a number of external engineering firms. HS-NA also has satellite engine shops in the United States in California and Texas.

HS-NA is an Authorized Maintenance Centre ("**AMC**") for Rolls Royce 250 series engines (used primarily in certain models of Bell helicopters), Distributor and Designated Overhaul Facility ("**DDOF**") P&WC PT6T series engines (used primarily in certain models of Bell helicopters). HS-NA also holds authorizations for the General Electric T58/CT58, T64 and T700/CT7 series engines (used primarily in certain models of Sikorsky, Bell, and Augusta Westland helicopters) and the Turbomeca Arriel 1 engine (used primarily in certain models of Eurocopter and Sikorsky helicopters).

HS-NA also performs repair and overhaul of certain helicopter dynamic components and accessories. Its Richmond, British Columbia facility is equipped to repair and overhaul most of the dynamic components for certain Bell, Sikorsky, and Eurocopter helicopters and to overhaul and repair hydraulic, and engine fuel accessories. In addition to the engine test facility, HS-NA has a full-load test stand capable of testing several models of Sikorsky transmissions as well as a long list of test equipment for such items as avionics, wiring and engine fuel systems.

In addition to its broad capabilities on engines and components, HS-NA has comprehensive capabilities on helicopter airframe structures and avionics. From its facilities in Langley, British Columbia and through HS-USA in Andalusia, Alabama, HS-NA provides structures and avionics repairs, refurbishments and upgrade support for a diverse list of helicopter models. HS-NA has been approved by Bell, Eurocopter, Sikorsky, and Erickson Aircrane to engage in the repair of a number of their helicopter airframes.

Approximately 28% of Vector's fiscal 2008 revenue is derived from HS-NA, HS-USA, HS-California, and VA-California. HS-NA, HS-USA, HS-California, and VA-California serve over 400 customers.

Helicopter Services-UK

HS-UK, through its Fleetlands facilities, offers capability in the depth maintenance, repair and overhaul of tri-service rotary wing aircraft for Chinook, Lynx and Sea King. Teams of highly skilled and cross trained technicians are able to undertake helicopter airframe repair, maintenance, modification and refurbishment, minimizing the time that the aircraft is removed from service using 'Pulse Lines' and on the application of 'Lean' principles.

The Almondbank facilities specialize in providing a wide variety of capabilities for repair, overhaul, modification, and testing of an extensive range of transmission, mechanical and hydraulic components, and structural assembles supporting a variety of helicopter and fixed-wing platforms. The long established 'Rotary' and 'Fast Jet' mechanical component and hydraulic workshops have the skills and expertise to undertake component repair, overhaul and testing to the highest aviation standards, while the aircraft structures facility offers services to repair or refurbish complex fabricated assemblies. Completing the onsite one-stop-shop capability, there are extensive machine shops, electroplating capabilities and surface finishing facilities that support in-house deep refurbishment and modification or stand-alone customer requirements.

Customers of HS-UK consist predominantly of military operators that utilize rotary-wing and fixed-wing aircraft, with the vast majority of revenue being earned on aircraft operated by the UK MoD. Approximately 22% of Vector's fiscal 2008 revenue is derived from HS-UK.

Engine Services-Atlantic

ES-Atlantic focuses on the repair and overhaul of three specific turbine engine series (PW100, PT6A, and JT15D) manufactured by P&WC. Customers for these repair and overhaul services are primarily regional or commuter airlines and corporations based in the United States.

ES-Atlantic commenced operations in 1992 under a Designated Overhaul Facility ("**DOF**") authorization by P&WC to repair and overhaul six engine models in the PW100 engine series; its business was subsequently expanded pursuant to a P&WC authorization for three more models of the series. ES-Atlantic is also a fully authorized P&WC Distributor and Designated Overhaul Facility ("**DDOF**") for all models in the PT6A engine series and the JT15D engine series.

ES-Atlantic operates a custom-built 140,000 square foot repair and overhaul facility for fixed wing aircraft in Summerside, Prince Edward Island. ES-Atlantic currently has regulatory approvals from Transport Canada (AMO 3-92), U.S. Federal Aviation Administration ("**FAA**"), through the US/Canadian Bilateral Agreement, European Aviation Safety Agency ("**EASA**"), and multiple other international Civil Aviation Authorities in South America, Africa and the Far East. ES-Atlantic is ISO 9001:2001 certified.

ES-Atlantic, through ES-Atlantic USA, also operates three satellite shops located near the international airports of Dallas/Ft. Worth, Texas, Atlanta, Georgia, and Pittsburgh, Pennsylvania, which provide extensive engine services up to, and including, hot section inspection. Additionally, ES-Atlantic operates two satellite shops in Johannesburg, South Africa and Nairobi, Kenya. Approximately 36% of Vector's fiscal 2008 revenue is derived from ES-Atlantic and ES-Atlantic USA.

Engine Services-United Kingdom

ES-UK performs maintenance on a range of fixed-wing and industrial gas turbine engines which include three Rolls-Royce engines: the Dart, Conway and T56/501; and the Honeywell ALF 502/507. The aviation engines serviced by ES-UK are used primarily on relatively large civilian and military aircraft, including the Lockheed Martin C-130 "Hercules", a popular military cargo aircraft. The industrial turbine engines serviced by ES-UK are used in a variety of applications including power generation and oil and gas production. ES-UK operates test cells which are certified and calibrated for these engine types. Operations also include the repair and overhaul of Dowty Rotol and Hamilton Sunstrand propellers and various accessories. ES-UK's operating facility is ISO 9000 certified.

To a lesser extent all of the ES-UK operations also include the reworking of parts and components. Reworking is a process of restoring a part or component to meet its original specifications. The use of reworked parts and components allows ES-UK to capture additional margins and to pass on cost savings to its customers.

Customers of ES-UK consist largely of military and commercial operators of airplanes that utilize turboprop and turbofan engines. Approximately 14% of Vector's fiscal 2008 revenue is derived from ES-UK.

In 2008, the Company secured a new engine license for certain variants of the P&WC 307/308 engine which is primarily used on corporate aircraft. The facility licensed to carry out the MRO work on this engine is Vector's engine shop in Gosport, England. Substantial revenues related to the new business, is not expected to be generated in the short term.

Segmented Financial Information

The Company provides services through three business segments, fixed-wing, helicopter-NA and helicopter-UK. The segments derive revenue principally from providing repair and overhaul services on gas turbine engines, components and helicopter airframes. The fixed-wing segment includes ES-Atlantic and ES-UK, the helicopter-NA segment includes HS-NA and the helicopter UK segment includes HS-UK.

Revenue

(Millions of Canadian Dollars except percentages)	**2008**		**2008-2007 Change**	2007		2006		2007-2006 Change
Segments								
Fixed-wing	**$251.9**	***50.5%***	**$45.1**	$206.8	*61.0%*	$187.3	*56.4%*	$19.5
Helicopter- NA	**139.0**	***27.8%***	**6.7**	132.3	*39.0%*	144.9	*43.6%*	(12.6)
Helicopter- UK	**108.3**	***21.7%***	**108.3**	-	-	-	-	-
Total revenue	**$499.2**	***100.0%***	**$160.1**	$339.1	*100.0%*	$332.2	*100.0%*	$6.9

Geographic Information

(Millions of Canadian Dollars except percentages)	**2008**		2007		2006	
	Revenue[(1)]	**Fixed Assets**	Revenue[(1)]	Fixed assets	Revenue[(1)]	Fixed assets
North America						
Canada	**$84.2**	**$74.2**	$62.4	$67.8	$65.5	$61.2
United States	**150.1**	**2.5**	151.0	2.5	137.9	3.1
Europe						
United Kingdom	**134.5**	**45.7**	27.4	19.3	25.8	24.5
Other European countries	**35.8**	**-**	33.1	-	39.7	-
Middle East	**31.7**	**-**	5.8	-	4.0	-
Africa	**26.4**	**1.1**	24.6	2.5	20.5	-
Asia	**17.6**	**-**	11.6	-	14.8	-
Central and South America	**11.4**	**-**	13.8	-	16.2	-
Other Countries	**7.5**	**-**	9.4	-	7.8	-
	$499.2	**$123.5**	$339.1	$90.3	$332.2	$88.8

(1) *Revenues are attributed to countries based on location of customers.*

Revenue By Product Category

(Millions of Canadian Dollars except percentages)	**2008**		2007		2006	
	Revenue	**% of total revenue**	Revenue	% of total revenue	Revenue	% of total revenue
Gas Turbine Engines	**$ 318.4**	**63.8%**	$ 274.9	81.0%	$ 254.7	76.7%
Helicopter Airframes	**100.3**	**20.1%**	22.3	6.6%	35.6	10.7%
Components	**80.5**	**16.1%**	41.9	12.4%	41.9	12.6%
Total Revenue	**$ 499.2**	**100.0%**	$339.1	100.0%	$332.2	100.0%

Customer Concentration

For the year ended December 31, 2008, there were no customers that represented 10% or more of the Company's revenue.

Most contracts or proposals that the Company enters into with its customers do not obligate the customers to exclusively utilize the Company's services. Accordingly, no assurance can be given that the Company's principal customers will continue to utilize the services of the Company or that any of the agreements with such customers will be modified, extended or renewed on terms, which are favourable to the Company.

Government Regulation

The repair and maintenance of aircraft and helicopters and their related components is generally subject to government airworthiness regulations intended to ensure that such work is conducted in accordance with prescribed standards. Unlike the regulations applicable to the operators of aircraft and helicopters, these government regulations do not impose nationality restrictions on the ownership of the providers of repair and maintenance services. However, government export control restrictions may apply to the provision of services to certain countries or their residents or nationals. In these cases, companies may not provide services to such countries, residents or nationals without export permit approvals.

The HS-NA and ES-Atlantic Canadian business divisions operate under approvals from Transport Canada. There is a bilateral agreement between Canada and the United States pursuant to which a Canadian authorized organization does not require any additional United States approvals in order to perform work on United States aircraft or aeronautical products. ES-UK and HS-UK operate under approvals from the United Kingdom Civil Aviation Authority, the United Kingdom Ministry of Defence (MoD) as well as EASA.

The HS-NA and ES-Atlantic business segments provide maintenance, repair and overhaul support for military products originating in Canada, the United States and other foreign countries. HS-NA and ES-

Atlantic are registered in both Canada, with Transport Canada, and the United States, with the FAA, and comply with the United States Department of State International Traffic in Arms Regulations ("**ITAR**") and the Canadian Controlled Goods Regulations ("**CCGR**").

The export of defense articles and defense services in the United States is regulated by ITAR. All manufacturers, exporters, and brokers of defense articles, defense services, or related technical data, as defined on the United States Munitions List, are required to register with the Directorate of Defense Trade Controls as a primary means to provide the United States Government with necessary information on who is involved in certain manufacturing and exporting activities. Registration is applicable to United States persons only.

In accordance with ITAR, a Canadian exemption exists that allows the export of certain defense articles and technical data for end use in Canada or return to the United States without the requirement of a license. This exemption applies to Canadian companies that are registered in accordance with the Canadian Controlled Goods Act by the Canadian Controlled Goods Directorate.

The *Defense Production Act* and the CCGR regulate and control the examination, possession, and transfer in Canada of controlled goods and/or controlled technology. Anyone who handles controlled goods and/or controlled technology in Canada is required to register with the Canadian Controlled Goods Directorate. Items that are considered to be controlled goods and/or controlled technology in Canada are found on the Export Control List, published by the Department of Foreign Affairs and International Trade Canada.

Changes in any of these export regulations may restrict the import and export of military products and, in some cases, the Company may not be able to procure export licenses for products under existing regulations.

Obtaining the necessary approvals and licenses under applicable export regulations may cause additional costs and delays in servicing the Company's foreign military customers. Additionally, restrictions on the movement of military products to certain foreign military customers in some countries may limit our ability to service those customers.

Given the increasing multi-nationality of the Company's work force, the Company's efforts to ensure that all of its personnel continually meet the requirements for access to controlled goods under both the ITAR and CCGR requirement will become increasingly challenging.

Canadian Regulation

Under the *Aeronautics Act* (Canada) the Minister of Transport issues a certificate to Approved Maintenance Organizations ("**AMO's**") that demonstrate that such parties meet the requirements of Canadian Airworthiness Regulation ("**CAR**") 573. The AMO certificate authorizes the maintenance of specified aeronautical products or the provisions of specified maintenance services. The AMO activities are controlled by a Transport Canada approved Maintenance Policy Manual ("**MPM**") setting out the details of the company maintenance control system. An AMO must perform all maintenance services in accordance with the provisions of the MPM.

HS-NA has been issued AMO certificates by Transport Canada authorizing it to perform certain maintenance services on specified helicopters, helicopter engines and helicopter components. In addition, ES-Atlantic has been issued AMO certificates authorizing it to perform maintenance services on the PW100, PT6A and JT15D series of engines for which it is authorized by P&WC. The Company's ability to conduct business at HS-NA and ES-Atlantic depends on its ability to maintain such AMO certificates.

United Kingdom Regulation

The United Kingdom *Civil Aviation Act* of 1982 ("**UKCAA**") and the regulations promulgated thereunder provide that all parts of an aircraft, including its engines, must have a certificate of release to service issued by an approved maintenance organization before it can be used in commercial service. Such organizations are issued approval certificates by the UKCAA as a member of the EASA (the coordinating authority for the European Union's aviation authorities) setting out the types of engines in respect of which the relevant organization can issue certificates of release to service. To obtain approval from the UKCAA, the AMO must have a manual, which is approved by the UKCAA and the procedures in this manual must be followed if approval is to be maintained.

ES-UK and HS-UK operate under approvals from the UKCAA, the UK Ministry of Defense and EASA authorizing it to maintain and issue certificates of release in relation to approved types of engines and components. Without the certificates and approvals, the Company would be unable to continue to carry on business through ES-UK and HS-UK.

It is UK MoD policy that defense contracts shall be placed only with contractors whose management, technical resources and quality assurance arrangements are demonstrably adequate to provide products and services of the required quality, economically and on time.

ES-UK and HS-UK operate under the authorized regulatory structure as directed by the MoD Directorate of Aviation Regulation & Safety (DARS). This is provided via the Joint Service Publications series 550-556, with supporting publications which are collectively known as the Military Aviation Regulatory Document Set ("**MARDS**"). MARDS has primacy over all other military aviation related documents in the UK. All flying aspects at HS-UK come under the UK MoD Airworthiness and Flight Test Regulator ("**MAFTR**"), with guidance provided via MoD Defence Standards ("**Def-Stans**") or MoD Defence Conditions ("**Def-Cons**").

HS-UK operates a fully authorized heliport under MoD Aviation Publication 67 (AvP67) - Flying Orders to Contractors. Both sites are currently undertaking approval in accordance with Def-Stan 05-130, Maintenance Approved Organization Scheme, as will be required for all future MoD Defence contracts for aviation after 2010.

HS-UK has approval from Boeing and AgustaWestland for Chinook and Sea King respectively with MoD providing the approval for Lynx for Fleetlands.

HS-UK also has approvals from Boeing, AgustaWestland, Rolls-Royce Deutschland, BAE Systems and Claverham for their respective components for Almondbank.

United States Regulation

The United States *Federal Aviation Act* (the "**FA Act**") and the regulations promulgated thereunder impose a strict safety regime upon all aspects of aviation, and aircraft maintenance in particular. Each aircraft used in commercial air service must comply with these requirements.

The FA Act regulates repair stations that perform any maintenance, preventive maintenance, alterations or required inspections upon aircrafts operated in commercial air service. No person may operate as a repair station without, or in violation of, a repair station certificate issued by the FAA. A certified repair station must conduct its business in accordance with its FAA-approved inspection procedures manual and applicable FA Act regulations governing the functions performed. A repair station certificate is valid only for the category and class of work stated therein, which may be performed by the holder of the certificate.

HS-USA operates pursuant to an FAA domestic repair station certificate that authorizes the holder to repair and overhaul helicopter engines, components, airframes, and avionics for specified platforms. ES-Atlantic USA holds FAA repair station certificates to operate its satellite facilities in Dallas, Texas, Atlanta, Georgia, and Pittsburgh, Pennsylvania. The Company's ability to conduct business at its locations within the United States depends on its ability to maintain such certificates.

Manufacturer Service Licenses and Authorizations

In addition to government authorizations, the Company also requires in many cases the authorization of the manufacturers of the equipment it is repairing. Typically, such authorization is obtained pursuant to a license agreement with the manufacturer that permits the Company to identify itself as an AMC for certain products of the manufacturer. A manufacturer may require providers of repair and overhaul services to make payments to it to obtain or maintain such licenses. However, it is often in the manufacturer's interests to ensure that there are an adequate number of repair and overhaul centers licensed to service its products. The necessity of obtaining authorizations from manufacturers and the quality standards imposed by them may prevent smaller or inferior potential repair and overhaul providers from entering the industry. Substantially all of the operations of each of ES-Atlantic, HS-NA, HS-UK and ES-UK are conducted pursuant to such manufacturers' authorizations.

ES-Atlantic holds licenses from P&WC that enable it to provide repair and overhaul services in respect of the PW100 series of engines as well as the PT6A and, JT15D series of engines. The P&WC licenses for PW100 and PT6A products were renewed in June 2008 for a further seven-year term. The licenses for the JT15D are expected to be renewed during 2009. ES-Atlantic was also awarded the PW307 and PW308 licenses in June 2008 for an initial term of 10 years.

The Company holds a number of manufacturers' licenses and approvals in relation to ES-UK, including AMC for the Rolls Royce T56/501 line of engines. This license was renewed as of January 2004 for a period of eight years.

With respect to its helicopter repair and overhaul business, HS-NA is an authorized provider of repair and overhaul services for various products manufactured by General Electric, P&WC, Rolls Royce, Turbomeca, Sikorsky, Eurocopter and Bell Helicopter with a variety of expiry dates through to 2010. These agreements are generally renewed as and when they expire as a matter of course. In 2005, HS-NA renewed its Eurocopter agreement for a five-year period.

Many manufacturers maintain their own repair and overhaul facilities and compete with the Company for business.

Seasonality

The Company does not experience significant fluctuations in earnings due to seasonality.

Raw Materials - Dependence on Key Suppliers

The Company is dependent on certain domestic and international manufacturers for authority to act as an authorized service centre for such manufacturers' products and for the supply of many of the key parts and components for the equipment that it services. Purchases from the Company's three largest parts suppliers during 2008, accounted for approximately 47% of total cost of sales.

A limitation on the supply of parts and components or the inability to obtain them on commercially reasonable terms would have a material adverse effect on the Company.

Markets and Competitors

Turbine engines are used in both aviation and industrial applications. In the aviation sector, gas turbine engines are used in commuter aircraft (turboprop engines), jet aircraft (turbofan engines) and helicopters (turboshaft engines). Gas turbines are also used to provide auxiliary power to various types of aircraft. In the industrial sector, turbine engines are used in such applications as power generation and oil and gas production. There are currently in excess of eighty families of gas turbine engines in use in aviation and industrial applications. The Company performs work related to fifteen of these engine families.

In the engines market segment outsourcing trends continue to drive growth in third-party MRO as engine operators continue to search for opportunities to reduce costs and minimize aircraft downtime. Outsourcing allows engine operators to benefit from the expertise of service providers, such as the Company, and to reduce their own level of investment.

Aviation activity is expected to continue to increase over the longer term, however certain segments of commercial aviation are expected to decline in the short term as a result of the current global economic downturn. Regional carriers and essential air services, in North America and internationally, are expected to be negatively impacted but to a lesser extent than for larger carriers as a result of the short term softness in the market. The Company believes its geographical and customer segment diversification strategies will help to mitigate the negative impact of any short term market conditions.

The projected long term growth of the aerospace industry is subject to fluctuations beyond the control of the Company from such factors as global political instability (war and terrorism), government priorities and military spending levels, domestic and international economic conditions, changes in foreign currency exchange rates and other factors that could result in significant or prolonged disruption to commercial air travel worldwide.

The helicopter repair and overhaul industry encompasses the repair and overhaul of helicopter engines, components, accessories, avionics and airframes. Relative to a fixed-wing aircraft, a helicopter has a larger number of moving components. The majority of these components must be regularly maintained based on flight hours, according to standards recommended by helicopter manufacturers and approved by aviation regulatory authorities. The size and growth of the helicopter repair and overhaul industry is largely a function of the number of helicopters in operation and the number of flight hours undertaken by those helicopters.

There has been a recent resurgence in mature and legacy helicopter platforms resulting from a combination of delayed new aircraft deliveries and a search for cost reduction opportunities by operators. Operators are also pushing out deliveries of new aircraft and are investing in the refurbishment of their current fleets. The Company's expertise on these mature and legacy platforms and investment in modifications and upgrades capabilities will continue to create growth opportunities in its core business. On military platforms, through-life support contracts, such as those the Company is currently engaged, are gaining in popularity. They provide militaries with the ability to manage their defense budgets with predicted expenditures on a long horizon and create steady revenue streams for the Company.

The projected growth of the helicopter industry is subject to fluctuations beyond the control of the Company from such factors as global political instability (war and terrorism), government priorities and military spending levels, domestic and international economic conditions, changes in foreign currency exchange rates and other factors that could result in significant or prolonged disruption to commercial helicopter operations worldwide.

The industry is highly competitive, with companies competing on the basis of price, quality of service and turn-times. The Company's competitors primarily include OEMs and other independent authorized repair and overhaul centers. In addition, many fixed-wing and helicopter operators are capable of satisfying certain of their own repair and overhaul requirements. Specific platform and military contracting expertise are critical success factors in the helicopter market.

Engines, components and accessories can be removed and transported relatively inexpensively. Therefore, repair and overhaul services can be provided to both Canadian and international customers by centralized service centers. Base volume and scale are critical success factors for long term growth in these sectors. The Company believes it is well positioned in its current operations to benefit from these.

Research and Development

HS-NA and ES-Atlantic are approved by Transport Canada under CAR 505 as Design Approval Organizations ("**DAOs**"). The DAOs are staffed with professional engineers that work closely with the

Company's repair process shops, subcontractors and the customers to provide creative solutions for the generation of new repairs for components for which there is no repair defined by the OEM. The research and development conducted during the development of these repairs strives not only to make the part serviceable for return to service, but also to increase the durability of the component and to enhance product safety, which will ultimately lead to a decrease in direct operating costs for our customers.

The DAO also conducts research and development activities in order to develop Supplemental Type Designs ("**STCs**") for major changes to the original OEM design. The STCs are primarily driven by specific customer requests to develop changes in design driven by the mission profile for which the aircraft is to be utilized.

The Production Engineering group, which is not part of the DAO, works on the research and development process solutions to enable the Company to maximize the capability and capacity of operations. These continuous improvement activities are ongoing throughout the Company.

Environmental

The Company's operations sometimes involve the use, handling and storage of material that may be classified as environmentally hazardous. Laws protecting the environment have become more stringent in Canada, the United States and the United Kingdom in recent years and may, in certain circumstances, impose liability for environmental damage without regard to negligence or fault. Such laws may also expose the Company to liability for the conduct of, or conditions caused by, others or for acts of the Company that were in compliance with all applicable laws at the time such acts were performed. Management of the Company believes that ensuring compliance with such environmental laws will minimize the risk of any material adverse effect on the financial position of the Company. Management takes reasonable steps to ensure its employees work in an environmentally responsible manner. Management cannot, however, predict the likelihood of change to these laws or the impact of any such change on the financial position of the Company.

Employees

As of December 31, 2008, the Company employed approximately 2,360 people. All of the employees in North America are non-unionized while many of the employees at ES-UK and HS-UK are represented by unions. Management recognizes the commitment and dedication of its workforce, which has made substantial contributions towards the recent successes of the Company.

Foreign Operations and Currency

The Company has operating facilities in Canada, the United States, the United Kingdom, and Africa. The fixed-wing segment operates through ES-Atlantic in Prince Edward Island (with smaller facilities in Texas, Pennsylvania and Georgia through ES-Atlantic USA). The helicopter segment operates primarily in Richmond and Langley, British Columbia but also has facilities through HS-USA in Andalusia, Alabama and Juneau, Alaska (with smaller facilities in Texas and through HS-California and VA-California in

California). Each of the Company's operating businesses has customers throughout the world, many of which are invoiced in US currency.

In 2008, 64% of the Company's revenue and 59% of expenditures were denominated in US dollars. As well, 27% of the Company's revenue and 26% of expenditures were denominated in Pounds Sterling. A net exposure exists for US dollar and Pound Sterling cash flows that can affect earnings as the Canadian dollar exchange rate changes in relation to these currencies. In 2008, it is estimated that a one-cent change in the value of the Canadian dollar in relation to these currencies would affect earnings from operations before unusual items by approximately $0.8 million. Shareholders' equity includes a currency translation adjustment related to the Company's net investment in self-sustaining subsidiaries. A one-cent change in the value of the Canadian dollar in relation to the US dollar and Pound Sterling, all other variables remaining constant, would have affected shareholders' equity by approximately $0.4 million at December 31, 2008.

Risk Factors

The risk factors outlined under the heading "Risks and Uncertainties" in Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2008 ("**MD&A**") are incorporated herein by reference (only as to the excerpts relating to "Risks and Uncertainties"). A copy of the MD&A is available on SEDAR at www.sedar.com and such applicable risk factors are also contained on pages 26-30 of the 2008 Annual Report.

ITEM 5: DIVIDENDS

The declaration and payment of dividends is at the discretion of the Vector Board of Directors. There were no dividends declared during the three most recently completed financial years and Vector does not currently anticipate that it will declare any dividends on its common shares in the immediate future.

ITEM 6: CAPITAL STRUCTURE

Vector is authorized to issue an unlimited number of first and second preferred shares, issuable in series, and an unlimited number of common shares without par value. No preferred shares have been issued. As at March 26, 2009, 37,724,892 common shares of Vector were issued and outstanding. Holders of common shares of Vector are entitled to receive notice of and to attend all annual and special meetings of the shareholders of Vector and to one vote in respect of each common share held at all such meetings. The holders of the common shares are entitled, at the discretion of Vector's Board of Directors, to receive out of any or all profits or surplus of Vector properly available for the payment of dividends, any dividend declared by the board of directors and payable by Vector on the common shares. Subject to the rights of holders of any shares ranking prior to the common shares, the holders of common shares are entitled to receive proportionality the remaining property of Vector upon the liquidation, dissolution or winding-up of Vector or other distribution of its assets among its shareholders for the purpose of winding up its affairs.

As at March 26, 2009 Vector has 1,833,970 outstanding options granted to directors, officers, employees and Company management to purchase shares at exercise prices ranging from $2.00 to $8.10. The options expire between 2009 and 2016.

ITEM 7: MARKET FOR SECURITIES

Vector's common shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "RNO". The following chart identifies the average volume traded and the range of prices that shares were traded at by month in 2008.

Month	High ($)	Low ($)	Close ($)	Volume
Jan 2008	4.60	3.05	4.20	3,200
Feb 2008	4.60	4.01	4.32	3,100
Mar 2008	5.00	4.25	4.51	52,900
Apr 2008	5.33	4.51	5.03	5,600
May 2008	6.27	5.03	5.50	4,400
June 2008	5.94	5.35	5.60	8,700
July 2008	5.59	4.75	5.04	12,000
Aug 2008	7.00	5.00	6.45	45,400
Sept 2008	6.67	4.51	5.02	41,900
Oct 2008	5.95	4.47	5.00	30,100
Nov 2008	5.65	3.51	3.70	48,200
Dec 2008	4.50	2.75	3.27	43,200

ITEM 8: DIRECTORS AND OFFICERS

The names, municipalities of residence, principal occupations, positions with Vector and share ownership (as of March 26, 2009 and based on information provided by the directors and executive officers) of the directors and executive officers of Vector are set forth below. Directors of Vector serve as such until the next annual meeting of shareholders, or until their successors are elected or appointed.

Name and Municipality of Residence	Position with Vector	Principal Occupation	Director Since
Donald K. Jackson Toronto, Ontario, Canada	Chairman [3]	Chairman	November 2003
Declan O'Shea Meath, Ireland	President and CEO of Vector [3]	President and CEO of Vector	May 2008
Gordon Cummings [1] Toronto, Ontario, Canada	Director	Corporate Director	November 2003
Robert J. Deluce[2] Toronto, Ontario, Canada	Director	President and CEO Porter Airlines Inc.	November 2003
Randal L. Levine Toronto, Ontario, Canada	Senior Vice-President, CFO and Corporate Secretary	Senior Vice-President, CFO and Corporate Secretary	n/a
F. Robert Hewett [1] Aurora, Ontario, Canada	Director	Corporate Director	May 2006
Kenneth C. Rowe[1][2] Halifax, Nova Scotia, Canada	Director	Chairman and CEO of I.M.P. Group International Inc.	November 2003
Colin D. Watson[2] Toronto, Ontario, Canada	Director	Corporate Director	November 2003
Barry Eccleston[2] Reston, Virginia, USA	Director	President and CEO of Airbus Americas Holdings Inc.	May 2008
John B. MacDougall Ladner, British Columbia, Canada	President, HS-NA	President, HS-NA	n/a
Tim Rice Winchcombe, United Kingdom	Managing Director, ES-UK & HS-UK	Managing Director, ES-UK & HS-UK	n/a
Brian L. Thompson Charlottetown, PEI, Canada	President, ES-Atlantic	President, ES-Atlantic	n/a
Barry Merrikin Warsash, United Kingdom	Managing Director, ES-UK	Managing Director, ES-UK	n/a

(1) Denotes member of Audit Committee.
(2) Denotes member of Human Resources and Corporate Governance Committee.
(3) See "Appointment of New President and CEO" below as to the change in Mr. Jackson's title with the Corporation and the timing of such change over of the President and CEO position to Mr. O'Shea.

The directors and executive officers set out above, as a group, beneficially own or exercise control or direction over, directly or indirectly, 18,193,052 common shares (48.2%) of the issued and outstanding common shares as at March 26, 2009.

The current directors and executive officers of the Company were appointed on November 28, 2003, except for F. Robert Hewett who was appointed at the 2005 Annual General Meeting and Declan O'Shea and Barry Eccleston who were appointed at the 2008 Annual General Meeting. Each of the directors and executive officers has held the same principal occupation for the previous five years, except for the following:

- Donald K. Jackson has been Chairman of Vector from November 28, 2003 and also President and Chief Executive Officer between January 3, 2005 and June 1, 2008.
- Declan O'Shea was Executive Vice President Sales, Marketing and Business Integration for SR Technics from 2005 to 2008 and was Chief Executive and Chairman of SR Technics Ireland from 2004 to 2005.
- Gordon Cummings was Chief Executive Officer of Canadian Executive Service Organization between July 2003 and November 2005.
- Robert J. Deluce is also President and Chief Executive Officer of Deluce Capital Corporation (previously RJD Holdings Inc.) and has held this position since 1987
- F. Robert Hewett was President and Chief Executive Officer of CMA Holdings Incorporated from January 2001 to July 2006.
- Colin D. Watson was the President and CEO of Vector from November 28, 2003 until January 3, 2005.
- Barry Eccleston was Vice President and General Manager of the Propulsion Systems Enterprise of Honeywell's Engines, Systems and Services division from 2003 to 2005.
- John B. MacDougal was President of ES-Atlantic from 1995 to 2007.
- Barry Merrikin was Director and General Manager of Pratt & Whitney Canada (UK) Ltd until becoming Managing Director of ES-UK on December 8, 2004.
- Brian L. Thompson was Director Strategy & Results of Aliant Inc. and Director General Enterprise Development & Policy of Atlantic Canada Opportunities Agency from November 2003 until October 2006 when he was appointed Vice President Business Development & Policy for ES-Atlantic. He was appointed President of ES-Atlantic on March 1, 2007.
- Tim Rice was Managing Director of Messier-Dowty Limited until October 2008 and, prior to January 2007, Managing Director of Messier Services Limited.

Corporate Cease Trade Orders or Bankruptcies

As of the date hereof, none of the officers or directors of Vector is, or has been within the past ten years, a director, chief executive officer, or chief financial officer of any company, including Vector, that, (i) while such person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (ii) was subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of 30 consecutive days, that was issued after the proposed director ceased acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Save as noted below and as of the date hereof, none of the officers or directors of Vector and to the directors' and officers' knowledge, no shareholder holding a sufficient number of common shares to affect materially the control of Vector, is, or has been within the past ten years, a director or executive officer of any company, including Vector that, while that person was acting in such capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. Kenneth C. Rowe was a director of Canada 3000 Inc., a TSX public company, which was placed in bankruptcy pursuant to the provision of the *Bankruptcy and Insolvency Act* on November 11, 2001. Colin D. Watson was a director of Cygnal Technologies Corporation, a TSX public company, which entered into a Joint Plan of Arrangement and Reorganization with its creditors as of March 7, 2008 effective on or before April 1, 2008. Barry Eccelston was the Executive Vice President Business Development of Fairchild Dornier Corporation and executive officer of its subsidiary Dornier Aircraft North America, both of which declared Chapter 11 bankruptcy in and around April 2002.

Individual Bankruptcies, Penalties and Sanctions

As of March 26, 2009, none of the directors or officers of Vector and to the directors' and officers' knowledge, no shareholder holding a sufficient number of common shares to affect materially the control of Vector (or any personal holding companies of any such persons) have, within the past ten years became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

As of March 26, 2009, none of the officers or directors of Vector and to the officers' and directors' knowledge, no shareholder holding a sufficient number of common shares to affect materially the control of Vector (or any personal holding companies of any such persons) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of Vector's knowledge, there are no known existing or potential conflicts of interest between the Company and a director or officer of the Company, except that certain of the directors and officers of the Company serve as directors of other companies, including IMP Group Limited, which is a significant shareholder of Vector.

The directors and officers of Vector are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and required disclosures by directors and officers of conflicts of interest and Vector relies on such laws in respect of any directors' or officers' conflicts of interest or in respect of any breach of duty by any director or officer. All such conflicts will be disclosed, as the case may be, in accordance with the provisions of the *Canada Business Corporations Act* and the applicable director or officer, if any, will govern himself in respect thereof to the best of his ability in accordance with the obligations imposed by law.

Appointment of New President and CEO

On June 1, 2008 Declan O'Shea was appointed President and Chief Executive Officer of Vector. Donald K. Jackson resigned as President and Chief Executive Officer on June 1, 2008 but continues as a director and as Chairman of the Board of Directors.

ITEM 9: LEGAL PROCEEDINGS

As fully described in Note 17 to the annual consolidated financial statements for the year ended December 31, 2008, the Company agreed to a settlement with two former executive officers during 2008. The settlement, along with related releases, finalized and terminated all obligations involving the former executives.

The Company is involved in litigation with an individual for commissions related to alleged services provided to the Company in 2005 for US $2.1 million. The matter was commenced in 2006, has been contested by the Company and is expected to be subject to a court decision sometime in 2009. The Company has not recorded any liability as the amount of such liability, if any, cannot be estimated at this time.

The Company is also involved in various claims and litigation arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour, the Company does not currently believe that the outcome of adverse decisions in any pending or threatened proceedings would have a material adverse impact on its financial position, results of operations or liquidity.

ITEM 10: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or officer of Vector, or any associate or affiliate thereof, or, to the knowledge of the Company, any holder of over 10% of the voting securities of the Company or any associate or affiliate thereof, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction of the Company within the three most recently completed financial years or since January 1, 2006, or in any proposed transaction, that has materially affected or will materially affect the Company or any of its affiliates.

ITEM 11: TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc., located at 1969 Upper Water Street, Suite 2008, Purdy's Wharf Tower II, Halifax, Nova Scotia B3J 3R7.

ITEM 12: MATERIAL CONTRACTS

In March 2006, Vector's Board of Directors entered in the Rights Plan which has a three year term. The Rights Plan was ratified and confirmed by Vector's shareholders at its annual and special general meeting held on May 15, 2006. The Rights Plan was designed to provide Vector's Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made for Vector, and to provide every shareholder with an equal opportunity to participate in such bid.

As discussed earlier in this document under "General History of the Business", Vector acquired in April 2008, the business and assets of the Rotary Wing and Components Business Units of DARA. The acquisition was pursuant to an agreement of purchase and sale (the "**DARA Acquisition Agreement**") dated February 5, 2008. The full text of the Rights Plan and the DARA Acquisition Agreement can be found on SEDAR at www.sedar.com. Other than the Rights Plan and the DARA Acquisition Agreement discussed above, the Company has not entered into any material contracts within the most recently completed financial year or in previous financial years which are still in effect, other than those in the normal course of business.

ITEM 13: INTERESTS OF EXPERTS

The Company's independent external auditors are Ernst & Young LLP. Ernst & Young LLP has audited the financial statements of the Company for the fiscal year ended December 31, 2008.

ITEM 14: ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of Vector's securities, securities authorized for issuance under equity compensation plans, and interests of insiders in material transactions, where applicable, is contained in Vector's Management Information Circular. Additional financial information is provided in Vector's audited consolidated financial statements for the year-ended December 31, 2008, Vector's Management's Discussion and Analysis for the year-ended December 31, 2008, as well as other documents which may be accessed on Vector's website, on SEDAR at www.sedar.com, or obtained on written request to Mr. Randal L. Levine, Senior Vice-President, Chief Financial Officer and Corporate Secretary of Vector.

APPENDIX “A”
AUDIT COMMITTEE INFORMATION

1. Audit Committee Charter

See Schedule 1 attached hereto.

2. Composition of the Audit Committee

The Audit Committee of Vector is currently comprised of Gordon Cummings (Chair), F. Robert Hewett and Kenneth C. Rowe. Each member of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 – Audit Committees.

3. Relevant Education and Experience

Gordon Cummings **-** Mr. Cummings lectured at McMaster University and the University of Toronto in 2002 and has been lecturing at the University of Toronto since 2008. He was retired between November 2001 and July 2003 and was Chief Executive Officer of Canadian Executive Service Organization, a social and economic development services organization, between July 2003 and November 2005 when he retired again. From November 1998 until November 2001, Mr. Cummings was the Chief Executive Officer of Agricore Co-operative Ltd., a company resulting from the merger of the Alberta Wheat Pool and the Manitoba Pool Elevators. Prior to that time, Mr. Cummings was the Chief Executive Officer of the Alberta Wheat Pool. Mr. Cummings is a Certified Management Accountant and a Fellow of the Society of Management Accountants of Canada.

F. Robert Hewett – Mr. Hewett has been a senior executive at the CFO, EVP or CEO level of various organizations since 1974 until his retirement July 2006. Latterly, he was CEO of CMA Holdings Inc. a corporate financial services organization with assets under administration (at such time) in excess of $24 billion. He has acted as both a member and Chair of many Audit and Governance Committees and is presently a member of another public entity’s Audit Committee and Chair of its Governance and Compensation committee.

Kenneth C. Rowe **-** Mr. Rowe is Chairman and Chief Executive Officer of I.M.P. Group International Inc., an aerospace and aviation focused holding company he founded in 1967. As announced by I.M.P. Group International Inc., on April 1, 2009, Mr. Rowe will step down as the Chief Executive Officer and will assume the position of Executive Chairman of I.M.P. Group International Inc. He is a Fellow of the Institute of Chartered Secretaries and the Institute of Corporate Directors and has been awarded an Honorary Doctorate of Laws Degree from Dalhousie University. Mr. Rowe was the past chair of each of the Nova Scotia Power Inc. and The Shaw Group Limited audit committees and was previously a member of each of the Crombie Real Estate Income Trust Ltd. and Emera Inc. audit committees. Mr. Rowe spent 18 years as a director of the Royal Bank of Canada and 10 years as the Chair of the Dalhousie University School of Business Administration Advisory Committee.

4. External Auditor Service Fees

Audit Fees

Ernst & Young LLP, Vector's external auditor, charged Vector $447,580 (2007 - $346,000) for audit services in connection with the audit of the Company's annual financial statements.

Audit-Related Fees

Ernst & Young LLP charged an additional $308,700 (2007 - $156,000) for audit services in connection with the United Kingdom entities statutory accounts, of which are incorporated into the audit of the Company's annual financial statements.

Tax Fees

Ernst & Young LLP charged Vector $95,755 (2007 - $38,850) for tax services in connection with the Company's tax planning and compliance.

All Other Fees

Ernst & Young LLP charged Vector $209,566 (2007 - $207,764) for services related to the documentation of internal controls and various review, audit and tax services related to the DARA acquisition.

Schedule 1

VECTOR AEROSPACE CORPORATION Audit Committee Mandate

(Effective December, 2006)

Responsibility

The Audit Committee is responsible for fulfilling its duties as described in Vector's by laws including those delegated to it from time to time by the Board of Directors and those otherwise required or contemplated by applicable law to be undertaken by a committee of this nature.

The Audit Committee is a committee of the Board of Directors (the "**Board**") of Vector Aerospace Corporation (the "**Corporation**"). The primary function of the Audit Committee is to assist the directors of the Corporation in fulfilling its oversight responsibilities in relation to:

a) recommending to the Board the appointment and compensation of the Corporation's external auditor;

b) overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;

c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiary entities ("**Subsidiaries**") by the Corporation's external auditor;

d) satisfying themselves that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in (g) below, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;

e) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding financial, accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation or its Subsidiaries of concerns regarding questionable accounting or auditing matters;

f) reviewing and approving any proposed hiring of any current or former partner or employee of the current and former auditor of the Corporation or its Subsidiaries;

g) reviewing and approving the annual and interim financial statements, related Management Discussion and Analysis ("**MD&A**") and other financial information provided by the Corporation to any securities regulatory body or to the public; and

h) reviewing the CEO's expense claims by the Chair of the Audit Committee if there is not a Lead Director or separate Chairman of the Board.

The Audit Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

Composition

The Board shall elect annually from among its members an audit committee to be comprised of not less than three directors, each of whom shall be independent within the meaning of relevant securities legislation, as amended or supplemented from time to time, and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. A majority of members must be resident Canadians. A quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine, provided that a majority thereof are resident Canadians. All members of the Audit Committee should have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices.

Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee upon ceasing to be a director. Subject to the foregoing, each member of the Audit Committee shall hold office as such until the next annual meeting of shareholders after his election. The Audit Committee Chair shall be appointed by the Board of Directors.

Meetings

The Audit Committee shall meet on a regular basis (at least four times per year) to permit timely review of the interim and annual financial statements and other quarterly or annual information intended for circulation among shareholders of the Corporation and shall report on these meetings to the Board. Special meetings shall be authorized at the request of any member of the Audit Committee or at the request of the external auditors.

Meetings of the Audit Committee shall be held from time to time and at such place to accommodate the majority of its members upon 48 hours notice to each of its members. The notice period may be waived by all members of the Audit Committee.

Authority

The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Corporation and its subsidiaries and to discuss those accounts and records and any matters relating to the financial position of the Corporation with any officers and auditors of the Corporation and its subsidiaries, and any member of the Audit Committee may require the auditor to attend any or every meeting of the Audit Committee. The Audit Committee will, to the extent possible, be cognizant of the ongoing regular responsibilities of the employees of the Company it requires access to.

As required, and after consultation with the Chairman, the Audit Committee shall retain persons having special expertise to assist in fulfilling its responsibilities.

Duties and Responsibilities

As part of its function in assisting the Board in fulfilling their oversight responsibilities (and without limiting the generality of the Audit Committee's role), the Audit Committee will undertake the matters described below:

(a) Recommended Appointment and Review of the Auditor

The Audit Committee, with the input of management will recommend to the Board the appointment of the auditor. Specifically, the Audit Committee will:

i. recommend to the Board an auditor for appointment or reappointment, as the case may be, by Vector's shareholders and to make recommendations with respect to the auditor's compensation;

ii. review and approve the auditor's engagement letter;

iii. review, after seeking and taking into account the opinions of senior management, the experience, qualifications, performance and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence) of the auditor, its engagement and lead partners: with a view to recommending its appointment or reappointment;

iv. resolve any disagreements between senior management and the auditor regarding financial reporting;

v. meet with senior management not less than quarterly without the auditor present for the purpose of discussing, among other things, the performance of the auditor, assessment of the working relationship between management and the auditor and any issues that may have arisen during the quarter; and

vi. where appropriate, recommend to the Board that the auditor be terminated.

(b) Confirmation of the Auditor's Independence

At least annually, and in any event before the auditor issues its report on the annual financial statements, the Audit Committee will report to the Board of Directors on the following related to independence:

(a) review a formal written statement from the auditor describing all of its relationships with Vector;

(b) discuss with the auditor any relationships or services that may affect its objectivity and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence);

(c) obtain confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and

(d) confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

(c) Pre-Approval of Non-Audit Services

The Audit Committee will pre-approve the appointment of the auditor for any non-audit service to be provided to Vector, or to any subsidiary of Vector, provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before the appointment of the auditor for any non-audit service, the Audit Committee will consider the compatibility of the service with the auditor's independence. The Audit Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services. Such policies and procedures will be detailed as to the particular service and the procedures provided that the Audit Committee's responsibilities cannot be delegated to management. In addition, the Audit Committee may delegate to one or more of its members the authority to pre-approve the appointment of the auditor for any non-audit service to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Audit Committee and the Board of Directors at its next scheduled meeting.

(d) Communications with the Auditor

The Audit Committee has the authority to communicate directly with the auditor. The Audit Committee will inform the Chairman of the Board and, unless inappropriate the CEO of all such communication. The Audit Committee will have a direct channel of communication with the external auditor and will also provide a channel of communication between the external auditor and the Board. The Audit Committee will meet with the auditor periodically to discuss any items of concern to the Audit Committee or the auditor, and as required, such meetings may exclude management. Meetings with auditor will address such matter as:

i. the scope, planning and staffing of the audit;

ii. the auditor's materiality threshold for the audit;

iii. the assessment by the auditor of significant audit risk;

iv. any material written communications between the auditor and senior management, such as any management letter or schedule of unadjusted differences. Any significant recommendations made by the auditors for the strengthening of internal controls will be followed up by the Audit Committee to ensure management implements them;

v. whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;

vi. the extent to which the auditor is satisfied with the nature and scope of its examination;

vii. whether or not the auditor has received the full co-operation of senior management and other employees of Vector;

viii. any significant disagreements among management and the external auditor in connection with the preparation of the annual or interim financial statements;

ix. the auditor's views or observations of the competence and performance of the Chief Financial Officer, and other persons employed by Vector in the finance area;

x. the items required to be communicated to the Audit Committee by the auditor under authoritative guidance established by the Canadian Institute of Chartered Accountants from time to time;

xi. critical accounting policies and practices to be used by Vector and its subsidiaries;

xii. alternative treatments of financial information within generally accepted accounting principles that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;

xiii. any difficulties encountered in the course of the audit work, including any unresolved issues, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response;

xiv. compliance with relevant mandate and auditors observations related thereto; and

xv. any suspected illegal act that may have occurred.

(e) Review of the Audit Plan

The Audit Committee will discuss with the auditor the objectives, co-ordination and scope of audits including a summary of the auditor's audit plan for each audit, including duties and responsibilities of the external auditor and the timing and estimated budget of the annual audit. The Audit Committee will review and make recommendations to the Board regarding the audit plan with such amendments as it may agree with the auditor.

(f) Review of Audit Fees

The Audit Committee will review the auditor's fee and the terms of the auditor's engagement, and make recommendations to the Board with respect thereto. In assessing the auditor's fee, the Audit Committee should consider, among other things, the number and nature of reports to be issued by the auditor, the quality of the internal controls of Vector, the size, complexity and financial condition of Vector and the extent of support to be provided to the auditor by Vector.

(g) Review of Financial Statements

The Audit Committee before recommending them for approval by the Board will review and discuss with senior management and the auditor the annual audited financial statements together with the auditor's report thereon, and the interim financial statements, together with the auditor’s findings of their review thereon. The Audit Committee will also review and discuss with senior management and the auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements. The Audit Committee will also review and make recommendations to the Board annually regarding the auditor’s engagement to review the interim financial statements.

In conducting its review of the annual, interim and any other public financial statements and related management's discussion and analysis, the Audit Committee will:

(i) consider the external auditors judgments about the quality of, and not just the acceptability of, the accounting principles, and the reasonableness of senior management’s judgments, analyses and estimates made in connection with the preparation of the financial statements or that have a significant effect upon the financial statements, whether those principals are common practice or are minority practices, and their disclosures in the financial statements;

(ii) discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on Vector's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, material related party transactions, and/or significant components of revenues and expenses;

(iii) consider any proposed changes in accounting practices or policies and their impact on financial statements of Vector;

(iv) discuss with senior management, the auditor and, if necessary, legal counsel a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of Vector, and the manner in which these matters have been disclosed in the financial statements;

(v) discuss with senior management and the auditor any correspondence with regulators or governmental agencies, employee or other complaints or published reports that raise significant issues regarding Vector's financial statements or accounting policies;

(vi) discuss with the auditor any special audit steps taken in light of material weaknesses in internal control;

(vii) review the results of the audit, including any reservations or qualifications in the auditor's opinion;

(viii) discuss with senior management all significant variances between comparative reporting periods;

(ix) discuss with the auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, and significant disagreements with senior management and the method of resolution;

(x) consider proposed major changes to Vector's accounting policies and practices;

(xi) consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements; and

(xii) seek to ensure that adequate procedures are in place for the review of Vector's public disclosure of financial information extracted or derived from Vector's financial statements, and periodically assess the adequacy of those procedures.

(h) Review of Other Financial Information

The Audit Committee will review:

(i) all earnings press releases and regulatory filings requiring, in each case, approval by the Board, and will review and approve all such material not requiring approval by the Board. The Audit Committee will also review any non-GAAP information in such press releases and financial information. Such review will take place prior to required Board approval or the release of such information.

(ii) all other financial statements of Vector that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities;

(iii) the system in place to seek to ensure that the financial statements, related MD&A and other financial information disseminated to governmental organizations and the public satisfy applicable requirements;

(iv) Vector's annual budgets;

(v) the public disclosure regarding the Audit Committee required by National Instrument 52-110, as amended or supplemented from time to time;

(vi) the findings or comments of any regulatory agencies concerning financial information of the Corporation;

(vii) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on Vector's financial statements; and

(viii) disclosures made to the Audit Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about (a) any significant deficiencies and material weaknesses in the design or operation of Vector's internal controls over financial reporting which are reasonably likely to adversely affect Vector's ability to record, process, summarize and report financial information, and (b) any fraud involving senior management or other employees who have a significant role in Vector's internal control or financial reporting.

(i) Oversight of Internal Controls and Disclosure Controls

The Audit Committee will review periodically with senior management the adequacy of the internal controls and procedures that have been adopted by Vector and its subsidiaries to safeguard assets from loss and unauthorized use including the adequacy of internal controls to expose any payments, transactions or procedures that would not be deemed illegal or improper and to verify the accuracy of the financial records. The Audit Committee will review any special audit steps adopted in light of material control deficiencies or identified weaknesses.

The Audit Committee will review with senior management the controls and procedures that have been adopted by Vector to ensure that material information about Vector and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

The Audit Committee will review the findings of the external auditor on any control weaknesses or issues and managements response thereto and follow-up on any identified issues.

(j) Establishment and Review of the Internal Audit Function

The Audit Committee will assess not less than annually whether or not, and on what terms, an internal audit function should be established. To the extent an internal audit function is established, the Audit Committee will review its mandate at least annually as well as a work plan for the internal auditor.

(k) Legal Compliance

The Audit Committee will review any legal matters that could have a significant effect on Vector's financial statements. It will also review with legal counsel any material inquiries received from regulators and governmental agencies and advise the Board accordingly.

(l) Employees of the auditor

The Audit Committee will review and approve policies for the hiring by Vector of any partners and employees and former partners and former employees of the present or former auditor.

(m) Investigative and Outside Advisors

If considered appropriate, the Audit Committee may conduct or authorize investigations into any matters within its scope of activities, after notifying the Chairman of the Board and as appropriate, the Chief Executive Officer. As requested, and after consultation with the Chairman, the Audit Committee is empowered to retain independent counsel, accountants or other professionals to assist in the conduct of its investigation.

(n) Approval of Expenses

The Chairman of the Board will review the Chief Executive Officer's expense statements and will report to the Audit Committee thereon. To the extent that the Chairman and Chief Executive Officer is the same person, the Chairman’s expenses will be reviewed by the Lead Director, or if one is not appointed, the Chairman of the Audit Committee. Such review will be reported to the Audit Committee. Director expense statements will be reviewed by the Chief Financial Officer, who will report to the Audit Committee thereon.

Reporting

The Audit Committee will periodically report to the Board on matters included in its mandate, such as:

a) minutes of all Audit Committee meetings;

b) the auditor's independence and engagement;

c) the performance of the auditor and the Audit Committee's recommendations regarding its reappointment or termination;

d) the adequacy of Vector's internal controls and disclosure controls;

e) Vector's risk management procedures;

f) its recommendations regarding the annual and interim financial statements of Vector, including any issues with respect to the quality or integrity of the financial statements;

g) its review of the annual and interim management's discussion and analysis;

h) any complaints made under Vector's Code which are not referred to the Human Resources, Compensation and Governance Committee;

i) the Audit Committee's composition and activities for inclusion in the Corporation's annual report, as required;

j) the minutes of all meetings of the Audit Committee;

k) Vector's compliance with legal and regulatory requirements related to financial reporting; and

l) all other significant matters it has addressed or reviewed with respect to such other matters at are within its responsibilities, together with any associated recommendations.

Audit Committee Complaint Procedures

Anyone may submit a complaint regarding conduct by the Corporation or its Subsidiaries or their respective employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. In this regard the Company established in 2005 a Whistleblower Policy, which sets out the reporting process and handling of complaints related to financial matters. The Whistleblower Policy can be found at www.sedar.com under the Corporation's profile.

The Chair of the Audit Committee shall oversee the treatment of such complaints for which the Whistleblower Policy is designated to receive and administer or supervise the administration of such complaints.

The Chair of the Audit Committee shall maintain a log of complaints, tracking their receipt, investigation, findings and resolution, and shall prepare a summary report for the Audit Committee.

In order to preserve anonymity when submitting a complaint regarding questionable accounting or auditing matters, the complainant may submit a complaint to the following confidential toll free telephone number 1-866-399-4296 or to a confidential mail box at:

Vector Aerospace Corporation
Attention Chair of Audit Committee
2 Bloor Street West, Suite 2100
Toronto, Ontario, M4W 3E2.

To the extent reasonably possible, the details of the investigation should be kept confidential throughout the investigatory process. The identity of the complainant will be kept confidential unless the complainant waives such anonymity or, in the reasonable judgment of the Audit Committee Chair, such anonymity is not possible or appropriate but, in such latter case, only after discussions with the complainant.

The Chair of the Audit Committee should review and investigate the complaint. Corrective action should be taken when and as warranted.