



CARGOJET INC.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 10, 2014

CARGOJET INC.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of Cargojet Inc. (the “**Company**”) will be held at the TSX Gallery, The Exchange Tower, 130 King Street West, Toronto, Ontario, on Wednesday, April 10, 2014 at 1:00 p.m. (Toronto time), for the following purposes:

- (a) to receive and consider the audited consolidated financial statements of the Company, for the fiscal period ended December 31, 2013 and the report of the auditors thereon;
- (b) to elect the directors of the Company;
- (c) to appoint the auditors of the Company and to authorize the directors of the Company to fix their remuneration;
- (d) to consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a new restricted share unit plan of the Company, as more particularly described in the accompanying management information circular of the Company;
- (e) to consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a new incentive stock option plan of the Company, as more particularly described in the accompanying management information circular of the Company; and
- (f) to transact such other business as may properly come before the Meeting or any adjournments thereof.

This notice is accompanied by a form of proxy, a management information circular, the audited consolidated financial statements of the Company and management’s discussion and analysis for the fiscal period ended December 31, 2013.

The board of directors of the Company (the “**Board**”) have by resolution fixed the close of business on March 4, 2014 as the record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting or any adjournments thereof.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

Duly completed and executed proxies must be received by the Company’s transfer agent no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment of the Meeting.

DATED at Mississauga, Ontario this 4th day of March, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

“Ajay Virmani”

Ajay Virmani
President and Chief Executive Officer

CARGOJET INC.
MANAGEMENT INFORMATION CIRCULAR

The Company

Cargojet Inc. (the “**Company**”) is the successor to Cargojet Income Fund (the “**Fund**”) following the completion of the conversion (the “**Conversion**”) of the Fund from an income trust to a public corporation by way of a court-approved statutory plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario) on January 1, 2011. All references to the “**Company**” refer to Cargojet Inc. and, as the context requires, its predecessor, the Fund.

Solicitation of Proxies

This management information circular is furnished in connection with the solicitation of proxies by management of the Company for use at the annual and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common voting shares (the “**Common Voting Shares**”) and variable voting shares (the “**Variable Voting Shares**” and together with the Common Voting Shares, the “**Voting Shares**”) of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of annual and special meeting of shareholders. References in this management information circular to the Meeting include any adjournments thereof.

It is expected that the solicitation of proxies will be primarily by mail; however proxies may also be solicited personally by agents of the Company. Proxies may also be solicited personally or by telephone by the directors, officers or regular employees of the Company and its subsidiaries without special compensation. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

The board of directors of the Company (the “**Board**”) have by resolution fixed the close of business on March 4, 2014 as the record date, being the date for the determination of the registered holders of Voting Shares entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent at the address indicated on the enclosed envelope no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment of the Meeting.

Unless otherwise stated, the information contained in this management information circular is as of March 4th, 2014.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Company. **A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent the Shareholder at the Meeting may do so by striking out the names of the persons designated therein and by inserting in the blank space provided for that purpose the name of the desired person, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the registered office of the Company's transfer agent indicated on the enclosed envelope no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment of the Meeting.**

A Shareholder delivering the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The Voting Shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the Shareholder or by his or her attorney authorized in writing,

and deposited at the registered office of the Company's transfer agent at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the Voting Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Voting Shares will be voted in favour of the election of the directors and the appointment of auditors referred to below and the passing of all of the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of annual and special meeting of Shareholders and with respect to other matters which may properly come before the Meeting.** At the time of printing of this management information circular, neither the directors nor officers of the Company are aware of any such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to the directors or officers of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Interest of Certain Persons or Companies in Matters to be Acted Upon

To the knowledge of the directors and officers of the Company, except as set out herein and except insofar as they may be Shareholders, no director or officer of the Company, or any proposed nominee for election as a director of the Company, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

Voting Securities and Principal Holders of Voting Securities

The beneficial interests in the Company are divided into two classes, designated as Common Voting Shares and Variable Voting Shares. Each Voting Share represents an equal undivided beneficial interest in any net income and free cash flow from the Company and in any assets of the Company remaining in the event of termination or winding up of the Company. Each Voting Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting, unless otherwise varied in accordance with the terms of the Variable Voting Shares as set forth in the articles of arrangement of the Company.

As at March 4th, 2014, the following Voting Shares in the capital of the Company were issued and outstanding:

Common Voting Shares	8,231,566
Variable Voting Shares	256,395

The Board has fixed the record date of March 4, 2014 for the purpose of determining Shareholders entitled to receive notice of and to vote at the Meeting. Only persons registered as Shareholders on the books of the Company as of the close of business on the record date are entitled to receive notice of and to vote at the Meeting. The failure of any Shareholder to receive notice of the Meeting does not deprive the Shareholder of the right to vote at the Meeting.

To the knowledge of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Voting Shares carrying more than 10% of the voting rights attached to any class of voting securities of the Company other than:

Name	Voting Shares Owned on a Non-Diluted Basis #/% ⁽¹⁾	Voting Shares Owned on a Fully Diluted Basis #/% ^{(1) (2)}
Ajay Virmani and The Virmani Family Trust	1,429,690 / 16.84%	1,514,796 / 14.51%

Note:

- (1) The information as to Voting Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the Shareholders listed above.
- (2) The calculation of fully diluted voting shares assumes the conversion of the Company's \$22,939,000 of outstanding convertible debentures converted at the conversion price of \$11.75 per common voting share. Ajay Virmani currently holds \$1,000,000 of convertible debentures.

Executive Compensation

Compensation Discussion and Analysis

Introduction

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer (“**CEO**”), the Chief Financial Officer (“**CFO**”) and the Company's three most highly compensated executive officers (other than the CEO and CFO) whose total salary and bonus exceeds \$150,000 (together with the CEO and CFO, the “**NEOs**”). The operations of the Company are conducted primarily through Cargojet Partnership (the “**Operating Partnership**”) and Cargojet Airways Ltd. (“**Cargojet Airways**”). The executive officers are compensated through the Operating Partnership and Cargojet Airways for acting in such capacities.

This compensation discussion and analysis (“**CD&A**”) is intended to provide Shareholders with an understanding of the Company's approach to compensation, including a description of the decisions and processes involved, the different components of the Company's compensation program, what the Company paid NEOs for the financial year ended December 31, 2013, and why. The NEOs for the financial year ended December 31, 2013 were:

- Ajay Virmani, CEO
- Jamie Porteous, Executive Vice President Sales and Service
- John Kim, CFO
- George Sugar, Senior Vice President Flight Operations
- Paul Rinaldo, Vice President Engineering and Maintenance

In 2009, at the direction of the Board, the Compensation and Nominating Committee (the “**CNC**”) undertook a comprehensive review of the Fund's executive compensation policies and practices. The CNC retained Hugessen Consulting Inc. (“**Hugessen**”) to act as an independent consultant to gather competitive market data and to advise on the design of a new executive compensation plan. Upon reviewing the objectives of the Fund and the practices of comparable companies, the CNC established, and the board of trustees of the Fund approved, an executive compensation plan that aligned executive compensation with the Fund's objectives and with the interests of the Fund's unitholders. The new compensation plan was fully implemented in 2010 and was adopted by the Company upon completion of the Conversion.

Executive Compensation Philosophy

The Company's executive compensation practices are designed to attract, motivate and retain a leadership team that will create long-term and sustainable value for Shareholders. Accordingly, the Company's executive compensation program is based on the following principles:

- compensation levels should be fair and competitive with the market;
- compensation should help to retain and motivate executives who are critical to the Company's long-run success;

- compensation should reward overall business performance and should encourage an environment of teamwork and collaboration;
- compensation should align the interests of the Company's executives with those of Shareholders; and
- compensation should not encourage the Company's executives to expose the Company to inappropriate or excessive risk.

In order to achieve these objectives, the compensation paid to executive officers consists primarily of the following three components; (a) base salary; (b) short-term incentive in the form of the short-term incentive plan (the "STIP") participation; and (c) long-term incentive in the form of the long-term incentive plan ("LTIP") participation.

The CNC is responsible for reviewing the implications of risks associated with the Company's compensation policies and practices and reporting any identified risks that are reasonably likely to have a material adverse effect on the Company. The CNC considers the balance between long term objectives and short term financial goals incorporated into the Company's executive compensation program and whether or not NEO's are potentially encouraged to expose the Company to inappropriate or excessive risk. The Company's executive compensation program has been structured identically among all of the Company's executive officers and the Board has the discretion to award incentives based on long-term objectives that may have an impact on short-term financial targets. Furthermore, the Company's executive compensation program includes a maximum annual payout limit. As at the date of this management information circular, the CNC has not identified any risks that are reasonably likely to have a material adverse effect on the Company.

The Company does not currently have a policy that restricts executive officers or directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity.

Role and Composition of the CNC, and the Role of Management and Independent Advisors

(i) Role and Composition of the CNC

The CNC assists the Board by making recommendations to the Board concerning the appointment, hiring, compensation, benefits and termination of senior officers and all other significant employees of the Company. The CNC reviews on an annual basis the CEO's goals and objectives for the upcoming year and provides an appraisal of the CEO's performance. The CNC also reviews the Company's executive compensation programs every year, evaluating individual NEO compensation including annual base salary, short and long-term incentives, and perquisites. Its aim in doing so is to assess the alignment of the compensation programs with company objectives and market practices.

The CNC administers and makes recommendations regarding the operation of the LTIP and advises the Board in filling vacancies on the Board and periodically reviewing the composition and effectiveness of the Board and the contributions of individual directors.

The CNC is comprised of Paul Godfrey (Chairman), Terence Francis, and John Webster, all of whom have relevant direct experience in matters of executive compensation and are "independent" within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "Governance Disclosure Rule"). Specifically, the following biographies of the members of the CNC detail their skills and experiences that are relevant to their responsibilities with respect to executive compensation:

Paul Godfrey:

Mr. Godfrey currently serves as the President and Chief Executive Officer of Postmedia and the Chairman of RioCan Real Estate Investment Trust. First elected to public office in 1964, Mr. Godfrey served as Chairman of the Metropolitan Toronto Council from 1973 to 1984. In 1984 Mr. Godfrey joined the Toronto Sun as Publisher and Chief Executive Officer and served as President and Chief Executive Officer of the Sun Media Corporation from 1992 to 2000. Mr. Godfrey has also served as the President and Chief Executive Officer of the Toronto Blue Jays Baseball Club from 2000 to 2008. Mr. Godfrey previously served as a director of Astral Media Inc., a director of Data & Audio-Visual Enterprises Wireless Inc. which operated under the trade name "Mobilicity" and as Chair of the Ontario Lottery and Gaming Corporation. Mr. Godfrey graduated from the University of Toronto with a Bachelor of Applied Science in Chemical Engineering.

Terence Francis:

Mr. Francis is a graduate of the Harvard Business School Advanced Management Program. He is the principal of T.&T.G.(SA) Consulting Ltd. and has served as a corporate officer and senior executive of Canadian Airlines Corporation.

John Webster:

Mr. Webster has been the President and Chief Executive Officer of Scotia Mortgage Corporation since 2006. Mr. Webster has also been the President and Chief Executive Officer of Maple Trust Company since 1989. Maple Trust Company was acquired by Scotia in 2006. He has been the Chief Executive Officer and previously, the Chief Operating Officer, for regulated financial institutions for over twenty years. During such time Mr. Webster has participated in overseeing numerous internal and external audits as a member of senior management and as a board member. Mr. Webster's current and previous directorships include Maple Trust Company, Scotia Mortgage Corporation, Filogix Inc. and Dundee Financial Corporation. Mr. Webster received an Honours BA from Wilfred Laurier University and an LL.B and B.C.L. from McGill University.

(ii) Role of Management in Compensation Decisions

The CFO assists the CEO in developing and presenting to the CNC all of management's recommendations and supporting material pertaining to the compensation of the NEOs and other senior executives. In addition, the CFO works with the Chairman of the CNC to plan the annual agenda and to prepare materials for each meeting of the CNC. The CEO is invited to attend all regular meetings of the CNC, and an in camera session, during which management is not in attendance, is held during each CNC meeting.

(iii) Role of Independent Advisor in Compensation Decisions

Hugessen was retained in 2009 directly by the CNC to provide independent advice, compensation analysis and other information in support of the CNC's decision-making in regard to executive compensation and related matters. All work performed by Hugessen was at the direction of, and pre-approved by, the CNC including occasional work performed in partnership with management. The decisions taken by the CNC remain its responsibility and may reflect factors and considerations in addition to the information and recommendations provided by Hugessen.

All of the work performed by Hugessen was completed in 2010. Hugessen has no other mandate with the Company and no fees were charged by Hugessen or paid by the Company to Hugessen in each of 2011, 2012 and 2013.

Components of the Company's Executive Compensation Program

Compensation component	Objectives	Form
Base salary	Provide fixed compensation reflecting the role, skills, and experience of the executive officer.	Cash
STIP/bonus	Provide performance-based compensation linked to the achievement of cashflow objectives and of individual performance objectives.	Cash
LTIP	Provide performance-based compensation linked to the achievement of cashflow objectives and of individual performance objectives, align the interests of executive officers with those of Shareholders and encourage retention of talented executive officers.	Time-vested Voting Shares

The compensation mix varies based on the level of the executive to reflect the impact of more senior roles on overall Company performance. The base salary portion of executive compensation is fixed, while the annual short-term and long-term incentive portions are performance-based and are variable.

The target mix of the primary compensation components for the NEOs for fiscal 2013 is shown in the following table:

NEO	Percentage of Target Total Direct Compensation ⁽¹⁾			Percentage of variable compensation ⁽¹⁾
	Base salary	Short-term incentives	Long-term incentives	
Ajay Virmani	49%	37%	14%	51%
Jamie Porteous	49%	37%	14%	51%
John Kim	62%	19%	19%	38%
George Sugar	62%	19%	19%	38%
Paul Rinaldo	62%	19%	19%	38%

Note:

(1) Percentages have been rounded to the nearest whole number.

The overall design of the 2013 NEO compensation program is summarized in the following table:

NEO	Annual Salary (\$)	STIP Target (% of salary)	LTIP Target (% of salary)
Ajay Virmani	500,000	75%	30%
Jamie Porteous	375,000	75%	30%
John Kim	250,000	30%	30%
George Sugar	200,000	30%	30%
Paul Rinaldo	200,000	30%	30%

Competitive Benchmarking

In order to attract and retain the leadership it needs, the Company seeks to ensure that its executive compensation programs remain competitive with its market. On an annual basis, a market review of compensation levels and practices is undertaken. The Company selects the elements of its compensation programs to ensure a competitive compensation package for its executives, and positions its total compensation levels with reference to the median of compensation levels for executives in comparable roles in its peer group.

In 2009, the Fund asked Hugessen to benchmark the compensation of Ajay Virmani, Dan Mills (the CFO of the Company at the time) and Jamie Porteous. This review included an analysis of the competitiveness of total compensation as well as the components of individual compensation. The group of companies against which the Fund conducted this benchmarking, as approved by the CNC, is listed in the table below.

Benchmarking Peer Group
Contrans Group Inc Trimac Transportation Services LP Clarke Inc. Exchange Income Corporation Discovery Air Inc. HNZ Group Inc. (Formerly Canadian Helicopters Group Inc.)

In 2013, the CNC benchmarked the total compensation of Ajay Virmani, Jamie Porteous and John Kim against the same group of companies listed in the table above. The next review will be completed by the CNC in 2014.

How the Company Makes Executive Compensation Decisions

(i) Base Salary

Individual executive salaries are typically set with a view towards offering market-competitive fixed compensation in order to attract and retain leaders with the appropriate skill sets. The CNC, following discussions with the CEO makes an annual recommendation to the Board for each NEO's annual salary, taking the following into consideration:

- for the CEO, CFO and Executive Vice President Sales and Service, the position of the NEO's salary versus the salaries for similar roles at market comparators
- the NEO's experience, knowledge, and performance; and
- the NEO's total compensation (i.e. including incentive compensation at target).

Automatic annual or inflation-based adjustments to executive salaries are not typically made at the Company, however NEO salaries will continue to be reviewed on an annual basis to ensure alignment with the market. Adjustments may subsequently be made to realign salary levels if the market value of the role has increased.

(ii) Short-Term Incentive Plan

Pay for performance is an important underlying principle of the Company's executive compensation philosophy, with the result that variable compensation can represent a substantial proportion of total compensation. The Company administers the STIP, which is based on the Company meeting specific EBITDA targets and the NEO achieving specific personal performance objectives. Each year, the CNC

recommends for approval by the Board the STIP design, including business performance measures, weightings, and targets.

The basis of calculation for each STIP performance measure is documented in the annual business plan, which is approved by the Board. At the end of the fiscal year, management determines the results for each of the STIP performance measures, and these are compared to the established financial and non-financial targets. The STIP award payable to each NEO for each performance measure is then calculated. No STIP award is normally paid for a performance measure if the final result falls below the established threshold.

For 2013, all NEOs participated in the STIP. Mr. Virmani and Mr. Porteous were eligible to earn an STIP of up to 75% of their annual salary upon the Company meeting an EBITDA target of \$19.2 million before incentives and bonuses and individual performance targets and personal objectives for the fiscal year ended December 31, 2013. The other NEOs were eligible to earn an STIP of up to 30.0% of their annual salary upon the Company meeting an EBITDA target of \$19.2 million before incentives and bonuses and the achievement of individual performance objectives. Payouts were determined between the minimum (0% of annual salary) and target (maximum 75% of annual salary for Mr. Virmani and Mr. Porteous, maximum 30.0% of annual salary for other NEOs) on a sliding scale proportionate to the EBITDA achieved by the Company and the achievement of performance objectives by each NEO. For 2013, each NEO was awarded a proportion of their STIP targets based on the Company's final EBITDA and the achievement of individual performance objectives.

(iii) Long-Term Incentive Plan

The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Company's ability to attract, retain and motivate key personnel and reward officers and key employees for achieving financial and personal targets. Pursuant to the LTIP, the Company may set aside a pool of funds based upon the LTIP awarded to the NEOs. The Company will purchase Common Voting Shares in the market with this pool of funds and will hold the Common Voting Shares until such time as ownership vests to each participant.

The CNC is responsible for administering and making recommendations concerning the operation of the LTIP. The Board has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

The basis of calculation for each LTIP performance measure is documented in the annual business plan, which is approved by the Board. At the end of the fiscal year, management determines the results for each of the LTIP performance measures, and these are compared to the established financial and personal targets. The LTIP award payable to each NEO for each performance measure is then calculated. No LTIP award is normally paid for a performance measure if the final result falls below the established threshold.

For 2013, all NEOs participated in the LTIP. The NEOs were eligible to earn an LTIP of up to 30.0% of their annual salary upon the Company meeting an EBITDA target of \$19.2 million before incentives and bonuses and individual performance targets and personal objectives for the fiscal year ended December 31, 2013. Payouts were determined between the minimum (0% of annual salary) and target (maximum 30% of annual salary) on a sliding scale proportionate to the EBITDA achieved by the Company and the achievement by each NEO of their own personal targets. The Company will purchase Common Voting Shares in the market with this pool of funds and will hold the Common Voting Shares until such time as ownership vests to each participant. One-third of the LTIP awarded from 2013 would be paid out to the NEOs in each of 2014, 2015 and 2016. NEOs must continue to be employed by the Company to be eligible to receive their shares. For 2013, each NEO was awarded a proportion of their LTIP targets based on the Company's final EBITDA and the achievement of their individual personal targets.

Perquisites & Benefits

The Company takes a conservative approach to perquisites. Mr. Virmani and Mr. Porteous are provided with an annual car allowance and home office allowance, health and other benefits. For 2013, the aggregate annual perquisites and benefits amounted to \$79,200 for Mr. Virmani and \$64,800 for Mr. Porteous. For 2013, Mr. Kim, Mr. Sugar and Mr. Rinaldo were each provided an annual car allowance of \$12,000.

2013 Performance and Compensation Decisions

In 2013, the Company's financial performance improved over the previous year due to strong overnight volumes and expanded domestic network in Eastern Canada. The effect of increased customer shipping volumes in the latter half of the year resulted in full year 2013 EBITDA of \$17.2 million (\$16.9 million in 2012).

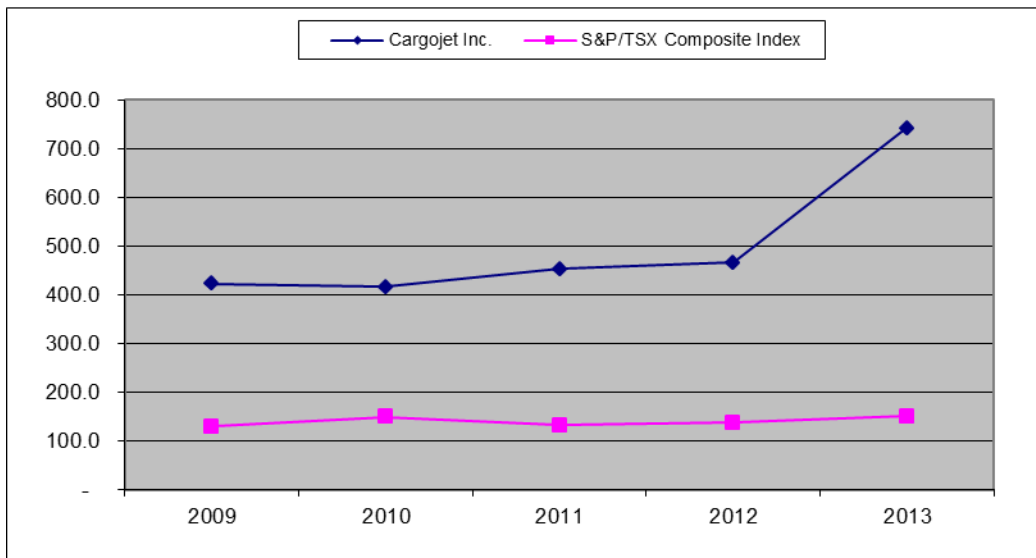
The Company believes strongly in paying its executives based on the Company's performance. At the beginning of 2013, management and the CNC agreed in regard to the STIP and LTIP on a targeted range for EBITDA of \$14.6M to \$19.2M before incentives and bonuses for the year ending December 31, 2013. The Board determined to what extent the NEOs were entitled to their target awards under their STIP and LTIP plans (see "Executive Compensation – Summary Compensation Table").

Employment Agreements

Each of Ajay Virmani and Jamie Porteous entered into employment agreements on June 9, 2005 for an indefinite term, to reflect employment terms that became effective in June 2004. The employment agreements were updated in November 2009 as part of the annual review process by the CNC and any entitlements on termination or change of control are set out under the heading "Termination and Change of Control Benefits".

Performance Graph

The following graph compares the yearly percentage change in the cumulative total unitholder or shareholder return as applicable, for \$100 invested in units of the Fund on January 1, 2009 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Fund or Company as applicable, assuming the reinvestment of all distributions and dividends, as applicable.



	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2013
Cargojet Inc.	422.7	416.5	454.1	466.2	742.5
S&P/TSX Composite Index	130.7	149.6	133.0	138.3	151.6

During the period from January 1, 2009 to December 31, 2013, the Company's cumulative total shareholder return increased by 176% compared to the S&P/TSX Index increase of 116%. During this same period, the annual base salaries of the NEOs increased on average by 1.1%. Total compensation (excluding benefits) during this period decreased by 2.0%.

Summary Compensation Table

The following table provides information for the financial year ended December 31, 2013, regarding compensation paid to or earned by the NEOs.

Name and Principal Position	Year	Salary (\$)	Non-equity incentive (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
			Annual incentive Plans (STIP) ⁽¹⁾	Long-term incentive Plans (LTIP) ⁽²⁾			
Ajay Virmani ⁽³⁾ President and Chief Executive Officer	2013	500,000	375,000	150,000	Nil	79,200 ⁽⁴⁾	1,104,200
	2012	500,000	427,500	150,000	Nil	79,200 ⁽⁴⁾	1,156,700
	2011	500,000	187,500	75,000	Nil	79,200 ⁽⁴⁾	841,700
Jamie Porteous (3) Executive Vice President Sales and Service	2013	375,000	281,250	112,500	Nil	64,800 ⁽⁵⁾	833,550
	2012	375,000	320,625	112,500	Nil	54,965 ⁽⁶⁾	863,090
	2011	375,000	140,625	56,250	Nil	43,491 ⁽⁷⁾	615,366
John Kim ⁽⁵⁾ Chief Financial Officer	2013	250,000	30,000	30,000	7,500	12,000 ⁽⁸⁾	329,500
	2012	250,000	90,000	75,000	7,500	12,000 ⁽⁸⁾	434,500
	2011	250,192	37,500	37,500	7,956	12,000 ⁽⁸⁾	345,148
George Sugar Senior Vice President	2013	200,000	30,000	30,000	6,000	12,000 ⁽⁸⁾	278,000
	2012	200,000	72,000	60,000	6,000	12,000 ⁽⁸⁾	350,000
	2011	200,000	30,000	30,000	6,000	12,000 ⁽⁸⁾	278,000
Paul Rinaldo Vice President, Engineering and Maintenance	2013	200,000	30,000	30,000	6,000	12,000 ⁽⁸⁾	278,000
	2012	200,000	72,000	60,000	6,000	12,000 ⁽⁸⁾	350,000
	2011	200,000	30,000	30,000	5,769	11,114 ⁽⁹⁾	276,883

Notes:

- (1) STIP awards will be paid out in 2014.
- (2) Provided that the NEO is an employee of the Company at the time of vesting, LTIP awards will be paid out in increments of 1/3 in per year beginning in March, 2014.
- (3) No compensation was paid to Messrs. Virmani or Porteous in their capacities as a director.
- (4) Of this amount, \$45,600 represents Mr. Virmani's car allowance, \$21,600 represents Mr. Virmani's home office allowance and \$12,000 represents Mr. Virmani's health club allowance.
- (5) Of this amount, \$38,400 represents Mr. Porteous' car allowance, \$14,400 represents Mr. Porteous' home office allowance, \$12,000 represents Mr. Porteous' health club allowance.
- (6) Of this amount, \$28,565 represents Mr. Porteous' car allowance, \$14,400 represents Mr. Porteous' home office allowance, and \$12,000 represents Mr. Porteous' health club allowance.
- (7) Of this amount, \$17,091 represents Mr. Porteous' car allowance, \$14,400 represents Mr. Porteous' home office allowance, and \$12,000 represents Mr. Porteous' health club allowance.
- (8) Of this amount, \$12,000 represents the car allowance.
- (9) Of this amount, \$11,114 represents the car allowance.

Incentive Plan Awards

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the financial year ended December 31, 2013:

Share-based awards (LTIP) – Value Vested or Earned During the Year

Name of NEO	Value of Share-based awards earned during year (\$)	Number of Common Voting Shares vested during the year (#)	Share-based awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Ajay Virmani	\$150,000	9,249	\$88,206	Nil
Jamie Porteous	\$112,500	6,936	\$66,148	Nil
John Kim	\$30,000	4,040	\$38,529	Nil
George Sugar	\$30,000	3,699	\$35,277	Nil
Paul Rinaldo	\$30,000	3,699	\$35,277	Nil

Notes:

- (1) The Company's Common Voting Shares, trading under the symbol "CJT" on the TSX, were valued at \$9.54 per share based on the average selling price of vested shares sold by the LTIP Plan trustee to remit withholding taxes when the shares vested in March 2013.

Share-based awards (LTIP) – Outstanding Share Based Awards

Name of NEO	Share-based Awards		
	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽¹⁾⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ajay Virmani	13,678	\$197,647	NIL
Jamie Porteous	10,259	\$148,243	NIL
John Kim	6,839	\$98,824	NIL
George Sugar	5,472	\$79,070	NIL
Paul Rinaldo	5,472	\$79,070	NIL

Notes:

- (1) The Company's Common Voting Shares, trading under the symbol "CJT" on the TSX, closed at \$14.45 on December 31, 2013.
 (2) There were no vested but undistributed Common Voting Shares as at December 31, 2013.

Pension Plan Benefits – Deferred compensation plans

The Company offers a Deferred Profit Sharing Plan "DPSP" to all permanent full-time and part-time employees. The Company matches employee contributions made in the year to the employee's group RRSP, to a maximum of 3% of base salary. Effective 2014, the rate is revised for employees with more than five years of continuous service to 4% and with more than ten years of continuous service to 5%. DPSP contributions become vested upon the completion of two years of plan membership.

Expected Developments for 2014 Compensation

On February 19, 2014, it was announced that Cargojet has been awarded the Domestic Air Cargo Network Services contract with the Canada Post Group of Companies for an initial seven-year term with three thirty-six month renewal options held by Canada Post Group of Companies. Projected revenues are estimated to be approximately one billion dollars during the initial seven-year agreement based on

projected volumes. In light of this development in Cargojet's business, a full review of executive compensation will be undertaken in 2014 by the Compensation Committee. In order to provide the Compensation Committee with the opportunity and flexibility to develop a compensation program that involves equity compensation awards, which are designed to align executive interests with shareholder interests, the Board has deemed it appropriate to adopt the RSU Plan and the New Option Plan and to submit such plans for approval at the Meeting.

Termination and Change of Control Benefits

Pursuant to their respective employment agreements, a NEO may resign by providing not less than six months written notice, with certain exceptions. All NEO employment agreements provide that if the NEO is terminated without cause, he is entitled to a lump sum severance payment less any required deductions. In the event that the NEO is terminated for cause, he is entitled to receive his compensation (including unused vacation pay) to the date of notice of termination.

Additionally, pursuant to their respective employment agreements, Messrs. Virmani and Porteous are bound by non-competition provisions during the period of their employment and for a period of two years after the termination of their employment for cause or voluntarily by the NEO, or for a period of one year after the termination of their employment without cause, with certain exceptions. Additionally, the employment agreements of Messrs. Virmani and Porteous include a non-solicitation provision during the term of employment of Messrs. Virmani and Porteous and for a period of two years following the termination of his employment, with or without cause.

Additionally, pursuant to their respective employment agreements, Messrs. Kim, Sugar and Rinaldo are bound by non-competition provisions during the period of their employment and for a period of one year after the termination of their employment for cause or voluntarily by Messrs. Kim, Sugar and Rinaldo, or for a period of one year after the termination of their employment without cause, with certain exceptions. Additionally, the employment agreements of each of Messrs. Kim, Sugar and Rinaldo include a non-solicitation provision during the term of employment of Messrs. Kim, Sugar and Rinaldo and for a period of one year following the termination of his employment, with or without cause.

The following table provides details regarding the estimated incremental payments from the Company to each NEO on termination without cause, assuming a triggering event occurred on December 31, 2013.

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$)⁽¹⁾
Ajay Virmani	36	1,500,000	596,754	237,600	2,334,354
Jamie Porteous	24	750,000	298,368	129,600	1,177,968
John Kim	12	250,000	Nil	Nil	250,000
George Sugar	12	200,000	Nil	12,000	212,000
Paul Rinaldo	12	200,000	Nil	Nil	200,000
Totals		2,900,000	895,122	379,200	4,174,322

Note:

⁽¹⁾ All payments are gross of any withholding taxes and other required deductions

Each NEO will continue to receive benefits, with certain exceptions, for one year following such termination without cause.

Each NEO will also receive lump sum severance payment and benefits if within one year after a "Change of Control" (as defined in the applicable employment agreement) he is terminated without cause or resigns for "Good Reason" (as defined in the applicable employment agreement). The following table provides details

regarding the estimated incremental payments from the Company to each of the NEOs on a change of control assuming a triggering event occurred on December 31, 2013:

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾
Ajay Virmani	36	1,500,000	596,754	237,600	2,334,354
Jamie Porteous	24	750,000	298,368	129,600	1,177,968
John Kim	17	354,167	Nil	Nil	354,167
George Sugar	24	400,000	Nil	24,000	424,000
Paul Rinaldo	22	366,667	Nil	Nil	366,667
Totals		3,370,833	895,122	391,200	4,657,155

Note:

(1) All payments are gross of any withholding taxes and other required deductions

Director Compensation

For the year ended December 31, 2013, compensation for directors of the Company was \$45,000 per director per year, \$1,500 per director per meeting for attending meetings of the Board and \$1,500 per director per meeting for attending committee meetings of the Board. The lead director of the Board and the chairman of each of the Audit Committee, the CNC and the Corporate Governance Committee received additional remuneration of \$5,000, respectively, per year. The Company also reimbursed directors for out-of-pocket expenses for attending meetings. No director compensation was paid to directors who were members of management of the Company or its subsidiaries.

None of the directors were compensated in their capacity as director of the Company or any of its subsidiaries, as applicable during the financial year ended December 31, 2013 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

The following table provides information regarding compensation paid to the directors for acting in such capacity during the financial year ended December 31, 2013.

Director Compensation Table

Name ⁽¹⁾	Fees earned (\$) ⁽²⁾	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Webster	67,000	-	-	-	-	37,500	104,500
Terence Francis	62,000	-	-	-	-	33,500	95,500
Paul Godfrey	62,000	-	-	-	-	33,500	95,500

Notes:

(1) No compensation was paid to Messrs. Virmani and Porteous in their capacities as a director. For a summary of compensation paid in their capacities as executive officers of the Company, see "Summary Compensation Table".

(2) Fees earned include all fees earned during the fiscal year. As at December 31, 2013, fees earned but not paid were \$16,750 to Mr. Webster and \$15,500 to Messrs. Francis and Godfrey.

Indebtedness of Directors, Executive Officers and Employees

As at March 4, 2014, no current or former director, executive officer or employee of the Company or any of its subsidiaries, as applicable, is indebted to the Company or any of its subsidiaries, nor has the

indebtedness of any of them to another entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

Liability Insurance

The Company provides insurance for the benefit of the directors and officers of the Company against liability incurred by them in such capacities. The current annual policy limit is \$15.0 million, with Side A excess liability coverage of \$5.0 million, and contains a deductible of \$150,000. For the policy year of May 17, 2013 to May 17, 2014, the Company paid an annual premium of \$50,400 for this insurance. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the trustees or the directors and officers of such entity.

Interests of Informed Persons in Material Transactions

No informed person of the Company, proposed nominee for election as a director of the Company, or any associate or affiliate of such persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Statement of Corporate Governance Practices

Corporate Governance

In June 2005, National Policy 58-201 – *Corporate Governance Guidelines* (the "**Governance Guidelines**") and the Governance Disclosure Rule were adopted by the securities regulatory authorities in Canada. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and Shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks, which the Company faces. The directors are kept informed of the Company's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Company's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Company continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

The following is a description of the Company's corporate governance practices, which has been prepared by the Corporate Governance Committee of the Board and has been approved by the Board.

The Board

The Board is comprised of five directors being: Terence Francis, Paul Godfrey and John Webster, who are independent within the meaning of the Governance Guidelines, and Ajay Virmani, the President and CEO, and Jamie Porteous, the Executive Vice President, Sales and Service, who are not independent on the basis that they are executive officers of the Company. A majority of the directors, being three of the

five directors, are considered to be independent directors. Mr. Virmani is the Chairman of the Board and Mr. Webster, who is independent, is the lead director. The lead director works closely with and in an advisory capacity to the Chairman of the Board. His primary focus is to be satisfied that the Board is organized properly, functions effectively and operates independently of management.

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- a non-executive lead director of the Board has been appointed;
- a majority of the Board members are non-management members; and
- independent committees are appointed from time to time, when appropriate.

Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of each committee of the Board and the CEO.

The roles and responsibilities of the CEO are set out in the position description and employment agreement of Mr. Virmani, which was reviewed and approved by the Board with the assistance of the CNC.

Meetings of the Board

From January 1, 2013 to December 31, 2013, the Board held four meetings at which all directors of the Company were in attendance.

The independent directors comprise the committees of the Board and, in such roles, hold in camera sessions without management at their committee meetings to review the business operations, corporate governance, compensation, and financial results.

Other Public Company Directorships/Committee Appointments

The following table provides details regarding directorships held by the Directors in other reporting issuers.

Trustee	Other Reporting Issuer Directorships	Other Reporting Issuer Committee Appointments
John Webster	None	None
Terence Francis	None	None
Paul Godfrey	Postmedia Network Inc.	None
	RioCan Real Estate Investment Trust	Chairman of the Board, Member of Audit, Nominating and Governance, Human Resource and Compensation, and Investment Committees
Ajay Virmani	None	None
Jamie Porteous	None	None

Board Charter

The Board is responsible for fostering the short and long-term success of the Company and is accountable to the Shareholders. The Board discharges its responsibilities directly and through the Audit Committee of the Company and the committees of the Board, currently consisting of the CNC and the Corporate Governance Committee.

A copy of the Charter of the Board setting out the Board's mandate, responsibilities and the duties of its members is attached as Schedule "A" to this management information circular.

Orientation and Continuing Education

The Board is responsible for ensuring that new directors are provided with an orientation and education program which will include written information about the duties and obligations of the director, the business and operations of the Company, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of the directors, the Board, through consultation with their committees will: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by the directors to the Company's facilities and operations; (c) arrange the funding for the attendance of the directors at seminars or conferences of interest and relevance to their position as a director; and (d) encourage and facilitate presentations by outside experts to the Board or its committees on matters of particular importance or emerging significance.

Code of Ethics

The Board has adopted a Code of Ethics (the "**Code**") for the directors, officers and employees of the Company and its subsidiaries and affiliates. The Company's Human Resources Department has responsibility for monitoring compliance with the Code by ensuring all directors, officers and employees receive and become thoroughly familiar with the Code and acknowledge their support and understanding of the Code. Any non-compliance with the Code is to be reported to the Company's Human Resources Department. The directors monitor compliance of the Code by obtaining reports from the Company's Human Resources Department as to any matters reported under the Code. A copy of the Code is available on SEDAR under the Company's profile at www.sedar.com.

The Board takes steps to ensure that directors, officers and employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or employee of the Company has a material interest, which include ensuring that directors, officers and employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their supervisor or the CEO regarding any potential conflicts of interest.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

Compensation and Nominations

The Board, with the assistance of the CNC, which is composed entirely of independent directors, determines appropriate compensation for the directors. The process by which appropriate compensation is determined is through periodic and annual reports from the CNC on the Company's overall compensation and benefits philosophies with such compensation realistically reflecting the responsibilities and risks of such positions.

The CNC's responsibilities also include reviewing and making recommendations to the Board regarding any equity or other compensation plan and regarding the total compensation package of the CEO and other executive officers of the Company, considering and approving the recommendations of the CEO regarding the total compensation and benefits philosophies and programs for senior management and employees and annually preparing a report on executive compensation for the Board.

The CNC is also responsible from time to time for identifying individuals qualified to become new members of the Board and recommending to the Board the new director nominees for the next annual meeting of shareholders. In making its recommendations, the CNC will, as applicable, consider: (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, (b) the competencies and skills that the Board considers each existing director as the case may be, to possess, and (c) the competencies and skills each new nominee will bring to the Board.

Audit Committee

Information regarding the Company's Audit Committee is contained in the Company's annual information form (the "AIF") dated March 4th, 2014 under the heading "Audit Committee". The AIF is available on SEDAR under the Company's profile at www.sedar.com.

Board Assessments

The current practice of the Board is for the Board to make ongoing, informal assessments of the performance of the Board, its committees and individual directors.

Majority Voting Policy

On March 8th, 2013, the Board adopted a policy stipulating that forms of proxy for the vote at a shareholders' meeting where directors are to be elected will enable the shareholder to vote in favour of, or to withhold from voting, separately for each nominee. Each director should be elected by the vote of a majority of the shares represented in person or by proxy at any meeting for the election of directors. The policy provides that if any nominee for director receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election, then the director must promptly tender his or her resignation to the Board, to take effect on acceptance by the Board. The Governance and Nominating Committee will consider the offer to resign and make a recommendation to the Board after reviewing the matter, and the Board will act on the Governance and Nominating Committee's recommendation within 90 days following the shareholders' meeting. The Board's decision to accept or reject the resignation offer will promptly be disclosed to the public by press release. The nominee will not participate in any Governance and Nominating Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Particulars of Matters to be Acted Upon

Election of Directors

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the election, as directors of the Company, of the nominees whose names are set forth below. All of the nominees are currently directors. Each director will hold office for a term expiring at the close of the next annual meeting of Shareholders, unless his office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified. The Company does not contemplate that any of the nominees will be unable to serve as a director, but should that circumstance arise for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

The following table and the notes thereto set forth the names of the persons proposed to be nominated for election as directors, their principal occupations or employment, the periods during which they have served as director and the approximate number of Voting Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them.

Name and Province/Country of Residence	Position with the Company	Principal Occupation	No. of Common Voting Shares Beneficially Owned, Controlled or Directed ⁽¹⁾	Principal Amount of Debentures Beneficially Owned, Controlled or Directed ⁽¹⁾	Director of the Company or Trustee of the Fund Since
John P. Webster ⁽²⁾⁽⁴⁾⁽⁵⁾ Ontario, Canada	Director	President and Chief Executive Officer of Scotia Mortgage Corporation	4,000	Nil	2005
Terence M. Francis ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada	Director	Principal of T.&T.G. Consulting (SA) Ltd.	3,340	Nil	2005
Paul V. Godfrey Ontario, Canada ⁽²⁾⁽³⁾⁽⁴⁾	Director	President and Chief Executive Officer of Postmedia Network	3,000	Nil	2009
Ajay Virmani ⁽⁶⁾ Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer	1,429,690	\$1,000,000	2005
Jamie Porteous Ontario, Canada	Executive Vice-President, Sales and Service	Executive Vice- President, Sales and Service	175,076	Nil	2005

Notes:

- (1) The information as to Common Voting Shares and principal amount of debentures beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the proposed nominees.
- (2) Member of the CNC. Mr. Godfrey is Chairman of the CNC.
- (3) Member of the Corporate Governance Committee. Mr. Francis is Chairman of the Corporate Governance Committee.
- (4) Member of the Audit Committee. Mr. Webster is Chairman of the Audit Committee.
- (5) Lead director of the Board.
- (6) Chairman of the Board.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No proposed director of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director,

except as follows:

- (i) On December 21, 2006, Starjet Airways Ltd. (“**SAL**”) voluntarily filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*. At the time of filing the assignment in bankruptcy, Mr. Virmani and Jamie Porteous were officers and directors of SAL. The Virmani Family Trust and The Porteous Family Trust were shareholders of SAL. The Fuller Landau Group Inc. acted as trustee of SAL, and
- (ii) Paul Godfrey was President and Chief Executive Officer of the National Post Inc., which was part of CanWest when it voluntarily entered into Companies’ Creditors Arrangement Act (“**CCAA**”) protection and successfully obtained an order from the Ontario Superior Court of Justice (Commercial Division) commencing proceedings under the CCAA on October 6, 2009. The National Post was outside creditor protection under the CCAA proceedings, and on October 31, 2009 was transferred from the media conglomerate’s holding company Canwest Media Inc. to a new subsidiary of the publishing group. The National Post was acquired by Postmedia Network in July 2010.

Paul Godfrey served on the board of directors of Mobilicity (formerly known as Data & Audio Visual Enterprises Mobilicity), from November 20, 2008 to April 30, 2013. Mobilicity sought and received CCAA protection on September 30, 2013.

No proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Appointment of Auditors of the Company

The auditors of the Company are Deloitte LLP, Chartered Accountants and Licensed Public Accountants. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of Deloitte LLP as the auditors of the Company, to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the directors. Deloitte have been auditors of the Fund since inception.

Approval of a new Restricted Share Unit Plan

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form set out below (the “**RSU Plan Approval Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, approving the new proposed Restricted Share Units Plan (the “**RSU Plan**”) of the Company. Under TSX rules, the Company must receive shareholder approval for the RSU Plan.

The Board considers that it is in the best interest of the Company to adopt a new RSU Plan to secure for the Company and its shareholders the benefits of incentives inherent in the share ownership by the directors, employees and consultants of the Company and its subsidiaries who, in the judgment of the Board, will be largely responsible for its future growth and success. See “Executive Compensation - Expected Developments for 2014 Compensation”.

The following disclosure is a summary of the material terms of the RSU Plan. A copy of the RSU Plan is attached as Appendix “A”. The following summary is qualified in its entirety by the full text of the RSU Plan.

The proposed RSU Plan provides that restricted share units (“**RSUs**”) may be granted by the Board or a committee of the Board, which administers the RSU Plan (the “**Committee**”), to eligible employees, officers, directors and consultants of the Company that are “Canadian” as such term is defined in the *Canada Transportation Act* as a discretionary payment in consideration of past or future services to the Company.

The number of RSUs awarded will be credited to the participant's account effective on the grant date of the RSUs. An RSU represents a right to receive one Common Voting Share issued from treasury on the later of: (i) the date which is the first day after a restricted period as determined by the Committee ("**Restricted Period**"); and (ii) a date determined by an eligible participant that is after the Restricted Period but is no later than participant's retirement date or termination date (a "**Deferred Payment Date**"). Participants seeking to set a Deferred Payment Date may do so by giving the Company at least 60 days' notice prior to the expiration of the Restricted Period. The Committee may also make the vesting of RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants.

In the event that the expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable), falls within, or within two trading days after the end of, a trading blackout period imposed by or on the Company (the "**Blackout Period**"), the expiry date of such Restricted Period (or on the Deferred Payment Date, as applicable), shall be automatically extended to the close of the 10th trading day following the end of the Blackout Period.

The number of Common Voting Shares to be reserved for issuance under the RSU Plan shall be that number that is equal to 4% of the issued and outstanding Voting Shares from time to time. As of March 4, 2014, this represents 339,518 Voting Shares. The maximum number of Common Voting Shares issuable to insiders, at any time, pursuant to the RSU Plan and any other security based compensation arrangements of the Company is 10% of the total number of Voting Shares then outstanding. The maximum number of Common Voting Shares issuable to insiders, within any one year period, pursuant to the RSU Plan and any other security-based compensation arrangements of the Company is 10% of the total number of Voting Shares then outstanding. The RSU Plan is an "ever green plan". Any increase in the issued and outstanding Voting Shares will result in an increase in the available number of Common Voting Shares issuable under the RSU Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares pursuant to the settlement of RSU's, shall automatically replenish the number of Common Voting Shares issuable under the RSU Plan. When an RSU is settled, cancelled or terminated, a Common Voting Share shall automatically be available for the grant of a new RSU under the RSU Plan. Grants of RSUs and grants under all other security-based compensation arrangements of the Corporation to non-employee directors should not exceed an annual equity value of \$150,000 to each non-employee director (based on the grant date fair value of the RSUs).

RSUs are not assignable. Subject to any provisions with respect to vesting of RSUs in a participant's employment agreement with the Company, in the event of a participant's retirement or termination during a Restricted Period, any RSUs automatically terminate, unless otherwise determined by the Committee. If a participant's retirement or termination occurs after the Restricted Period and prior to any Deferred Payment Date, any RSUs shall be settled by the Company issuing the applicable Common Voting Shares. Subject to any provisions with respect to vesting of Restricted Share Units in a participant's employment agreement with the Company, in the event of death or disability, such RSUs shall be immediately settled and Common Voting Shares issued.

In the event a cash dividend is paid to shareholders of the Company on the Voting Shares while a RSU is outstanding, the Committee may, in its sole discretion, elect to credit each participant with additional RSUs. In such case, the number of additional RSUs will be equal to the aggregate amount of dividends that would have been paid to the participant if the RSUs in the participant's account on the record date had been Voting Shares divided by the market price of a Voting Share on the date on which dividends were paid by the Company. If the foregoing shall result in a fractional RSU, the fraction shall be disregarded.

Subject to any provisions with respect to vesting of RSUs in a participant's employment agreement with the Company, in the event of a change of control of the Company as defined in the RSU Plan, all RSUs shall be immediately settled with Common Voting Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date.

The Committee may from time to time in the absolute discretion of the Committee (without shareholder approval) amend, modify and change the provisions of the RSU Plan, including, without limitation:

- (i) amendments of a house keeping nature; and
- (ii) changes to the Restricted Period of any RSU.

However, other than as set out above, any amendment, modification or change to the provisions of the RSU Plan which would:

- (i) materially increase the benefits of the holder under the RSU Plan to the detriment of the Company and its shareholders;
- (ii) increase the number of Common Voting Shares or maximum percentage of Common Voting Shares, other than by virtue of Section 5.06 and 5.08 of the RSU Plan, which may be issued pursuant to the RSU Plan;
- (iii) reduce the range of amendments requiring shareholder approval contemplated under the RSU Plan;
- (v) permit RSU's to be transferred other than for normal estate settlement purposes;
- (iv) change insider participation limits and the director limits in Section 2.06 of the RSU Plan which would result in shareholder approval to be required on a disinterested basis; or
- (vi) materially modify the requirements as to eligibility for participation in the RSU Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of the RSU Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

The Board has approved the RSU Plan, subject to shareholder and TSX approvals. The Board and management recommend the adoption of the RSU Plan Approval Resolution. To be effective, the RSU Plan Approval Resolution must be approved by not less than a majority of votes cast by the holders of Voting Shares present in person, or represented by proxy, at the Meeting.

Unless otherwise indicated, the person designated as proxyholders in the accompanying form of proxy will vote the Voting Shares represented by such form of proxy properly executed, FOR the RSU Plan Approval Resolution.

The text of the RSU Plan Approval Resolution to be submitted to shareholders at the Meeting is set forth below:

“NOW THEREFORE BE IT RESOLVED THAT:

1. the new restricted share units plan of the Company, as reflected in the copy of such plan attached as Appendix A to the Company's management information circular dated March 4, 2014, be and hereby is approved; and
2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution.”

Adoption of New TSX Compliant Incentive Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form set out below (the “**Option Plan Approval Resolution**”), subject to such amendments, variations or additions as may be approved at the Meeting, approving the new proposed Incentive Stock Option Plan (the “**New Option Plan**”) of the Company. Under TSX rules, the Company must receive shareholder approval for the New Option Plan.

The Board considers that it is in the best interest of the Company to adopt a new stock option plan to secure for the Company and its shareholders the benefits of incentives inherent in the share ownership by the directors, employees and consultants of the Company and its subsidiaries who, in the judgment of

the Board, will be largely responsible for its future growth and success. See “Executive Compensation - Expected Developments for 2014 Compensation”.

The following disclosure is a summary of the material terms of the New Option Plan. A copy of the New Option Plan is attached as Appendix “B”. The following summary is qualified in its entirety by the full text of the New Option Plan.

The Board may from time to time grant to directors, officers, employees or consultants of the Company and any of its subsidiaries (collectively, “**Eligible Persons**”) options to acquire Common Voting Shares (“**Options**”) in such numbers, for such terms and at such exercise prices as may be determined by the Board. The purpose of the New Option Plan is to attract, retain and motivate persons as directors, officers, employees and consultants of the Company and its subsidiaries and to advance the interests of the Company by providing such persons with the opportunity, through share options, to acquire a proprietary interest in the Company.

The New Option Plan will be an “ever green” plan as contemplated by the under the *TSX Guide to Security Based Compensation Arrangements*. As a result, should the Company issue any Voting Shares in the future, the number of Common Voting Shares issuable under the New Option Plan will increase accordingly. Common Voting Shares in respect of which Options are exercised, expired or cancelled shall become available for the grant of subsequent Options under the New Option Plan. The maximum aggregate number of Common Voting Shares that may be reserved for issuance for all purposes under the New Option Plan is 5% of the issued and outstanding Voting Shares at the time of grant. As of the date hereof, this represents 424,398 Voting Shares.

The maximum aggregate number of Common Voting Shares that may be issuable to insiders of the Company under the New Option Plan and any other share compensation arrangement is 10% of the issued and outstanding Voting Shares at the time of grant. The maximum number of Common Voting Shares issuable to insiders, within any one year period, pursuant to the New Option Plan and any other security-based compensation arrangements of the Company is 10% of the total number of Voting Shares then outstanding. Grants of Options to non-employee directors should not exceed an annual equity value of \$100,000 to each non-employee director (based on the grant date fair value of the Options). Grants of Options and grants under all other security-based compensation arrangements of the Corporation to non-employee directors should not exceed an annual equity value of \$150,000 to each non-employee director (based on the grant date fair value of the Options).

No fractional Common Voting Shares may be purchased or issued under the New Option Plan.

The Board has the authority under the New Option Plan to establish the option price at the time each option is granted. The option price may not be lower than the five day volume weight average trading price (as determined in accordance with the rules of the TSX) of the Common Voting Shares on the TSX ending on the trading day immediately preceding the date of the grant of the Option.

The term and vesting period of the Options granted under the New Option Plan will be determined by the Board, but may not exceed five years from the date of grant. Options are not generally transferable other than by will or the laws of descent and may be exercised during the lifetime of the optionee only by the optionee. Notwithstanding the foregoing, in the event that the expiry date of an Option falls within, or within two days of the end of, a trading blackout period imposed by or on the Company (the “**Blackout Period**”), the expiry date of such Option will automatically be extended to the 10th business day following the end of the Blackout Period.

The Company provides no financial assistance to facilitate the purchase of Common Voting Shares to directors, officers or employees who hold options granted under the New Option Plan.

Subject to the terms of an optionee’s employment agreement with respect to a Change of Control (as such term is defined in the New Option Plan), and unless otherwise determined by the Board prior to such Change of Control, if a Change of Control occurs, all Options then outstanding shall automatically vest, so that, notwithstanding the other terms of the New Option Plan, such Options may be exercised in whole or in part by the optionee and upon the exercise of an Option under the New Option Plan, the holder thereof shall be entitled to receive any securities, property or cash (or a combination thereof) which the optionee would have received upon such Change of Control, if the optionee had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted, as

applicable, by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan.

If an optionee ceases to be an Eligible Person, each Option held by such optionee will cease to be exercisable on the earlier of (i) the date which is 90 days following the date on which such optionee ceases to be an Eligible Person (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion), or (ii) the original Option expiry date. If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original Option expiry date. Notwithstanding the foregoing, in the event the optionee is terminated for cause, the Option shall immediately terminate.

Under the New Option Plan, the Board may from time to time amend or revise the terms of the New Option Plan. Certain amendments require shareholder approval, including, among other things, changes to the maximum number or percentage of Common Voting Shares issuable under the New Option Plan, amendments to provide for financial assistance, the reduction of Option exercise prices, or extending Option expiry dates beyond their original terms, and any amendments to the amendment provisions of the New Option Plan.

All other amendments to the New Option Plan not specified to require shareholder approval under the New Option Plan, may be made by the Board without obtaining shareholder approval, including (without limitation) amendments of a house-keeping nature or adding a cashless exercise feature of an option.

As a "rolling" stock option plan, under the TSX rules, the New Option Plan and all unallocated options, rights or other entitlements under the New Option Plan will require re-approval by the Company's directors and shareholders every three years.

The Board has approved the New Option Plan, subject to shareholder and TSX approvals. The Board and management recommend the adoption of the Option Plan Approval Resolution. To be effective, the Option Plan Approval Resolution must be approved by not less than a majority of votes cast by the holders of Voting Shares present in person, or represented by proxy, at the Meeting.

Unless otherwise indicated, the person designated as proxyholders in the accompanying form of proxy will vote the Voting Shares represented by such form of proxy properly executed, FOR the Option Plan Approval Resolution.

The text of the Option Plan Approval Resolution to be submitted to shareholders at the Meeting is set forth below:

"BE IT RESOLVED THAT:

1. the new incentive stock option plan of the Company, as reflected in the copy of such plan attached as Appendix B to the Company's management information circular dated March 4, 2014, be and hereby is approved; and
2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution."

Additional Information

Current financial information for the Company is provided in the Company's comparative financial statements and management's discussion and analysis for the most recently completed financial year. This information and additional information relating to the Company can be found on the SEDAR website under the Company's profile at www.sedar.com and on the Company's website at www.cargojet.com.

Copies of the Company's AIF, annual report (including management's discussion and analysis), financial statements, and this management information circular may be obtained upon request to the Company's

Investor Relations group. The Company may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder.

Directors' Approval

The contents of this management information circular and the sending thereof have been approved by the Board.

Mississauga, Ontario
March 4th, 2014

SCHEDULE "A"

CHARTER OF THE BOARD OF DIRECTORS

I. Purpose

The Board of Directors of Cargojet Inc. (the "**Corporation**") is ultimately responsible for the stewardship of the Corporation and the operation of the business of the Corporation. The Board of Directors will discharge its responsibilities directly and through committees currently consisting of an Audit Committee, a Compensation and Nominating Committee and a Corporate Governance Committee. The Board of Directors will also be responsible for adopting and periodically reviewing the Corporation's Timely Disclosure, Confidentiality and Insider Trading Policy. The Board of Directors shall meet regularly to review the business operations, governance and financial results of the Corporation. Meetings of the Board of Directors shall include regular meetings without management to discuss specific aspects of the operations of the Corporation.

II. Composition

The Board of Directors shall be constituted at all times of a majority of individuals who, subject to any exemptions set out in National Instrument 52-110 Audit Committees ("**NI 52-110**"), will be independent. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board of Directors of the Corporation, be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to NI 52-110.

III. Responsibilities

The Board of Directors' responsibilities include, without limitation to its general mandate, the following specific responsibilities:

1. Appointing an independent chairman who will be responsible for the leadership of the Board of Directors and for specific functions to ensure the independence of the Board of Directors.
2. The assignment to committees of directors of the Corporation, the general responsibility for developing the Corporation's approach to: (i) financial reporting and internal controls; (ii) corporate governance issues; and (iii) issues relating to compensation of directors, officers and employees;
3. With the assistance of the Audit Committee:
 - (a) recommending the appointment of auditors and assessing the independence of the auditors;
 - (b) ensuring the integrity of the Corporation's internal control and management information systems;
 - (c) identifying the principal risks of the Corporation's business and ensuring that appropriate systems are in place to manage these risks;
 - (d) approving interim and annual financial statements of the Corporation; and
 - (e) reviewing the Charter of the Audit Committee, at least annually.
4. With the assistance of the Compensation and Nominating Committee:

- (a) approving the compensation of directors, senior management and all other significant employees;
 - (b) ensuring that an appropriate selection process for new nominees to the Board of Directors of the Corporation is in place and developing the Corporation's approach to nomination and review of directors, officers and employees; and
 - (c) developing the corporate objectives that the Chief Executive Officer is responsible for meeting, and assessing the Chief Executive Officer against these objectives.
5. With the assistance of the Corporate Governance Committee:
- (a) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;
 - (b) approving the formal charters of the Audit Committee, Compensation and Nominating Committee and Corporate Governance Committee; and
 - (c) adopting a communication policy for the Corporation.
6. Assessing, at least annually, the effectiveness the Board of Directors of the Corporation as a whole, the Audit Committee, Compensation and Nominating Committee and Corporate Governance Committee and the contribution of individual directors, including consideration of the appropriate size of the Board of Directors of the Corporation.
7. Ensuring that an appropriate orientation and education program for new recruits to the Board of Directors of the Corporation is in place and providing continuing education opportunities for all directors.
8. Succession planning and the appointment, training and monitoring of the Chief Executive Officer and other senior management.
9. Developing a position description for the Chair of the Board of Directors and the Chair of each Board Committee.
10. Developing, together with the Chief Executive Officer, a position description for the Chief Executive Officer, including the definition of the limits to management's responsibilities.
11. Approving securities compliance policies, including communications policies of the Corporation and reviewing these policies at least annually.
12. The adoption of a strategic planning process and the approval and review, on at least an annual basis, of a strategic plan that takes into account business opportunities and business risks.
13. The adoption of a formal process to consider what competencies and skills the board, as a whole, should possess and what competencies and skills each existing director possesses.
14. The adoption of a formal code of business ethics or business conduct for the Corporation that governs the behaviour of Directors of the Corporation and directors, officers and employees of subsidiaries of the Corporation.
15. Monitoring compliance with the code of business ethics or business conduct and granting any waivers from compliance with the code for Directors of the Corporation and directors and officers of subsidiaries of the Corporation.

16. Ensuring that the Charter of the Audit Committee is published in the Corporation's annual report or annual information form as required.
17. Performing such other functions as prescribed by law or assigned to the Board of Directors of the Corporation in the constating documents governing the Corporation.

IV. Administrative Procedures

1. The members of the Board of Directors are expected to attend all meetings of Board of Directors unless prior notification of absence is provided.
2. The members of the Board of Directors are required to have reviewed board materials in advance of the meeting and be prepared to discuss such materials at the meeting.
3. The Board of Directors shall provide contact information on the website of Cargojet Inc. for the Chairman of the Board of Directors, who will be responsible for receiving feedback from shareholders.

APPENDIX "A"

CARGOJET INC. RESTRICTED SHARE UNITS PLAN

March 4, 2014

ARTICLE ONE

DEFINITIONS AND INTERPRETATION

Section 1.01 **Definitions:** For purposes of the Restricted Share Units Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- (a) "Act" means the *Business Corporations Act* (Ontario) or its successor, as amended from time to time;
- (b) "Affiliate" means any corporation that is an affiliate of the Corporation as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as may be amended from time to time;
- (c) "Associate" with any person or corporation is as defined in the Securities Act;
- (d) "Blackout Period" has the meaning ascribed thereto in Section 3.04;
- (e) "Board" means the Board of Directors of the Corporation, or any committee thereof appointed in accordance with this Plan;
- (f) "Change of Control" means the occurrence of any one or more of the following events:
 - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Voting Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
 - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Corporation and its subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Corporation and its subsidiaries;
 - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
 - (iv) any person, entity or group of persons or entities acting jointly or in concert (an "Acquiror") acquires, or acquires control (including, without limitation, the right to vote or direct the voting) of, Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror controls, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror, to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which

may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors); or

- (v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity (a "Transaction"), fewer than 50% of the directors of the Corporation or the successor corporation are persons who were directors of the Corporation immediately prior to the Transaction.

For the purposes of the foregoing definition of Change of Control, "Voting Securities" means Voting Shares and any other shares entitled to vote for the election of directors and, for the purposes of calculating the number of securities of the Corporation owned or controlled by the Acquiror, it shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

- (g) "Committee" means the Directors or if the Directors so determine in accordance with Section 2.03 of the Restricted Share Units Plan, the committee of the Directors authorized to administer the Restricted Share Units Plan which may include any compensation committee of the Directors;
- (h) "Common Voting Shares" shall mean the common voting shares in the capital of the Corporation.
- (i) "Corporation" means Cargojet Inc., a corporation existing under the Act;
- (j) "Deferred Payment Date" for a Participant means the date after the Restricted Period which is the earlier of (i) the date which the Participant has elected to defer receipt of Restricted Shares in accordance with Section 3.05 of this Restricted Share Units Plan; and (ii) the Participant's Termination or Retirement Date;
- (k) "Designated Affiliate" means the subsidiaries of the Corporation designated by the Committee for purposes of the Restricted Share Units Plan from time to time;
- (l) "Directors" means the board of directors of the Corporation from time to time;
- (m) "Eligible Consultants" shall mean consultants as defined under section 2.22 of *National Instrument 45-106 Prospectus and Registration Exemptions* or any successor provisions thereto;
- (n) "Eligible Directors" means the Directors and the directors of any Designated Affiliate of the Corporation from time to time;
- (o) "Eligible Employees" means employees, including officers, whether Directors or not, and including both full-time and part-time employees, of the Corporation or any Designated Affiliate of the Corporation;
- (p) "Insider" has the meaning ascribed thereto in the *TSX Company Manual*;
- (q) "Participant" means each Eligible Director, Eligible Consultant, and Eligible Employee that are "Canadian" as such term is defined in the *Canada Transportation Act* to whom Restricted Share Units are granted;

- (r) “Restricted Period” means any period of time during which a Restricted Share Unit is not vested and the Participant holding such Restricted Share Unit remains ineligible to receive Restricted Shares as determined by the Committee in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time and for any reason as determined by the Committee, including but not limited to circumstances involving death or disability of a Participant;
- (s) “Restricted Share Units Plan” means the restricted share units plan described in Article Three hereof;
- (t) “Restricted Share Units” has such meaning as ascribed to such term in Section 3.02 of this Restricted Share Units Plan;
- (u) “Restricted Share Unit Grant Letter” has such meaning as ascribed in Section 3.03 of this Restricted Share Units Plan;
- (v) “Restricted Shares” means the Common Voting Shares issuable in satisfaction of Restricted Share Units;
- (w) “Retirement” in respect of a Participant means the Participant ceasing to be an Eligible Employee, Eligible Director or Eligible Consultant after attaining a stipulated age in accordance with the Corporation’s normal retirement policy or earlier with the Corporation’s consent;
- (x) “Retirement Date” means the date that a Participant ceases to be an Eligible Employee, Eligible Director or Eligible Consultant due to the Retirement of the Participant;
- (y) “Stock Exchange” means, the Toronto Stock Exchange or, if the Voting Shares are not listed on the Toronto Stock Exchange, the principal stock exchange on which the Voting Shares are listed as determined by the Board;
- (z) “Termination” means: (i) in the case of an Eligible Employee, the termination of the employment of the Eligible Employee with or without cause by the Corporation or a Designated Affiliate or cessation of employment of the Eligible Employee with the Corporation or a Designated Affiliate as a result of resignation or otherwise other than the Retirement of the Eligible Employee; (ii) in the case of an Eligible Director, the removal of or failure to re-elect the Eligible Director as a director of the Corporation or a Designated Affiliate; (iii) in the case of an Eligible Consultant, the termination of the services of the Eligible Consultant by the Corporation or a Designated Affiliate;
- (aa) “Trading Day” means a day on which the Stock Exchange is open for trading and on which the Voting Shares have not been halted;
- (bb) “Variable Voting Shares” shall mean the variable voting shares in the capital of the Corporation; and
- (cc) “Voting Shares” means the Common Voting Shares and the Variable Voting Shares, as they may be adjusted from time to time in accordance with the provisions of Article Five of the Restricted Share Units Plan;

Section 1.02 **Headings:** The headings of all articles, Sections, and paragraphs in the Restricted Share Units Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Restricted Share Units Plan.

Section 1.03 **Context, Construction:** Whenever the singular or masculine are used in the Restricted Share Units Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

Section 1.04 **References to this Restricted Share Units Plan:** The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Restricted Share Units Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

Section 1.05 **Canadian Funds:** Unless otherwise specifically provided, all references to dollar amounts in the Restricted Share Units Plan are references to lawful money of Canada.

ARTICLE TWO

PURPOSE AND ADMINISTRATION OF THE RESTRICTED SHARE UNITS PLAN

Section 2.01 **Purpose of the Restricted Share Units Plan:** The Restricted Share Units Plan provides for the acquisition of Common Voting Shares by Participants for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of employees, directors and consultants of the Corporation and its Designated Affiliates and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Voting Shares by key employees, consultants and directors of the Corporation and its Designated Affiliates that are “Canadian” as such term is defined in the *Canada Transportation Act*, it being generally recognized that restricted share plans aid in attracting, retaining and encouraging employees, consultants and directors due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

Section 2.02 **Administration of the Restricted Share Units Plan:** The Restricted Share Units Plan shall be administered by the Committee and the Committee shall have full authority to administer the Restricted Share Units Plan including the authority to interpret and construe any provision of the Restricted Share Units Plan and to adopt, amend and rescind such rules and regulations for administering the Restricted Share Units Plan as the Committee may deem necessary in order to comply with the requirements of the Restricted Share Units Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Restricted Share Units Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Restricted Share Units Plan and of the rules and regulations established for administering the Restricted Share Units Plan. All costs incurred in connection with the Restricted Share Units Plan shall be for the account of the Corporation.

Section 2.03 **Delegation to Committee:** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three (3) Directors, including any compensation committee of the Directors.

Section 2.04 **Record Keeping:** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant in the Restricted Share Units Plan;
- (b) the number of Restricted Share Units granted to each Participant under the Restricted Share Units Plan; and

- (c) the number of Restricted Shares issued to each Participant under the Restricted Share Units Plan.

Section 2.05 **Determination of Participants and Participation:** The Committee shall from time to time determine the Participants who may participate in the Restricted Share Units Plan. The Committee shall from time to time determine the Participants to whom Restricted Share Units shall be granted and the provisions and restrictions with respect to such grant(s), all such determinations to be made in accordance with the terms and conditions of the Restricted Share Units Plan, and the Committee may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant.

Section 2.06 **Maximum Number of Shares:** The maximum number of Common Voting Shares made available for the Restricted Share Units Plan shall be determined from time to time by the Committee, but in any case, shall not exceed 4% of the Voting Shares issued and outstanding from time to time, subject to adjustments pursuant to section 5.06. The aggregate number of Common Voting Shares issuable to Insiders pursuant to Restricted Share Units granted and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of Voting Shares then outstanding. The aggregate number of Common Voting Shares issued to Insiders pursuant to Restricted Share Units and all other security based compensation arrangements, within a one year period, shall not exceed 10% of the total number of Voting Shares then outstanding. For purposes of this Section 2.06, the number of Voting Shares then outstanding shall mean the number of Voting Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Restricted Share Units. Any increase in the issued and outstanding Voting Shares will result in an increase in the available number of Common Voting Shares issuable under the Restricted Share Units Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares pursuant to the settlement of Restricted Share Units, shall automatically replenish the number of Common Voting Shares issuable under the Restricted Share Units Plan. When a Restricted Share Unit is settled, cancelled or terminated, a Restricted Share shall automatically be available for the grant of a new Restricted Share Unit under this plan. Grants of Restricted Share Units and grants under all other security-based compensation arrangements of the Corporation to non-employee directors should not exceed an annual equity value of \$150,000 to each non-employee director (based on the grant date fair value of the Restricted Share Units).

ARTICLE THREE

RESTRICTED SHARE PLAN

Section 3.01 **Restricted Share Units Plan:** A Restricted Share Units Plan is hereby established for Eligible Employees, Eligible Directors and Eligible Consultants.

Section 3.02 **Participants:** The Committee shall have the right to grant, in its sole and absolute discretion, to any Participant, rights ("Restricted Share Units") to acquire from the Corporation any number of fully paid and non-assessable Common Voting Shares as a discretionary payment in consideration of past services to the Corporation or as an incentive for future services, subject to this Restricted Share Units Plan and with such provisions and restrictions as the Committee may determine. Each Restricted Share Unit entitles the holder to receive one Common Voting Share, without payment of additional consideration, at the end of the Restricted Period or, if applicable, at a later Deferred Payment Date, if any, in satisfaction of the holder's entitlement under the Restricted Share Unit, without any further action on the part of the holder of the Restricted Share Unit in accordance with this Article Three.

Section 3.03 **Restricted Share Unit Grant Letter:** Each grant of a Restricted Share Unit under the Restricted Share Units Plan shall be evidenced by a Restricted Share Unit grant letter (a "Restricted Share Unit Grant Letter") issued to the Participant by the Corporation in consideration for past and/or future services. Such Restricted Share Unit Grant Letter shall be subject to all applicable terms and conditions of the Restricted Share Units Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be

adopted by the Directors from time to time) which are not inconsistent with the Restricted Share Units Plan and which the Committee deems appropriate for inclusion in a Restricted Share Unit Grant Letter. The provisions of Restricted Share Unit Grant Letters issued under the Restricted Share Units Plan need not be identical.

Section 3.04 Restricted Period: In connection with the grant of Restricted Share Units to a Participant, the Committee shall determine the Restricted Period applicable to such Restricted Share Units, and such Restricted Period shall be reflected in the Restricted Share Unit Grant Letter evidencing such grant. In addition, at the sole discretion of the Committee, at the time of grant, the Restricted Share Units may be subject to performance conditions to be achieved by the Corporation or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such Restricted Share Units to entitle the holder thereof to receive the underlying Restricted Shares. Upon the expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable), a Restricted Share Unit shall be automatically settled and the underlying Restricted Share shall be issued to the holder of such Restricted Share Unit, which Restricted Share Unit shall then be cancelled.

Notwithstanding the foregoing, in the event that the expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable), falls within, or within two (2) Trading Days after the end of, a trading blackout period imposed by or on the Corporation (the "Blackout Period"), the expiry date of such Restricted Period (or on the Deferred Payment Date, as applicable), shall be automatically extended to the close of the 10th Trading Day following the end of the Blackout Period.

Section 3.05 Deferred Payment Date: Participants who are residents of Canada for the purposes of the *Income Tax Act* (Canada) and not subject to the provisions of the *Internal Revenue Code* may elect to defer to receive all or any part of their Restricted Shares until one or more Deferred Payment Dates. Any other Participants may not elect a Deferred Payment Date.

Section 3.06 Qualifying Participants who elect to set a Deferred Payment Date must give the Corporation written notice of the Deferred Payment Date not later than sixty (60) days prior to the expiration of the Restricted Period. For certainty, Participants shall not be permitted to give any such notice after the day which is sixty (60) days prior to the expiration of the Restricted Period and a notice once given may not be changed or revoked.

Section 3.07 Retirement or Termination during Restricted Period: Subject to any provisions with respect to vesting of Restricted Share Units in a Participant's employment agreement with the Corporation, in the event of the Retirement or Termination of a Participant during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect, provided that the Committee has the absolute discretion to waive such termination.

Section 3.08 Retirement or Termination after Restricted Period: Subject to any provisions with respect to vesting of Restricted Share Units in a Participant's employment agreement with the Corporation, in the event of the Retirement or Termination of the Participant following the Restricted Period and prior to the Deferred Payment Date, the Participant shall be entitled to receive and the Corporation shall issue forthwith Restricted Shares in satisfaction of the Restricted Share Units then held by the Participant.

Section 3.09 Payment of Dividends: In the event a cash dividend is paid to shareholders of the Company on the Voting Shares while a Restricted Share Unit is outstanding, the Committee may, in its sole discretion, elect to credit each Participant with additional Restricted Share Units. In such case, the number of additional Restricted Share Units will be equal to the aggregate amount of dividends that would have been paid to the Participant if the Restricted Share Units in the Participant's account on the record date had been Shares divided by the Market Price of a Voting Share on the date on which dividends were paid by the Company. If the foregoing shall result in a fractional Restricted Share Unit, the fraction shall be disregarded.

Section 3.10 **Death or Disability of Participant:** Subject to any provisions with respect to vesting of Restricted Share Units in an Participant's employment agreement with the Corporation, in the event of the total disability or death of a Participant, any Restricted Share Units held by the Participant shall vest immediately and the Corporation shall issue Restricted Shares to the Participant or legal personal representatives of the Participant forthwith in full satisfaction thereof.

Section 3.11 **Change of Control:** Subject to any provisions with respect to vesting of Restricted Share Units in an Participant's employment agreement with the Corporation, in the event of a Change of Control, all Restricted Share Units outstanding shall vest or be deemed to have vested immediately prior to the Change of Control and be forthwith settled by the issuance of applicable Restricted Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date.

Section 3.12 **Necessary Approvals:** The Restricted Share Units Plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation or by a written resolution of all of the shareholders of the Corporation in accordance with the Act and acceptance by the Stock Exchange or any regulatory authority having jurisdiction over the securities of the Corporation.

ARTICLE FOUR

WITHHOLDING

Section 4.01 **Withholding Taxes:** The Corporation or any Designated Affiliate of the Corporation may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Corporation or any Designated Affiliate of the Corporation is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Restricted Share Unit, Share or cash payment equivalent to a dividend, including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Shares to be issued under the Restricted Share Units Plan, until such time as the Participant has paid the Corporation or any Designated Affiliate of the Corporation for any amount which the Corporation or Designated Affiliate of the Corporation is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Committee may adopt administrative rules under the Plan, which provide for the automatic sale of Restricted Shares (or a portion thereof) in the market upon the issuance of such shares under the Restricted Share Units Plan as agent for the Optionee to satisfy withholding obligations under the Plan. The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Restricted Shares issuable and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such shares issuable under the Restricted Share Units Plan.

ARTICLE FIVE

GENERAL

Section 5.01 **Term of the Restricted Share Units Plan:** The Restricted Share Units Plan herein shall become effective on the date on which it is approved by the shareholders. The Restricted Share Units Plan shall remain in effect until it is terminated by the Directors.

Section 5.02 **Amendment of Restricted Share Units Plan:** The Committee may from time to time in the absolute discretion of the Committee (without shareholder approval) amend, modify and change the provisions of the Restricted Share Units Plan, including, without limitation:

- (i) amendments of a house keeping nature; and
- (ii) changes to the Restricted Period of any Restricted Share Unit.

However, other than as set out above, any amendment, modification or change to the provisions of the Restricted Share Units Plan which would:

- (a) materially increase the benefits of the holder under the Restricted Share Units Plan to the detriment of the Corporation and its shareholders;
- (b) increase the number of Common Voting Shares or maximum percentage of Common Voting Shares, other than by virtue of Sections 5.06 and 5.08 of the Restricted Share Units Plan, which may be issued pursuant to the Restricted Share Units Plan;
- (c) reduce the range of amendments requiring shareholder approval contemplated in this Section;
- (d) permit Restricted Share Units to be transferred other than for normal estate settlement purposes;
- (e) change insider participation limits and the director limits in Section 2.06 which would result in shareholder approval to be required on a disinterested basis; or
- (f) materially modify the requirements as to eligibility for participation in the Restricted Share Units Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation. In addition, any such amendment, modification or change of any provision of the Restricted Share Units Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

Section 5.03 Non-Assignable: Except as otherwise may be expressly provided for under this Restricted Share Units Plan or pursuant to a will or by the laws of descent and distribution, no Restricted Share Unit and no other right or interest of a Participant is assignable or transferable.

Section 5.04 Rights as a Shareholder: No holder of any Restricted Share Units shall have any rights as a shareholder of the Corporation by virtue of holding Restricted Share Units. Except as provided for in Section 3.09 and subject to Section 5.06, no holder of any Restricted Share Units shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for shareholders of the Corporation.

Section 5.05 No Contract of Employment: Nothing contained in the Restricted Share Units Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Corporation or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in the Restricted Share Units Plan by a Participant shall be voluntary, but unless a Participant informs the Corporation in writing, each Participant agrees to be bound by the terms of this Restricted Share Unit Plan and any applicable Restricted Share Unit Grant Letter with respect to Restricted Share Units granted to such Participant.

Section 5.06 Adjustment in Number of Shares Subject to the Restricted Share Units Plan: In the event there is any change in the Voting Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Voting Shares available under the Restricted Share Units Plan; and
- (b) the number of Common Voting Shares subject to any outstanding Restricted Share Units.

If the foregoing adjustment shall result in a fractional Common Voting Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of the Restricted Share Units Plan.

Section 5.07 **No Representation or Warranty:** The Corporation makes no representation or warranty as to the future market value of any Common Voting Shares issued in accordance with the provisions of the Restricted Share Units Plan.

Section 5.08 **Compliance with Applicable Law:** If any provision of the Restricted Share Units Plan or any Restricted Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 5.09 **Interpretation:** This Restricted Share Units Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

APPENDIX "B"

CARGOJET INC. INCENTIVE STOCK OPTION PLAN

ARTICLE I INTRODUCTION

1.1 Purpose of Plan

The purpose of the Incentive Stock Option Plan is to secure for Cargojet Inc. (the "Corporation") and its shareholders the benefits of incentives inherent in the share ownership by the directors, employees and consultants of the Corporation and its Subsidiaries who, in the judgment of the board of directors of the Corporation, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Corporation.

1.2 Definitions

- (a) "Affiliate" means any corporation that is an affiliate of the Corporation as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as may be amended from time to time;
- (b) "Associate" with any person or corporation is as defined in the Securities Act;
- (c) "Board" means the board of directors of the Corporation, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.
- (d) "Blackout Period" has the meaning ascribed thereto in Section 2.6.
- (e) "Change of Control" means the occurrence of any one or more of the following events:
 - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Voting Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after completion of the transaction;
 - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Corporation and its Subsidiaries;
 - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
 - (iv) any person, entity or group of persons or entities acting jointly or in concert (an "Acquiror") acquires, or acquires control (including, without limitation, the right to vote or direct the voting) of, Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror controls, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror, to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors); or

- (v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity (a "Transaction"), fewer than 50% of the directors of the Corporation or the successor corporation are persons who were directors of the Corporation immediately prior to the Transaction.

For the purposes of the foregoing definition of Change of Control, "Voting Securities" means Voting Shares and any other shares entitled to vote for the election of directors and, for the purposes of calculating the number of securities of the Corporation owned or controlled by the Acquiror, it shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

- (f) "Common Voting Shares" shall mean the common voting shares in the capital of the Corporation.
- (g) "Consultant" has the meaning ascribed to such term under section 2.22 of *National Instrument 45-106 Prospectus and Registration Exemptions* or any successor provisions thereto.
- (h) "Corporation" means Cargojet Inc., a corporation existing under the *Business Corporations Act* (Ontario).
- (i) "Director" means a director of the Corporation or any of its Subsidiaries.
- (j) "Disability" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
 - (i) being employed or engaged by the Corporation, its Subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Corporation or its Subsidiaries; or
 - (ii) acting as a director or officer of the Corporation or its Subsidiaries.
- (k) "Eligible Person" means any employee, officer, Director or Consultant of the Corporation or any of its Subsidiaries.
- (l) "Exchange" means the Toronto Stock Exchange or, if the Voting Shares are not listed on the Toronto Stock Exchange, the principal stock exchange on which the Voting Shares are listed as determined by the Board.
- (m) "Holding Company" means a company of which the Optionee holds the majority of the voting securities;
- (n) "Insider" has the meaning ascribed thereto in the *TSX Company Manual*.
- (o) "Option" shall mean an option granted under the terms of the Plan.
- (p) "Option Commitment" means the notice of grant of an Option delivered by the Corporation hereunder to an Optionee and substantially in the form of Exhibit A hereto.
- (q) "Option Period" shall mean the period during which an Option may be exercised.
- (r) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.

- (s) "Plan" means this Incentive Stock Option Plan established and operated pursuant to Article II hereof.
- (t) "Securities Act" means the *Securities Act* (Ontario) amended from time to time.
- (u) "Share Compensation Arrangement" means the Plan described herein and any other security based compensation arrangements implemented by the Corporation including stock options, other stock option plans, employee stock purchase plans, share distribution plans, stock appreciation rights, restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Voting Shares of the Corporation.
- (v) "Subsidiary" has the meaning ascribed thereto in the Securities Act.
- (w) "Trading Day" means a day on which the Exchange is open for trading and on which the Voting Shares have not been halted.
- (x) "Variable Voting Shares" shall mean the variable voting shares in the capital of the Corporation.
- (y) "Voting Shares" shall mean the Common Voting Shares and the Variable Voting Shares.

ARTICLE II STOCK OPTION PLAN

2.1 Participation

Options to purchase Common Voting Shares may be granted hereunder to Eligible Persons that are "Canadian" as such term is defined in the *Canada Transportation Act*.

2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the past and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors that it may deem proper and relevant.

2.3 Exercise Price

The exercise price per Common Voting Share shall be determined by the Board at the time the Option is granted, but, in any event, shall not be less than the five (5) day volume weighted average trading price (as determined in accordance with the rules of the Exchange) of the Common Voting Shares on the Exchange ending on the Trading Day immediately preceding the grant date of the Option.

2.4 Grant of Options

The Board may, at any time, authorize the granting of Options to such Eligible Persons as it may select for the number of Common Voting Shares that it shall designate, subject to the provisions of the Plan. The grant date of an Option shall be the date the Board approves such grant or a later effective date of grant, if so determined by the Board at the time of approving the grant of such Option.

2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and, upon delivery of the Option Commitment to the Optionee by the Corporation, the Optionee shall have the right to purchase the Common Voting Shares underlying the Option at the

exercise price set out therein, subject to any provisions as to the vesting of the Option and the other terms of the Plan.

2.6 Terms of Options

The Option Period shall be determined by the Board at the time of granting the Options provided, however, that the Option Period must not extend beyond five years from the grant date of the Option.

Notwithstanding the foregoing, in the event that the expiry of an Option Period falls within, or within two (2) Trading Days after the end of, a trading blackout period imposed by or on the Corporation (the "Blackout Period"), the expiry date of such Option Period shall be automatically extended to the close of the 10th Trading Day following the end of the Blackout Period.

2.7 Vesting

Options granted pursuant to the Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board, and may be made subject to performance conditions as the Board may determine at the time of granting such Options.

2.8 Exercise of Option

Subject to any provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation of a written notice of exercise specifying the number of Common Voting Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Common Voting Shares to be purchased and any amount required to be withheld for tax purposes. At the discretion of the Chief Financial Officer, a declaration of residency may also be required from an Optionee prior to the issuance of Common Voting Shares. Certificates for such Common Voting Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Unless otherwise determined by the Board, the Corporation shall not offer financial assistance regarding the exercise of an Option and any such financial assistance will require shareholder approval.

2.9 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Common Voting Shares not purchased under such lapsed Options.

2.10 Death or Disability of Optionee

If an Optionee ceases to be an Eligible Person due to death or Disability, any Option held by the Optionee at the date of death or Disability shall be exercisable by the Optionee or the Optionee's legal heirs or personal representatives, as applicable. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of death or Disability and only for 12 months after the date of death or Disability or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise in its own discretion upon the grant of such Options or after the occurrence of such death or Disability.

2.11 Termination of Employment or Ceasing to be an Eligible Person

Subject to any provisions with respect to vesting of Options in an Optionee's employment agreement with the Corporation, if an Optionee ceases to be an Eligible Person, other than as a result of termination for cause, any Option held by such Optionee at the date such person ceases to be an Eligible Person shall be exercisable only to the extent that the Optionee is entitled to exercise the Option on such date and only for 90 days thereafter (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion) or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Subject to the provisions with respect to vesting of Options in an Optionee's employment agreement with the Corporation, in the case of an Optionee being terminated for cause, the

Option shall immediately terminate and shall no longer be exercisable as of the date of such termination, subject to the Board determining otherwise. Notwithstanding the foregoing, when an Optionee ceases to be an Eligible Person, the Board has discretion to accelerate the vesting of his/her Options and/or allow such Options to continue for a period beyond 90 days, except however, that such Options may not be extended beyond the expiry of their original Option Period.

2.12 Effect of Take-Over Bid

If a bona fide offer (the "Offer") for Voting Shares is made to shareholders generally or to a class of shareholders that would include the Optionee, which Offer, if accepted in whole or in part, would result in the offeror (the "Offeror") exercising control over the Corporation within the meaning of the Securities Act, then the Corporation shall, as soon as practicable following receipt of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such otherwise unvested Option may be conditionally exercised in whole or in part by the Optionee and the underlying Common Voting Shares may be conditionally issued so (and only so) as to permit the Optionee to tender the Common Voting Shares received in connection with the exercise (the "Optioned Shares") pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or
- (c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the Offeror in respect thereof;

then at the discretion of the Board, the Options shall be deemed not to have been exercised and the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be deemed not to have been issued and shall be reinstated as authorized but unissued Common Voting Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Corporation under this Section, the Corporation shall refund, subject to Corporation's obligations under applicable tax law, the exercise price to the Optionee for such Optioned Shares.

2.13 Effect of a Change of Control

Subject to the terms of an Optionee's employment agreement with respect to a Change of Control of the Corporation, and unless otherwise determined by the Board prior to such Change of Control, if a Change of Control occurs, all Options then outstanding shall automatically vest, so that, notwithstanding the other terms of this Plan, such Options may be exercised in whole or in part by the Optionee and upon the exercise of an Option under the Plan and, subject to applicable tax withholding requirements, the holder thereof shall be entitled to receive any securities, property or cash (or a combination thereof) which the Optionee would have received upon such Change of Control, if the Optionee had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted, as applicable, by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan.

2.14 Adjustment in Voting Shares

If there is any change in the Voting Shares through or by means of a declaration of stock dividends of Voting Shares or consolidations, subdivisions or reclassifications of Shares, or otherwise, the number of Common Voting Shares subject to any Option, and the exercise price thereof and the maximum number of Common Voting Shares that may be issued under the Plan in accordance with Section 3.1(a) shall be adjusted appropriately by the Board, subject to any applicable rules of the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan. An adjustment under Section 2.13 or 2.14 (the "Adjustment Provisions") will take effect at the time of the event that gives rise to the

adjustment, and the Adjustment Provisions are cumulative. The Corporation will not be required to issue fractional Common Voting Shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Voting Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Corporation. If any questions arise at any time with respect to the exercise price or number of Common Voting Shares deliverable upon exercise of an Option in connection with any of the events set out in Sections 2.12, 2.13 or 2.14, such questions will be conclusively determined by the Corporation's auditors, or, if they decline to so act, any other firm of Chartered Accountants that the Corporation may designate and who will have access to all appropriate records, and such determination will be binding upon the Corporation and all Optionees.

ARTICLE III GENERAL

3.1 Maximum Number of Shares

- (a) The aggregate number of Common Voting Shares reserved for issuance pursuant to this Plan shall not exceed 5% of the issued and outstanding Voting Shares at the time of grant. The Plan shall be an "ever green plan" as contemplated under the *TSX Guide to Security Based Compensation Arrangements*. Any increase in the issued and outstanding Voting Shares will result in an increase in the available number of Common Voting Shares issuable under this Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares in respect of which Options are exercised, expired or cancelled, shall automatically replenish the number of Common Voting Shares issuable under this Plan.
- (b) The aggregate number of Common Voting Shares which may be issuable at any time pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Voting Shares then outstanding.
- (c) The aggregate number of Common Voting Shares which may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Voting Shares then outstanding.
- (d) Grants of Options to non-employee directors should not exceed an annual equity value of \$100,000 to each non-employee director (based on the grant date fair value of the Options). Grants of Options and grants under all other security-based compensation arrangements of the Corporation to non-employee directors should not exceed an annual equity value of \$150,000 to each non-employee director (based on the grant date fair value of the Options).

3.2 Transferability

Options are not assignable or transferable other than by will or by the applicable laws of descent, except to a Holding Company of the Optionee or by a Holding Company to the Optionee, with the consent of the Corporation. During the lifetime of an Optionee, all Options may only be exercised by the Optionee or such Holding Company.

3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Subsidiary, or interfere in any way with the right of the Corporation, or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Common Voting Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the issuance of the Common Voting Shares by the Corporation.

3.5 Record Keeping

The Corporation shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

3.6 Necessary Approvals

The Plan shall be effective only upon the approval of both the Board and the shareholders of the Corporation by ordinary resolution. The obligation of the Corporation to sell and deliver Common Voting Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Voting Shares are listed for trading that may be required in connection with the authorization, issuance or sale of such Common Voting Shares by the Corporation. If any Common Voting Shares cannot be issued to any Optionee for any reason whatsoever including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Common Voting Shares shall terminate and any exercise price paid by an Optionee to the Corporation shall be returned to the Optionee.

3.7 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

3.8 Taxes

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, territorial or foreign taxes, required by law or regulation to be deducted or withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any Option. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Voting Shares issuable upon exercise of the Options as it determines are required to be sold by the Corporation, as agent for the Optionee, to satisfy any withholding obligations net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Voting Shares issuable upon exercise of the Options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Voting Shares issuable upon exercise of the Options.

3.9 Amendment, Modification or Termination of Plan

Subject to the requisite regulatory approvals, and shareholder approval as prescribed under subparagraph 3.9 (a) below and any applicable rules of the Exchange, the Board may, from time to time, amend or revise the terms of the Plan (including Options granted thereunder) or may discontinue the Plan

at any time provided however that no such amendment may, without the consent of the Optionee, in any manner materially adversely affect his rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan (including Options granted thereunder):
 - (i) any amendment to Section 3.1 including, without limitation, any amendment to the number of securities issuable under the Plan, including an increase to the percentage maximum of securities or a change from a percentage maximum of securities to a fixed maximum number;
 - (ii) any change to the definition of "Eligible Persons" that would have the potential of narrowing or broadening or increasing Insider participation;
 - (iii) the addition of any form of financial assistance;
 - (iv) any amendment to a financial assistance provision that is more favourable to Eligible Persons;
 - (v) the addition of deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Corporation;
 - (vi) any amendment to Section 3.2 to permit Options to be transferred other than for normal estate settlement purposes;
 - (vii) any amendment that reduces the exercise price or permits the cancellation and re-issuance of Options;
 - (viii) any amendment that extends Options beyond the original Option Period of such Options;
 - (ix) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities; and
 - (x) any reduction to the range of amendments requiring shareholder approval contemplated in this Section or any other amendments to this Section 3.9;

- (b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion (without shareholder approval), make all other amendments to the Plan (including Options granted thereunder) that are not of the type contemplated in subparagraph 3.9 (a) above, including, without limitation:
 - (i) amendments of a housekeeping nature;
 - (ii) the addition of or a change to vesting provisions of a security or the Plan;
 - (iii) the addition of a cashless exercise feature; and
 - (iv) a change to the termination provisions of a security or the Plan that does not entail an extension beyond the original Option Period.

- (c) Notwithstanding the provisions of subparagraph 3.9 (b), the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to subparagraph 3.9 (b) to the extent such approval is required by any applicable law or regulations.

3.10 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Common Voting Shares issued in accordance with the provisions of the Plan.

3.11 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

3.12 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

Approved by the Board on March 4, 2014 and by the shareholders of the Corporation on ●.

EXHIBIT A
CARGOJET INC.
INCENTIVE STOCK OPTION PLAN
OPTION COMMITMENT

Notice is hereby given that, effective this ____ day of _____ (the "Effective Date"), Cargojet Inc. (the "Corporation") has granted to _____, an option (the "Option") to acquire _____ Common Voting Shares (the "Common Voting Shares") on or prior to 5:00 p.m. Toronto time on the ____ day of _____ (the "Expiry Date") at an exercise price of Cdn. \$_____ per Common Voting Share.

The Option shall vest and become exercisable in accordance with the following schedule:

●

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Corporation's Incentive Stock Option Plan (the "Stock Option Plan"), the terms and conditions of which are hereby incorporated herein and consented to by the undersigned Optionee.

To exercise your Option, deliver a written notice specifying the number of Common Voting Shares you wish to acquire, together with a certified cheque or bank draft payable to the Corporation for the aggregate exercise price, to the Corporation. At the discretion of the Corporation a declaration of residence may also be requested prior to the issuance of any Common Voting Shares. Upon receipt by the Corporation of requisite documents and payments, the Corporation's transfer agent will then issue a certificate for the Common Voting Shares so acquired as soon as practicable thereafter.

The undersigned Optionee hereby authorizes the Corporation to withhold any remuneration payable to the undersigned for the purposes of paying any taxes required to be deducted or withheld as a result of the undersigned's participation in the Stock Option Plan.

CARGOJET INC.

OPTIONEE

Authorized Signatory

Name: