



CARGOJET INC.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 12, 2017

CARGOJET INC.
NOTICE OF ANNUAL 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 offices of Cassels Brock & Blackwell LLP, 21st Floor, Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3C2 on Wednesday, April 12th, 2017 at 1:30 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, 2016 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, an ordinary resolution confirming By-law No. 3 of the Company adopting advance notice requirements for nominations of directors by Shareholders (the **%Advance Notice By-law%**), 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, an ordinary resolution approving certain amendments to, and all unallocated options under, the Company's incentive stock option plan, as more particularly described in the accompanying management information circular of the Company;
- (f) to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution approving certain amendments to, and all unallocated restricted share units under the Company's restricted share units plan, as more particularly described in the accompanying management information circular of the Company; and
- (g) 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, 2016.

The board of directors of the Company has by resolution fixed the close of business on February 21st, 2017 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 9th day of March, 2017.

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 meeting (the **Meeting**) of holders (the "**Shareholders**") of common voting shares (the **Common Voting Shares**) and variable voting shares (the **Variable Voting Shares**, together with the Common Voting Shares, the **Moving Shares**) of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of annual 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**) has by resolution fixed the close of business on February 21st, 2017 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 9th, 2017.

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, the appointment of the auditors, the approval of the advance notice by-law, the approval of the amended stock option plan and unallocated option thereunder and the approval of the amended restricted share unit plan and unallocated restricted share units thereunder referred to and more particularly 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 9th, 2016, the following Voting Shares in the capital of the Company were issued and outstanding:

Common Voting Shares	10,408,794
Variable Voting Shares	234,571

The Board has fixed the record date of February 21st, 2017 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 directors and officers 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	1,578,353 / 14.8%	1,595,403 / 10.40%

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. Voting Shares excludes any vested or unvested option or restricted share units awarded by the Company.
- (2) The calculation of fully diluted voting shares assumes the conversion of the Company's \$73,645,000 of outstanding 5.5% convertible debentures (the **5.5% Convertible Debentures**) converted at the conversion price of \$28.75 per common voting share and \$125,000,000 of outstanding 4.65% convertible debentures (the **4.65% Convertible Debentures**) converted at the conversion price of \$58.65 per common voting share. Ajay Virmani currently holds \$1,000,000 of the 4.65% Convertible Debentures of the Company.

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 Founder / President & 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, 2016, and why. The NEOs for the financial year ended December 31, 2016 were:

- Ajay Virmani, Founder / President & Chief Executive Officer
- Jamie Porteous, Executive Vice-President & Chief Commercial Officer
- John Kim, Chief Financial Officer
- George Sugar, Senior Vice President Flight Operations
- Paul Rinaldo, Senior Vice President Engineering and Maintenance

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 Compensation and Nominating Committee (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 NEOs 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 mandate of the CNC is to review all aspects of compensation paid to the members of the Board, members of the committees of the Board, the Chairman of the Board and the management and employees of the Company and its subsidiaries to ensure that the Company's compensation programs are competitive so that the Company can attract, motivate and retain high caliber individuals and to review and make recommendation to the Board as to such matters. The CNC's mandate also includes the development of the Company's approach to matters of nominations to the Board.

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 identifies and recommends to the Board individuals qualified to become new directors of the Company.

As of March 9th, 2017, the CNC is comprised of Paul Godfrey (Chairman), James Crane, 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+~~). Mr. Crane replaced Terence Francis as a member of the

CNC upon the resignation of Mr. Francis as a director of the Company on March 8, 2015. Specifically, the following biographies of the current 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.

James Crane:

Mr. Crane is the President and Chief Executive Officer of Crane Capital Group, Inc. Mr. Crane earned a Bachelor of Science degree in Industrial Safety from Central Missouri State University in 1976. In 1984, Mr. Crane founded Eagle USA Airfreight (EGL, Inc.), a freight forwarding company, and sold it in 2007. In 2008, Mr. Crane formed Crane Worldwide Logistics (CWL), a global provider of customized transportation and logistics services. Mr. Crane is also the owner of Champion Energy Services, a retail electricity companies in the United States. Mr. Crane is also the controlling investor in the Houston Astros baseball team.

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 Consulting Inc. (~~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.

Hugessen was also retained in 2014 directly by the CNC to provide independent advice, compensation analysis and other information in support of the LTIP alternatives for consideration including equity instruments, method of payment and size of pool. The Stock Option Plan of the Company (the ~~Option~~

Plan) and the Restricted Share Unit Plan (the RSU Plan) were approved at the Annual and Special Meeting of Cargojet's Shareholders in 2014. 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 2014. Hugessen has no other mandate with the Company. No fees were charged by Hugessen or paid by the Company to Hugessen in 2015 or 2016.

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
Benefits (i.e. perquisites, allowances and pension)	Provide industry standard compensation	Cash
STIP/bonus	Provide performance-based compensation linked to the achievement of EBITDA objectives and of individual performance objectives.	Cash
LTIP	Provide performance-based compensation linked to the achievement of EBITDA 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, RSUs and Options

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 2016 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	29%	43%	29%	72%
Jamie Porteous	33%	38%	29%	67%
John Kim	47%	25%	28%	53%
George Sugar	47%	25%	28%	53%
Paul Rinaldo	47%	25%	28%	53%

Note:

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

The overall design of the 2016 NEO compensation program is summarized in the following table:

NEO	Annual Salary (\$)	STIP Target at Maximum (% of salary)	LTIP Target at Maximum (% of salary)
Ajay Virmani	875,000	150.0%	100.0%
Jamie Porteous	495,000	113.8%	87.5%
John Kim	275,000	52.5%	60%
George Sugar	250,000	52.5%	60%

NEO	Annual Salary (\$)	STIP Target at Maximum (% of salary)	LTIP Target at Maximum (% of salary)
Paul Rinaldo	250,000	52.5%	60%

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
Trimac Transportation Services LP
Exchange Income Corporation
Discovery Air Inc.
HNZ Group Inc. (Formerly Canadian Helicopters Group Inc.)
Transat A.T. Inc.

In 2016, 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 with the addition of Air Canada and WestJet. The next review will be completed by the CNC in 2017.

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 and Chief Commercial Officer, 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 2016, all NEOs participated in the STIP. Mr. Virmani and Mr. Porteous were eligible to earn an STIP of up to 150.0% and 113.8% respectively of their annual salary upon the Company meeting an Adjusted EBITDA target of \$92.5 million before management bonuses and based upon individual performance targets and personal objectives for the fiscal year ended December 31, 2016. The other NEOs were eligible to earn an STIP of up to 52.5% of their annual salary upon the Company meeting an Adjusted EBITDA target of \$92.5 million before management bonuses and the achievement of individual performance objectives. Payouts were determined between the minimum (0% of annual salary) and target (maximum 150.0% of annual salary for Mr. Virmani, 113.8% for Mr. Porteous and maximum 52.5% 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 2016, each NEO received their STIP awards based on the Company's final EBITDA and the achievement of individual performance objectives, and accordingly STIPs were awarded to NEOs at their maximum targets.

(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. For LTIP awards related to the 2013 fiscal year and prior, the Company has purchased Common Voting Shares in the market with this pool of funds and holds the Common Voting Shares until such time as ownership vests to each participant. LTIP awards for subsequent years are comprised of grants from the Company's RSU Plan and Option Plan.

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 2016, all NEOs participated in the LTIP. Mr. Virmani and Mr. Porteous were eligible to earn an LTIP of up to 100.0% and 87.5% respectively of their annual salary upon the Company meeting an Adjusted EBITDA target of \$92.5 million before management bonuses and based upon individual performance targets and personal objectives for the fiscal year ended December 31, 2016. The other NEOs were eligible to earn an LTIP of up to 60.0% of their annual salary upon the Company meeting an Adjusted EBITDA target of \$92.5 million before management bonuses and the achievement of individual performance objectives. Payouts were determined between the minimum (0% of annual salary) and target (maximum 100.0% of annual salary for Mr. Virmani, 87.5% for Mr. Porteous and maximum 60.0% 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, and accordingly LTIPs were awarded to the NEOs at their maximum targets.

(iv) Restricted Share Unit Plan

The Company received Shareholder approval for the RSU Plan at its Annual and Special Meeting of Shareholders in 2014. It was considered to be 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 share ownership by the directors, employees and consultants of the Company and its subsidiaries who, in the judgment of the Board, are largely responsible for its future growth.

The Company is seeking approval of the Shareholders to amend the RSU Plan to remove certain restrictions from the category of eligible participants under the RSU Plan so as to provide for the ability to grant restricted share units (**%RSUs+**) to eligible participants regardless of their jurisdiction of residence.

The following is a summary of the amended restricted share units plan of the Company (the **%Amended RSU Plan+**) which has been approved by the Board, but is subject to Shareholder approval.

The Amended RSU Plan provides that RSUs may be granted by the Board or a committee of the Board which administers the Amended RSU Plan (the **%Committee+**) to eligible employees, officers, directors and consultants of the Company as discretionary payment in consideration of past or future services to the Company. The Board will take into account previous grants when considering new grants.

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 or Variable Voting Share, as applicable, issued from treasury on the later of: (i) the date which is the first day after a restricted period as determined by the Committee (the **%Restricted Period+**); and (ii) a date determined by an eligible participant that is after the Restricted Period but is not later than the 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 or Variable Voting Shares, or any combination thereof, to be reserved for issuance under the Amended RSU Plan shall be that number that is equal to 4% of the issued and outstanding Voting Shares from time to time. As of the date hereof, this represents 425,735 Voting Shares. The maximum number of Common Voting Shares or Variable Voting Shares, or any combination thereof, issuable to insiders, at any time, pursuant to the Amended 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 or Variable Voting Shares, or any combination thereof, issuable to insiders, within any one year period, pursuant to the Amended RSU Plan and any other security-based compensation arrangements of the Company is 10% of the total number of Voting Shares then outstanding. The Amended RSU Plan is 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 and Variable Voting Shares, or any combination thereof, issuable under the Amended RSU Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares or Variable Voting Shares, as applicable, pursuant to the settlement of RSUs, shall automatically replenish the number of Common Voting Shares or Variable Voting Shares, as applicable, issuable under the Amended RSU Plan. When an RSU is settled, cancelled or terminated, a Common Voting Share or Variable Voting Share, as applicable, shall automatically be available for the grant of a new RSU under the Amended RSU Plan. Grants of RSUs and grants under all other security-based compensation arrangements of the

Company 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 or Variable Voting Shares, as applicable. Subject to any provisions with respect to vesting of RSUs 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 or Variable Voting Shares, as applicable, 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 Shares 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 such term is defined in the RSU Plan), all RSUs shall be immediately settled with Common Voting Shares or Variable Voting Shares, as applicable, 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 Amended 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 Amended RSU Plan which would:

- (i) materially increase the benefits of the holder under the Amended RSU Plan to the detriment of the Company and its Shareholders;
- (ii) increase the number of Common Voting Shares and Variable Voting Shares, or any combination thereof, or the maximum percentage of Voting Shares, other than by virtue of Section 5.06 and 5.08 of the Amended RSU Plan, which may be issued pursuant to the Amended RSU Plan;
- (iii) reduce the range of amendments requiring Shareholder approval contemplated under the Amended RSU Plan;
- (iv) permit RSUs to be transferred other than for normal estate settlement purposes;
- (v) change insider participation limits and the director limits in Section 2.06 of the Amended 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 Amended RSU Plan;

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

The following table provides a summary of RSUs awarded and outstanding:

Restricted Share Unit Plan	Number of shares to be issued upon satisfaction of outstanding RSU's	Dilution Rate (Total number of RSU's outstanding divided by the total number of shares outstanding) %	Number of RSU's remaining available for future issuance under the Restricted Share Unit Plan
RSUs Granted in 2015	61,329	0.6%	n/a
RSUs Granted in 2016	18,137	0.2%	n/a
Totals	79,466	0.7%	346,269

(v) Stock Option Plan

The Company received Shareholder approval for the Option Plan at its Annual and Special Meeting of Shareholders in 2014. The Company is seeking the approval of Shareholders to amend the Option Plan to remove certain restrictions from the category of Eligible Persons (as defined below) under the Option Plan so as to provide for the ability to grant Options (as defined below) to Eligible Persons regardless of their jurisdiction of residence.

The following is a summary of the amended stock option plan of the Company (the **Amended Option Plan**) which has been approved by the Board, but is subject to Shareholder and TSX approvals.

Under the Amended Option Plan, the Board may from time to time grant directors, officers, employees or consultants of the Company and any of its subsidiaries (collectively, **Eligible Persons**) options to acquire Common Voting Shares or Variable Voting Shares, as applicable, (**Options**) in such numbers, for such terms and at such exercise prices as may be determined by the Board. The purpose of the Amended 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 Options, to acquire a proprietary interest in the Company. The Board takes into account previous grants when considering new grants.

The Amended Option Plan is an **ever green** plan as contemplated under the *TSX Guide to Security Based Compensation Arrangements*. As a result, should the Company issue any Voting Shares in the future, the aggregate number of Common Voting Shares and Variable Voting Shares issuable under the Amended Option Plan will increase accordingly. Common Voting Shares or Variable Voting Shares in respect of which Options are exercised, expired or cancelled shall become available for the grant of subsequent Options under the Amended Option Plan. The maximum aggregate number of Common Voting Shares or Variable Voting Shares, or any combination thereof, that may be reserved for issuance for all purposes under the Amended Option Plan is 5% of the issued and outstanding Voting Shares at the time of grant. As of the date hereof, this represents 532,168 Voting Shares.

The maximum aggregate number of Common Voting Shares or Variable Voting Shares, or any combination thereof, that may be issuable to insiders of the Company pursuant to the Amended Stock Option Plan and any other security-based compensation arrangements of the Company is 10% of the Voting Shares then outstanding. The maximum aggregate number of Common Voting Shares or Variable Voting Shares, or any combination thereof, that may be issued to insiders of the Company within any one year period pursuant to the Amended Option Plan and any other security-based compensation arrangements of the Company is 10% of the 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 Company 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 or Variable Voting Shares may be purchased or issued under the Amended Option Plan.

The Board has the authority under the Amended 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 weighted average trading price (as determined in accordance with the rules of the TSX) of the Common Voting Shares or the Variable Voting Shares, as applicable, on the TSX ending on the trading day immediately preceding the grant date of the Option.

The Amended Option Plan provides for the cashless exercise of an Option pursuant to which an optionee would be entitled to receive that number of Common Voting Shares or Variable Voting Shares, as applicable, upon surrender of the Option equal to the excess of the five day volume weighted average trading price (as determined in accordance with the rules of the TSX) of the Common Voting Shares or Variable Voting Shares, as applicable, on the Exchange ending on the trading day immediately preceding the date of exercise (the **Market Price**) over the exercise price per Common Voting Shares or Variable Voting Shares, as applicable, multiplied by the number of Common Voting Shares or Variable Voting Shares, as applicable, represented by the Option being surrendered divided by the Market Price of the Common Voting Shares or Variable Voting Shares, as applicable, rounded down to the nearest whole Common Voting Shares or Variable Voting Shares, as applicable.

The term and vesting period of the Options granted under the Amended 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 or Variable Voting Shares, as applicable, to directors, officers or employees who hold Options granted under the Amended 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 Amended 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 Amended Option Plan, such Options may be exercised in whole or in part by the optionee and upon the exercise of an Option under the Amended 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 Amended Option 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 Amended Option Plan, the Board may from time to time amend or revise the terms of the Amended Option Plan. Certain amendments require Shareholder approval, including, among other things, changes to the maximum aggregate number or percentage of Common Voting Shares and Variable Voting Shares issuable under the Amended 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 Amended Option Plan.

All other amendments to the Amended Option Plan not specified to require Shareholder approval under the Amended Option Plan may be made by the Board without obtaining Shareholder approval, including (without limitation) amendments of a house-keeping nature.

The following table provides a summary of Options that have been granted:

Stock Option Plan	Number of shares to be issued upon exercise of outstanding options	Weighted Average Exercise Price (\$)	Dilution Rate (Total number of options outstanding divided by the total number of shares outstanding) %	Number of Options remaining available for future issuance under the Stock Option Plan
Options Granted in 2015	172,399	\$25.4654	1.6%	n/a
Options Granted in 2016	280,406	\$29.3392	2.6%	n/a
Totals	452,805	\$27.8643	4.3%	79,363

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 2016, the aggregate annual perquisites and benefits amounted to \$153,600 for Mr. Virmani and \$110,400 for Mr. Porteous. For 2016, Mr. Kim, Mr. Sugar and Mr. Rinaldo were each provided an annual car allowance of \$48,000, \$48,000 and \$48,000 respectively.

2016 Performance and Compensation Decisions

The Company believes strongly in paying its executives based on the Company's performance. At the beginning of 2016, management and the CNC agreed in regard to the STIP and LTIP on a targeted EBITDA of \$92.5 million before management bonuses for the year ending December 31, 2016. Actual EBITDA before management bonuses of \$100.7 million was above the maximum EBITDA target of \$92.5 million and the Board awarded the maximum bonus to the CEO. As authorized by the Board the CEO 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 2014 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](#). The CNC will review the CEO's employment agreement in 2017.

Founder / President & Chief Executive Officer Pension Plan

The Board approved an Individual Pension Plan ([IPP](#)) and Supplemental Pension Plan ([SRP](#)) for the Founder / President & Chief Executive Officer effective December 31, 2016. The Board considered the exceptional growth achieved by the Company under the CEO's leadership and recognized that Cargojet had reached a substantially higher level of market capitalization over the past several years. The Board determined that the CEO was essential to the past and future success of Cargojet. In light of Cargojet's success, the Board completed a comprehensive compensation analysis of the competitive and comparative companies in the industry. To recognize the CEO's many years of service with Company, his founding of Cargojet, and his leadership in the building and success of the Company, and as an incentive for retention, the Board approved a pension plan for the CEO.

The IPP is a registered, defined contribution pension plan that requires the Company to make monthly contributions to the IPP commencing in 2017 in an amount equal to the lesser of (i) the Monthly Purchase Limit (as defined in Section 147.1 of *Income Tax Act (Canada)*) for the year and (ii) 18% of the CEO's compensation, as defined for this purpose in the *Income Tax Act (Canada)*, from the Company for the month, until such time as such contributions in respect of the year equals the lesser of (i) the Money

Purchase Limit for the year and (ii) 18% of the CEO's compensation from the Company, as defined for this purpose under the *Income Tax Act* (Canada), for the year. The Monthly Purchase Limit, and therefore the Company's maximum required contribution under the IPP, for 2017 is \$26,230. The amount contributed by the Company will be made to an account with London Life Insurance Company and will be invested in accordance with instructions provided by the Company and applicable laws. Under the IPP, the amount of the pension payable to the CEO on his retirement or death will be an amount that can be purchased from the net balance in the IPP account. The CEO may elect to take the pension in monthly intervals in accordance with the *Pension Benefits Standards Act* for the remainder of his lifetime or over a guaranteed period not exceeding 15 years. If the CEO dies, his spouse will be entitled to 60% of the amount payable to the CEO in respect of his pension under the IPP.

The SRP is an unfunded, non-registered supplemental defined benefit pension arrangement. The benefits under the SRP will be offset by the actuarial equivalent of the IPP account balance. In combination with the IPP, the SRP will provide the CEO with an annual pension equal to 2% of his 3-year final average earnings for each year of credited service. Credited service under the SRP includes service from the CEO's date of hire, and pensionable earnings include employment income as reported on the Canada Revenue Agency Form T4 *Statement of Remuneration Paid*, excluding (i) LTIP earnings; (ii) other securities-based earnings; and (iii) earnings in respect of a partial calendar year. The SRP pension is payable upon cessation of the CEO's employment and vests as to 70% of the benefit if his employment ceases on December 31, 2016, as to 80% if his employment ceases on December 31, 2017, as to 90% if his employment ceases after December 31, 2018 and as to 100% if his employment ceases on December 31, 2019. For dates between those listed, vesting will be on a proportional basis at a rate of 1/120th per month.

The SRP does not provide benefit for pre-retirement death, however his spouse would receive 60% of the amount he was receiving, or would have received under the SRP if he commenced the pension on the date of his death, for the rest of her life.

See the following tables in respect of the SRP and the IPP:

SRP

Name and Principal Position	Number of years credited service ⁽¹⁾	Annual benefits payable (\$) ⁽²⁾		Opening present value of defined benefit obligation (\$) ⁽³⁾	Compensatory changes (\$) ⁽⁴⁾	Non-compensatory changes (\$) ⁽⁵⁾	Closing present value of defined benefit obligation (\$) ⁽⁶⁾
		At year end	At age 65				
Ajay Virmani Founder / President & Chief Executive Officer	15.25	414,400	915,633	-	8,705,000	-	8,705,000

Notes:

- (1) The number of years credited service reflects Mr. Virmani's actual tenure with the Company as at December 31, 2016.
- (2) Annual benefits payable are calculated as the amount equal to two percent of Mr. Virmani's 3-year final average earnings for each year of credited service. Annual benefits are subject to vesting provisions based on termination of employment dates as follows:
 - i. December 31, 2016: 70% of annual benefit is vested
 - ii. December 31, 2017: 80% of annual benefit is vested
 - iii. December 31, 2018: 90% of annual benefit is vested
 - iv. December 31, 2019: 100% of annual benefit is vested
- (3) The opening present value of defined benefit obligation is nil. The pension plan was established on December 31, 2016.
- (4) Compensatory changes represent the value of pension benefits accrued during the year due to the accumulation of company service and changes in salaries or terms of the pension plan. It includes services costs, differences between actual and estimated earnings and any plan changes that have retroactive impact. All compensatory changes for the current year represent the accrual of pension benefits for past service.
- (5) Non-compensatory changes include changes to the pension plan assumptions including the discount rate and inflation rate.

- (6) The closing present value of defined benefit obligation at the end of the Company's most recently completed financial year represents the value of pension benefits for company service rendered prior to December 31, 2016 and is based on actuarial assumptions as at December 31, 2016. The actuarial assumptions include the following:
- a. Discount Rate: 3.9% per year
 - b. Increase in pensionable earnings: 2.75% per year
 - c. Inflation: 2.0% per year
 - d. Longevity post retirement: CPM2014 mortality table with generational mortality improvements using CPM-B Improvement Scale.
 - e. Retirement age: 65 years

IPP

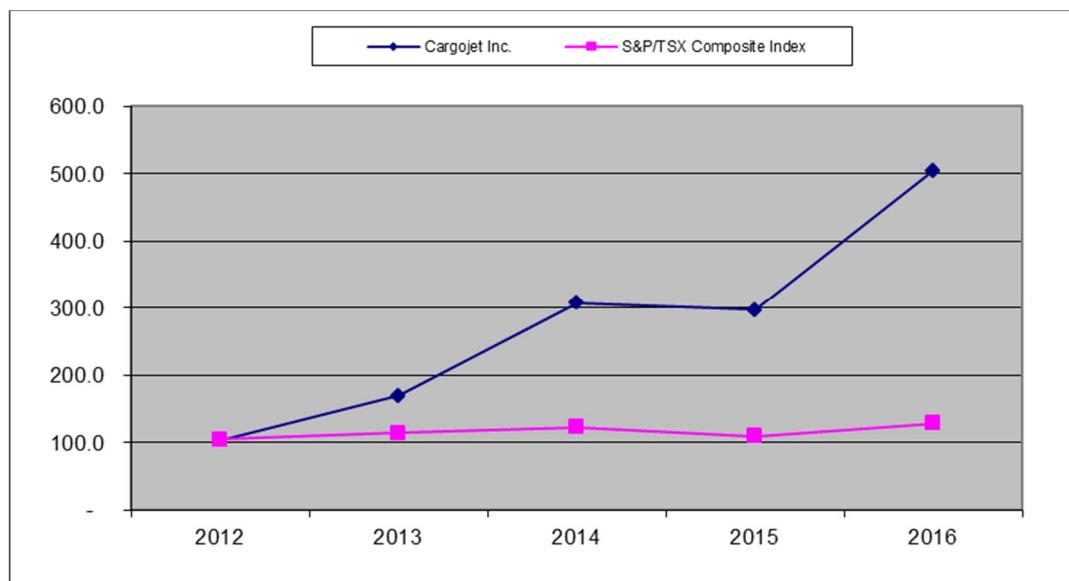
Name and Principal Position	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at end of year (\$)
Ajay Virmani Founder / President & Chief Executive Officer	-	-	-

Notes:

- (1) No contributions to Mr. Virmani's IPP were made by the Company in 2016.

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, 2011 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 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016
Cargojet Inc.	102.9	169.2	307.4	296.3	504.6
S&P/TSX Composite Index	104.0	113.9	122.4	108.8	127.9

During the period from January 1, 2012 to December 31, 2016, the Company's cumulative total shareholder return increased by 504.6% compared to the S&P/TSX Index increase of 127.9%. During this same period, the annual base salaries of the NEOs increased on average by 43%. Total compensation (excluding benefits) during this period increased by 399%.

Summary Compensation Table

The following table provides information for the financial year ended December 31, 2016, regarding compensation paid to or earned by the NEOs.

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽²⁾	Option Based Awards (\$) ⁽²⁾	Non-Equity Annual Incentive Plans (STIP) (\$) ⁽⁴⁾	Pension Value (\$) ⁽¹⁾	All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
Ajay Virmani ⁽³⁾ Founder, President & Chief Executive Officer	2016	911,346	875,000	100,000	1,312,500	8,705,000	153,600	12,057,446
	2015	700,000	3,000,250	612,500	787,500	-	553,600	5,653,850
	2014	600,000	225,000	225,000	675,000	-	403,600	2,128,600
Jamie Porteous ⁽³⁾ Executive Vice President and Chief Commercial Officer	2016	495,000	583,125	100,000	563,063	12,685	110,400	1,864,273
	2015	495,000	148,500	396,000	482,625	12,465	307,275	1,841,865
	2014	450,000	135,000	135,000	438,750	16,731	251,025	1,426,506
John Kim Chief Financial Officer	2016	275,000	165,000	-	144,375	11,000	48,000	643,375
	2015	275,000	48,125	48,125	96,250	11,000	110,500	589,000
	2014	262,500	72,188	72,188	144,375	10,308	95,500	657,058
George Sugar Senior Vice President Flight Operations	2016	250,000	150,000	-	131,250	12,500	48,000	591,750
	2015	250,000	32,813	32,813	65,625	12,500	85,500	479,250
	2014	225,000	65,625	65,625	131,250	11,250	86,000	584,750
Paul Rinaldo Senior Vice President Engineering and Maintenance	2016	250,000	150,000	-	131,250	12,500	48,000	591,750
	2015	250,000	32,813	32,813	65,625	12,500	85,500	479,250
	2014	225,000	65,625	65,625	131,250	11,250	89,000	587,750

Notes:

(1) The Board established a pension plan for the Founder/President & Chief Executive Officer, Mr. Virmani, effective December 31, 2016. The Board considered the exceptional growth achieved by the Company under the CEO's leadership and recognized that Cargojet had reached a substantially higher level of market capitalization over the past several years. The Board determined that the CEO was essential to the past and future success of Cargojet. In light of Cargojet's success, the Board completed a comprehensive compensation analysis of the competitive and comparative companies in the industry. To recognize the CEO's many years of service with Company, his founding of Cargojet, and his leadership in the building and success of the Company, and as an incentive for retention, the Board approved a pension plan for the CEO.

The entire amount for Mr. Virmani's 2016 pension value represents the accrual of future pension benefits for his 15.3 years of past service and is a non-cash expense. No amounts will be paid to Mr. Virmani until he retires (see SRP table on page 14).

Pension value amounts for the other NEOs are the amounts contributed by the Company to the Company's Deferred Profit Sharing Plan.

- (2) Details of Share Based and Option Based Awards are provided in a following table.
 (3) No compensation was paid to Messrs. Virmani or Porteous in their capacities as a director. Mr. Virmani's annual salary was increased to \$875,000 effective October 15th, 2015.
 (4) 55% of 2016 STIP awards were paid out prior to December 31, 2016.
 (5) Details of all other compensation are provided in the following table.

Name and Principal Position	Year	Automobile Allowance (\$) ⁽¹⁾	Home Office Allowance (\$)	Health Club and Other Memberships (\$)	Other Bonuses (\$) ⁽²⁾	Total All Other Compensation (\$)
Ajay Virmani President and Chief Executive Officer	2016	120,000	21,600	12,000	0	153,600
	2015	120,000	21,600	12,000	400,000	553,600
	2014	120,000	21,600	12,000	250,000	403,600
Jamie Porteous Executive Vice President and Chief Commercial Officer	2016	84,000	14,400	12,000	0	110,400
	2015	84,000	14,400	12,000	196,875	307,275
	2014	84,000	14,400	12,000	140,625	251,025
John Kim Chief Financial Officer	2016	48,000	-	-	-	48,000
	2015	48,000	-	-	62,500	110,500
	2014	33,000	-	-	62,500	95,500
George Sugar Senior Vice President Flight Operations	2016	48,000	-	-	-	48,000
	2015	48,000	-	-	37,500	85,500
	2014	36,000	-	-	50,000	86,000
Paul Rinaldo Senior Vice President Engineering and Maintenance	2016	48,000	-	-	-	48,000
	2015	48,000	-	-	37,500	85,500
	2014	39,000	-	-	50,000	89,000

Notes:

- (1) Automobile allowances are paid to NEOs per their respective employment agreements for the capital or lease cost of the vehicle and all related operating costs including, fuel, repairs, parking, and insurance.
- (2) NEOs were awarded a one-time bonus for the successful transition and initial implementation of a major new customer contract paid partially in 2014 and partially in 2015 based on achieving certain milestones and performance targets. In 2014, the CEO, CCO, CFO, Senior Vice President Flight Operations and Senior Vice President Engineering and Maintenance received cash bonuses of \$250,000, \$140,625, \$62,500, \$50,000 and \$50,000 respectively. In 2015, the CEO, CCO, CFO, Senior Vice President Flight Operations and Senior Vice President Engineering and Maintenance received cash bonuses of \$400,000, \$196,875, \$62,500, \$37,500 and \$37,500 respectively.

Details of Share Based and Option Based Awards

Name and Principal Position	Year	Share Based Awards (\$)			Option Based Awards (\$)		
		LTIP Awards RSU's ⁽¹⁾	Other Awards RSU's ⁽³⁾	Total Share Based Awards	LTIP Awards Options ⁽²⁾	Other Awards Options ⁽³⁾⁽⁴⁾	Total Option Based Awards
Ajay Virmani President and Chief Executive Officer	2016	875,000	-	875,000	-	100,000	100,000
	2015	262,500	2,737,750	3,000,250	262,500	350,000	612,500
	2014	225,000	-	225,000	225,000	-	225,000
Jamie Porteous Executive Vice President and Chief Commercial Officer	2016	433,125	150,000	583,125	-	100,000	100,000
	2015	148,500	-	148,500	148,500	247,500	396,000
	2014	135,000	-	135,000	135,000	-	135,000
John Kim Chief Financial Officer	2016	165,000	-	165,000	-	-	-
	2015	48,125	-	48,125	48,125	-	48,125
	2014	72,188	-	72,188	72,188	-	72,188
George Sugar Senior Vice President Flight Operations	2016	150,000	-	150,000	-	-	-
	2015	32,813	-	32,813	32,813	-	32,813
	2014	65,625	-	65,625	65,625	-	65,625
Paul Rinaldo Senior Vice President Engineering and Maintenance	2016	150,000	-	150,000	-	-	-
	2015	32,813	-	32,813	32,813	-	32,813
	2014	65,625	-	65,625	65,625	-	65,625

Notes:

- (1) The LTIP RSU awards for 2016 will be granted in 2017 at least 10 trading days after the release of the Company's financial results. The final mix of RSUs and Options will be determined at the time the award is granted. The mix of share based and option based LTIP awards for 2016 has been estimated as 100% share based and 0% option based.

The dollar amounts of the 2014 and 2015 awards represent the fair value of RSUs on the date they were granted. The grant date for the RSUs was at least 10 trading days after the release of Cargojet's financial results. The value of each RSU was determined based on the volume weighted average price of the Company's common shares on the Toronto Stock Exchange for the 5 trading days preceding the grant date. RSUs vest annually. Two-thirds of the granted these awards have vested as of March 9th, 2017.

- (2) The dollar amounts of the 2015 LTIP option awards represents the fair value of Options on the date they were granted. The grant date for the Options was March 28, 2016. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
- Risk free rate: 0.63%
 - Dividend yield: 2.5%
 - Expected volatility: 32.4%

The dollar amounts of the 2014 LTIP Option awards represent the fair value of Options on the date they were granted. The grant date for the Options was June 15, 2015. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:

- Risk free rate: 0.94%
- Dividend yield: 2.4%
- Expected volatility: 22.6%

- (3) As further recognition of the contributions of the CEO to the successful transition of a major new customer contract and the implementation of significant cost reduction initiatives in 2015, and to ensure the retention of the CEO's services for the next several years, the Board awarded the CEO 100,000 RSUs that vested 1/3 in 2015, 1/3 in 2016 and will vest 1/3 in 2017. These RSUs had a fair value of \$2,737,750 on the date they were granted. The CEO was also awarded \$350,000 of Options in 2015 that were granted in 2016, and \$100,000 of Options in 2016 that were granted in 2016. These amounts were in addition to the CEO's STIP and LTIP awards.

As further recognition of the contributions of the CCO to the successful transition of a major new customer contract and the implementation of significant cost reduction initiatives described above, the Board awarded the CCO \$247,500 of Options in 2015 that were granted in 2016, \$100,000 of Options in 2016 that were granted in 2016, and \$150,000 of RSUs that will be granted in 2017. These amounts were in addition to the CCO's STIP and LTIP awards.

- (4) The dollar amounts of the 2016 option awards represents the fair value of Options on the date they were granted. The grant date for the Options was November 17, 2016. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
- Risk free rate: 1.75%
 - Dividend yield: 1.41%
 - Expected volatility: 32.96%

The dollar amounts of the 2015 option awards represents the fair value of Options on the date they were granted. The grant date for the Options was March 28, 2016. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:

- Risk free rate: 0.63%
- Dividend yield: 2.5%
- Expected volatility: 32.4%

Incentive Plan Awards

The following tables provide information regarding the value on pay-out or vesting of incentive plan awards for the financial year ended December 31, 2016:

Outstanding Share-based and Option-based Awards

Name	Option-based Awards				Share-based Awards			
	Number of Unexercised Options	Option Exercise Price	Option Expiry Date	Value of Unexercised in-the-money Options	Number of RSUs that have not vested	Market Value of RSUs that have not vested	RSU Award Date	Market Value of vested RSUs that have not been distributed
Ajay Virmani	45,180	\$25.47	Jun 15, 2020	\$ 916,006	33,333	\$ 1,524,651	Jun 03, 2015	\$ -
	112,800	\$26.50	Mar 28, 2021	\$ 2,170,430	5,890	\$ 269,409	Jun 15, 2015	\$ -
	9,610	\$47.22	Nov 17, 2019	\$ -	6,604	\$ 302,067	Mar 21, 2016	\$ -
Jamie Porteous	27,108	\$25.47	Jun 15, 2020	\$ 549,604	3,534	\$ 161,645	Jun 15, 2015	\$ -
	72,928	\$26.50	Mar 28, 2021	\$ 1,403,237	3,736	\$ 170,885	Mar 21, 2016	\$ -
	9,610	\$47.22	Nov 17, 2019	\$ -	-	\$ -	-	\$ -
John Kim	14,495	\$25.47	Jun 15, 2020	\$ 293,880	1,889	\$ 86,403	Jun 15, 2015	\$ -
	8,863	\$26.50	Mar 28, 2021	\$ 170,537	1,211	\$ 55,391	Mar 21, 2016	\$ -
George Sugar	13,177	\$25.47	Jun 15, 2020	\$ 267,158	1,718	\$ 78,581	Jun 15, 2015	\$ -
	6,043	\$26.50	Mar 28, 2021	\$ 116,276	825	\$ 37,736	Mar 21, 2016	\$ -
Paul Rinaldo	13,177	\$25.47	Jun 15, 2020	\$ 267,158	1,718	\$ 78,581	Jun 15, 2015	\$ -
	6,043	\$26.50	Mar 28, 2021	\$ 116,276	825	\$ 37,736	Mar 21, 2016	\$ -

Notes:

- (1) The Company's Common Voting Shares, trading under the symbol %JT+ on the TSX, closed at \$45.74 per share on December 31, 2016.
- (2) There were no vested but undistributed Common Voting Shares as at December 31, 2016.
- (3) The market value of unexercised in-the-money Options was calculated as the difference between exercise strike price and the closing price of the Company's Common Voting Shares, trading under the symbol %JT+ on the TSX on December 31, 2016 multiplied by the number of unexercised in-the-money Options.
- (4) The market value of the RSUs that have not vested was calculated as the closing price of the Company's Common Voting Shares, trading under the symbol %JT+ on the TSX on December 31, 2016 multiplied by the number of RSUs that have not vested.

Incentive Plan Awards Vested or Non-equity Incentives Earned During the Year

Name	Number of options vested during the year ⁽¹⁾	Value of option-based awards vested during the year ⁽¹⁾	Number of common voting shares vested during the year	Value of share-based awards vested during the year	Value of non-equity incentive plan compensation earned during the year
Ajay Virmani	62,270	\$1,028,812	40,947	\$ 1,094,456	\$ 1,312,500
Jamie Porteous	42,955	\$650,940	3,731	\$ 99,724	\$ 787,500
John Kim	7,786	\$154,806	1,601	\$ 42,792	\$ 675,000
George Sugar	6,406	\$127,798	1,319	\$ 35,255	\$ 563,063
Paul Rinaldo	6,406	\$127,798	1,319	\$ 35,255	\$ 482,625

Notes:

- (1) Details of vested Options provided in the following table.

Name	Number of Vested Options	Option Exercise Price	Option Expiration Date	Option Vesting Date	Closing Price of Cargojet Shares at Vesting Date	Value of Vested In-the-money Options
Ajay Virmani	15,060	\$25.47	Jun 15, 2020	Mar 22, 2016	\$27.18	\$ 305,335
	37,600	\$26.50	Mar 28, 2021	Mar 28, 2016	\$27.00	\$ 723,477
	9,610	\$47.22	Nov 17, 2019	Nov 17, 2016	\$49.49	\$ -
Jamie Porteous	9,036	\$25.47	Jun 15, 2020	Mar 22, 2016	\$27.18	\$ 183,201
	24,309	\$26.50	Mar 28, 2021	Mar 28, 2016	\$27.00	\$ 467,739
	9,610	\$47.22	Nov 17, 2019	Nov 17, 2016	\$49.49	\$ -
John Kim	4,832	\$25.47	Jun 15, 2020	Mar 22, 2016	\$27.18	\$ 97,967
	2,954	\$26.50	Mar 28, 2021	Mar 28, 2016	\$27.00	\$ 56,839
George Sugar	4,392	\$25.47	Jun 15, 2020	Mar 22, 2016	\$27.18	\$ 89,046
	2,014	\$26.50	Mar 28, 2021	Mar 28, 2016	\$27.00	\$ 38,752
Paul Rinaldo	4,392	\$25.47	Jun 15, 2020	Mar 22, 2016	\$27.18	\$ 89,046
	2,014	\$26.50	Mar 28, 2021	Mar 28, 2016	\$27.00	\$ 38,752

Notes:

- (1) The market value of vested in-the-money Options was calculated as the difference between exercise strike price and the closing price of the Company's Common Voting Shares, trading under the symbol %&JT+ on the TSX on December 31, 2016 multiplied by the number of vested in-the-money Options.

Pension Plan Benefits – Deferred compensation plans

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

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, 2016.

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾
Ajay Virmani	36	2,734,039	5,702,118	473,354	8,909,511
Jamie Porteous	24	990,000	955,449	229,336	2,174,785
John Kim	12	275,000	Nil	Nil	275,000
George Sugar	12	250,000	Nil	48,000	298,000
Paul Rinaldo	12	250,000	Nil	Nil	250,000
Totals		4,499,039	6,657,567	750,690	11,907,296

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, 2016:

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾
Ajay Virmani	36	2,734,039	5,702,118	473,354	8,909,511
Jamie Porteous	24	990,000	955,449	229,336	2,174,785
John Kim	20	458,333	Nil	Nil	458,333
George Sugar	24	500,000	Nil	96,000	596,000
Paul Rinaldo	24	500,000	Nil	Nil	500,000
Totals		5,182,373	6,657,567	798,690	12,638,629

Note:

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

Director Compensation

Compensation for the Canadian independent directors of the Company, Mr. Webster and Mr. Godfrey, was \$55,000 (2015 - \$55,000) 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 received additional retainer of \$25,000 (2015 - \$25,000), the chairman of the Audit Committee received additional remuneration of \$10,000 (2015 - \$10,000), and the chairman of the CNC Committee received additional remuneration of \$7,000 (2015 - \$7,000).

Compensation for the US independent director of the Company, Mr. Crane, was US\$55,000 per year, US\$1,500 per meeting for attending meetings of the Board and US\$1,500 per meeting for attending committee meetings of the Board. As Chairman of the Corporate Governance Committee, James Crane received additional remuneration of US\$7,000 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, 2016 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

In 2014, the Company implemented share ownership guidelines for its independent directors. Independent directors are required to maintain an investment in Cargojet shares equal to 3 times their annual retainer. Independent directors have until March 31, 2019 to comply with these guidelines. As at March 7th, 2016 Paul Godfrey has met the required level of investment in Cargojet shares.

Beginning in 2014, Cargojet's Canadian independent directors became eligible to receive annual RSU grants in the amount of \$30,000 per director per year (James Crane received a cash award in lieu thereof in the amount of US\$30,000 to purchase variable voting shares of the Company). Accordingly, in 2015 the Company granted a total of 6,701 RSUs to the independent directors based on the volume weighted average closing price of Common Voting Shares for the five trading days prior to the date of the RSU grant. The RSUs vested immediately.

The following table provides information regarding compensation paid to the directors for acting in such capacity during the financial year ended December 31, 2016.

Director Compensation Table

Name ⁽¹⁾	Fees earned (\$) ⁽²⁾	Share-based awards (\$) ⁽³⁾	Option-based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) ⁽³⁾	Total (\$)
John Webster	114,000	30,000	100,000	-	-	-	244,000
Paul Godfrey	86,000	30,000	100,000	-	-	-	216,000
Jim Crane ⁽⁵⁾	113,245	39,504	-	-	-	-	152,749

Notes:

- (1) No compensation was paid to Messrs. Virmani and Porteous in their capacities as directors of the Company. 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.
- (3) 1,132 common voting shares were granted to Mr. John Webster and Mr. Paul Godfrey, and 1,400 variable voting shares were granted to Mr. Crane. There are no unvested shares or other share based compensation as at March 9th, 2017.
- (4) The dollar amounts of the 2016 option awards represents the fair value of Options on the date they were granted. The grant date for the Options was November 17, 2016 . The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
 - Risk free rate: 1.75%
 - Dividend yield: 1.41%
 - Expected volatility: 32.96%
- (5) Director fees paid to Mr. Crane were in \$USD. The amount shown represents the \$CAD equivalent at the exchange rate of \$1.32 CAD to \$1.00 USD.

Incentive Plan Awards Vested or Non-equity Incentives Earned During the Year

Name	Number of Options vested	Value of Option-based awards vested	Number of Common Voting Shares vested in 2016	Value of Share-based awards vested	Value of non-equity incentive plan compensation earned during the year
John Webster ⁽¹⁾	9,610	\$0	1,132	\$ 30,257	\$ -
Paul Godfrey ⁽¹⁾	9,610	\$0	1,132	\$ 30,257	\$ -
Jim Crane ⁽²⁾	nil	\$0	1,400	\$ 39,105	\$ -

Notes:

- (1) The value of share-based awards vested was calculated using \$26.73 per share which was the average price of the shares sold in the open market at the time the shares were distributed to the Directors for the remittance of withholding taxes.
- (2) The value of share-based awards vested was calculated using \$27.93 per share which was the average price of the shares purchased by the Director in the open market. The Director was awarded cash in the gross amount of \$39,105 and used the net after tax proceeds to purchase shares in the open market.

Indebtedness of Directors, Executive Officers and Employees

As at March 9th, 2017, 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 \$40.0 million, including with Side A Difference in Conditions (DIC) excess liability coverage of \$10.0 million, and contains a policy deductible of \$50,000 and a \$100,000 for securities claims only. For the policy year of August 1, 2016 to August 1, 2017, the Company paid an annual premium of \$71,550 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

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. In addition, effective December 31, 2014, the Governance Disclosure Rule was amended to require issuers to make specific disclosure with respect to term limits for directors and its policies and practices regarding the representation of women on the Board and in executive positions.

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

As of the date hereof, the Board is comprised of five directors being: Paul Godfrey, John Webster and James Crane, who are independent within the meaning of the Governance Guidelines, and Ajay Virmani, the Founder / President & Chief Executive Officer, and Jamie Porteous, the Executive Vice President and Chief Commercial Officer who are not independent on the basis that they are executive officers of the Company. Mr. Crane was appointed by the Board to fill the vacancy resulting from the resignation of Terence Francis as a director of the Board on March 8, 2015. 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, 2016 to December 31, 2016, 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.

Director	Other Reporting Issuer Directorships	Other Reporting Issuer Committee Appointments
John Webster	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
James R. Crane ⁽¹⁾	Nabors, Inc.	Member of the Compensation and Technical and Safety Committees
	Western Gas	Member of the Audit and Special Committees
Ajay Virmani	None	None
Jamie Porteous	None	None

Notes:

- (1) Terence Francis resigned as a director of the Board effective March 8, 2015 and James Crane was appointed by the Board as a director of the Board to fill such vacancy effective March 8, 2015.

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 9th, 2017 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.

Director Term Limits

The Company has not adopted term limits for directors on the Board or other mechanisms of Board renewal as the Board currently assesses each director in order to ensure that the Board is balanced between highly experienced directors with long-term knowledge and those with a fresh perspective. The

Board will periodically consider whether term limits or other mechanisms of Board renewal should be adopted and will implement changes when necessary.

Women on the Board and in Executive Offices

The Company has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive positions. However, informally, the Company values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy. The Board intends to consider whether it should adopt specific policies and practices regarding the representation of women on the Board and in executive positions, including the setting of targets for such representation. As at the date hereof, no women are members of the Board and six women hold executive positions, representing approximately 27.3% of such positions.

Majority Voting Policy

In 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	5,077	Nil	2005
Paul V. Godfrey Ontario, Canada ⁽²⁾⁽³⁾⁽⁴⁾	Director	President and Chief Executive Officer of Postmedia Network	24,077	Nil	2009
James R. Crane ⁽²⁾⁽³⁾⁽⁴⁾ Texas, United States of America	Director	Chairman, President and Chief Executive Officer of Crane Capital Group, Inc.	101383	Nil	2015
Ajay Virmani ⁽⁶⁾ Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer	1,578,353	\$1,000,000	2005
Jamie Porteous Ontario, Canada	Executive Vice-President, and Chief Commercial Officer	Executive Vice- President, and Chief Commercial Officer	96,858	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. See also *Voting Securities and Principal Holders of Voting Securities*+above.
- (2) Member of the CNC. Mr. Godfrey is Chairman of the CNC.
- (3) Member of the Corporate Governance Committee. Mr. Crane 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 Pricewaterhouse Coopers LLP (~~(PwC)~~). Effective August 19, 2016 following a request for proposal (RFP) process, PwC was appointed by the Board as the auditors of the Company upon the resignation of Deloitte LLP as the auditors of the Company.

In accordance with Section 4.11 of National Instrument 51-102 . Continuous Disclosure Obligations attached as Schedule ~~B~~ to this management information circular are:

1. the Change of Auditor Notice of the Company dated August 22, 2016 (the ***Change of Auditor Notice***);
2. a letter from Deloitte LLP dated August 25, 2016 agreeing, or stating that they have no basis to agree or disagree, with the statements in the Change of Auditor Notice;
3. a letter from PwC dated August 26, 2016 agreeing with the statements in the Change of Auditor Notice; and
4. a letter from Deloitte LLP dated August 30, 2016 agreeing, or stating that they have no basis to agree or disagree, with the statements in the Change of Auditor Notice and replacing the letter from Deloitte LLP dated August 25, 2016.

Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of PwC 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.

Approval of Advance Notice By-law

On November 4, 2016, the Board approved the adoption of the Advance Notice By-law to establish a framework for advance notice of nominations of directors by the Shareholders of the Company. Among other things, the Advance Notice By-law fixes deadlines by which Shareholders must submit a notice of director nominations to the Company prior to any annual or special meeting of Shareholders where directors are to be elected and sets out the information that a Shareholder must include in the notice.

More specifically, the Advance Notice By-law requires that advance notice be provided to the Company in circumstances where nominations of persons for election as a director of the Company are made by

Shareholders other than (i) by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* (Ontario) (the **%Act+**), or (ii) a requisition of the Shareholders made in accordance with the provisions of the Act.

The purpose of the Advance Notice By-law is to ensure that an orderly nomination process is observed and that Shareholders can make a well-informed voting decision about director nominees. The full text of the Advance Notice By-law is set forth in Schedule **%G+** to this management information circular.

Although the Advance Notice By-law went into effect on November 4, 2016, Shareholders must confirm the Advance Notice By-law at the Meeting. If Shareholders do not approve the ordinary resolution confirming the adoption of the Advance Notice By-law, it will no longer be valid.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve, a resolution in the form set out below (the **%Advance Notice By-law Resolution+**), subject to such amendments, variations or additions as may be approved at the Meeting, confirming the adoption of the Advance Notice By-law. To be effective, the Advance Notice By-law Resolution must be approved by not less than a majority of the votes cast by the holders of Voting Shares present in person, or represented by proxy, at the Meeting.

The Board recommends that you vote FOR the adoption of the Advance Notice By-law Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the adoption of the Advance Notice By-law Resolution.

The text of the Advance Notice By-law Resolution to be submitted to Shareholders at the Meeting is set forth below:

%BE IT RESOLVED THAT: By-law No. 3 of the Company, as reflected in the copy attached as Schedule **%G+** to the Company's management information circular dated March 9, 2017, is hereby confirmed without amendment and any one director or officer of the Company be and is hereby authorized and directed to execute and deliver for and in the name of and on behalf of the Company all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such persons' opinion may be necessary or desirable for the purpose of giving effect to this resolution.+

Approval of Amended Option Plan and Unallocated Options under the Amended Option Plan

The Amended Option Plan is described under the heading **%Executive Compensation . Compensation Discussion and Analysis . How the Company Makes Executive Compensation Decisions . Stock Option Plan+**. The full text of the Amended Option Plan is set forth in Schedule **%D+** to this management information circular. Pursuant to the Amended Option Plan, Options to purchase Common Voting Shares or Variable Voting Shares, as applicable, may be granted by the Board to directors, officers, employees or consultants of the Company and any of its subsidiaries.

The Amended Option Plan is an **%ever green+** plan as contemplated under the *TSX Guide to Security Based Compensation Arrangements*. As a result, should the Company issue any Voting Shares in the future, the aggregate number of Common Voting Shares and Variable Voting Shares issuable under the Amended Option Plan will increase accordingly. Common Voting Shares or Variable Voting Shares in respect of which Options are exercised, expired or cancelled shall become available for the grant of subsequent Options under the Amended Option Plan. The maximum aggregate number of Common Voting Shares or Variable Voting Shares, or any combination thereof, that may be reserved for issuance for all purposes under the Amended Option Plan is 5% of the issued and outstanding Voting Shares at the time of grant. As of the date hereof, this represents 532,168 Voting Shares.

As a **%rolling+** stock option plan, under the TSX rules, the Amended Option Plan and all unallocated Options, rights or other entitlements under the Amended Option Plan require approval by the Board and the Shareholders every three years. The Board has approved the Amended Option Plan and all unallocated Options, rights or other entitlements available under the Amended Option Plan, subject to Shareholder and TSX approvals. The Amended Option Plan and unallocated Options were last approved by Shareholders at the annual and special meeting held on April 10, 2014.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve, a resolution in the form set out below (the **Option Plan Resolution**), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Amended Option Plan and the unallocated Options, rights and other entitlements available under the Amended Option Plan, and the grant of Options until April 11, 2020, being the date that is three years from the date of the Meeting. To be effective, the Option Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Voting Shares present in person, or represented by proxy, at the Meeting. If Shareholders do not approve the Option Plan Resolution at the Meeting, all currently outstanding Options will not be affected, however any unallocated Options as of April 9, 2017 and any outstanding Options that are thereafter cancelled or expire will not be available for grant or re-grant, as applicable, until such time as Shareholder approval is obtained.

The Board recommends that you vote **FOR** the approval of the Option Plan Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the approval of the Option Plan Resolution.

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

BE IT RESOLVED THAT:

1. the amended incentive stock option plan of the Company (the **Option Plan**), as reflected in the copy of such plan attached as Schedule **D** to the Company's management information circular dated March 9, 2017, be and hereby is approved;
2. the unallocated options, rights or other entitlements under the Option Plan are hereby approved;
3. the Company shall have the ability to continue granting options under the Option Plan until April 11, 2020, being the date that is three years from the date of the meeting at which approval of the shareholders of the Company is being sought and the date by which the Company must subsequently seek approval of the shareholders of the Company for the Option Plan; and

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.

Approval of Amended RSU Plan and Unallocated RSUs under the Amended RSU Plan

The Amended RSU Plan is described under the heading **Executive Compensation . Compensation Discussion and Analysis . How the Company Makes Executive Compensation Decisions . Restricted Share Units Plan**. The full text of the Amended RSU Plan is set forth in Schedule **E** to this management information circular. The Amended RSU Plan provides that RSUs may be granted by the Board or the Committee to eligible employees, officers, directors and consultants of the Company as discretionary payment in consideration of past or future services to the Company.

The Amended RSU Plan is 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 and Variable Voting Shares, or any combination thereof, issuable under the Amended RSU Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares or Variable Voting Shares, as applicable, pursuant to the settlement of RSUs, shall automatically replenish the number of Common Voting Shares or Variable Voting Shares, as applicable, issuable under the Amended RSU Plan. When an RSU is settled, cancelled or terminated, a Common Voting Share or Variable Voting Share, as applicable, shall automatically be available for the grant of a new RSU under the Amended RSU Plan. The number of Common Voting Shares or Variable Voting Shares, or any combination thereof, to be reserved for issuance under the Amended RSU Plan shall be that number that is equal to 4% of the issued and outstanding Voting Shares from time to time. As of the date hereof, this represents 425,738 Voting Shares.

As a %gelling+restricted share unit plan, under the TSX rules, the Amended RSU Plan and all unallocated RSUs, rights or other entitlements under the Amended RSU Plan require approval by the Board and the Shareholders every three years. The Board has approved the Amended RSU Plan and all unallocated RSUs, rights or other entitlements available under the Amended RSU Plan, subject to Shareholder and TSX approvals. The Amended RSU Plan and unallocated RSUs were last approved by Shareholders at the annual and special meeting held on April 10, 2014.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to approve, a resolution in the form set out below (the %RSU Plan Resolution+), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Amended RSU Plan and the unallocated RSUs, rights and other entitlements available under the Amended RSU Plan, and the grant of RSUs until April 11, 2020, being the date that is three years from the date of the Meeting. To be effective, the RSU Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Voting Shares present in person, or represented by proxy, at the Meeting. If Shareholders do not approve the RSU Plan Resolution at the Meeting, all currently outstanding RSUs will not be affected, however any unallocated RSUs as of April 9, 2017 and any outstanding RSUs that are thereafter cancelled will not be available for grant or re-grant, as applicable, until such time as Shareholder approval is obtained.

The Board recommends that you vote FOR the approval of the RSU Plan Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the approval of the RSU Plan Resolution.

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

BE IT RESOLVED THAT:

1. the amended restricted share units plan of the Company (the %RSU Plan+), as reflected in the copy of such plan attached as Schedule %+ to the Company's management information circular dated March 9, 2017, be and hereby is approved;
2. the unallocated restricted share units, rights or other entitlements under the RSU Plan are hereby approved;
3. the Company shall have the ability to continue granting restricted share units under the RSU Plan until April 11, 2020, being the date that is three years from the date of the meeting at which approval of the shareholders of the Company is being sought and the date by which the Company must subsequently seek approval of the shareholders of the Company for the RSU Plan; and
4. 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 9th, 2017

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.

SCHEDULE "B"
CHANGE OF AUDITORS DOCUMENTATION

CargoJet Inc.
Change of Auditor Notice
Pursuant to National Instrument 51-102, Section 4.11

I. Former auditor

- a. On August 19, 2016, Deloitte resigned as the auditor of Cargojet Inc. at the reporting issuer's request.
- b. The Audit Committee and the Board of Directors approved the decision to change the auditor.
- c. The auditor's reports of Deloitte on the financial statements of Cargojet Inc. for the two years ended and through to August 19, 2016 did not contain any modifications as to departures from generally accepted accounting principles or limitation in the scope of the audit.
- d. In connection with the audits for the two years ended and through to August 19, 2016, there have been no reportable events, as defined in the National Instrument.

II. Successor auditor

The reporting issuer has decided to propose for appointment PwC as its new auditor as of August 19, 2016. The Board of Directors considered and/or approved the proposal for appointment.

Dated at Mississauga, Ontario, this 22nd day of August, 2016.



Cargojet Inc.
per: John Kim, Chief Financial Officer



August 26, 2016

Dear Mr. John P. Webster:

Enclosed is our response to the change of auditor notice dated August 22, 2016 in accordance with National Instrument 51-102. We understand that this letter will be reviewed and approved by the Audit Committee, filed with the Ontario Securities Commission prior to September 2, 2016, and included in the information circular accompanying the notice of any meeting of shareholders at which action is to be taken concerning a change in auditor.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Encl: (2)

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 1B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



August 26, 2016

To: Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Saskatchewan Financial and Consumer Affairs Authority
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island
Registrar of Securities, Government of Yukon
Superintendent of Securities, Government of Northwest Territories
Superintendent of Securities, Government of Nunavut

We have read the statements made by Cargojet Inc. in the attached copy of the change of auditor notice dated August 22, 2016, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated August 22, 2016.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Deloitte.

Deloitte LLP
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22 Adelaide Street West
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Canada

Tel: 416-601-6150
Fax: 416-601-6610
www.deloitte.ca

August 30, 2016

Private and confidential

To: Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Autorité des marchés financiers (Québec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service Newfoundland & Labrador
Office of the Superintendent of Securities, Prince Edward Island
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Nunavut Securities Office

Dear Sirs/Mesdames:

RE: Change of Auditor Notice - Amended Letter from Former Auditor of Cargojet Inc.

As required by section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Cargojet Inc. dated August 22, 2016 (the "Notice") and, based on our knowledge of such information at this time, we agree with the statements (a), (c) and (d), and we have no basis to agree or disagree with statement (b) contained in the Notice.

This letter replaces our original change of auditor letter dated August 25, 2016.

Yours very truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Deloitte.

Deloitte LLP
Bay Adelaide East
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6810
www.deloitte.ca

August 25, 2016

To the various Securities Commissions and similar regulatory authorities in Canada

Dear Sirs/Mesdames:

As required by subparagraph (6)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Cargojet Inc. dated August 22, 2016 (the "Notice") and, based on our knowledge of such information at this time, we agree with the statements (a) to (b) and we have no basis to agree or disagree with statements (c) to (d) contained in the Notice.

Yours very truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

SCHEDULE “C”

ADVANCE NOTICE BY-LAW

CARGOJET INC.

(the %Corporation+)

BY-LAW No. 3: Advance Notice By-law (the “By-law”)

- 1 Subject to the *Business Corporations Act* (Ontario) (the %Act+) and the articles of the Corporation (the %Articles+), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the %Board+) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - (c) by any person (a %Nominating Shareholder+) who:
 - (i) at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting of shareholders, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
 - (ii) complies with the notice procedures set forth below in this By-law.
- 2 In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation in accordance with this By-law.
- 3 To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:
 - (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first Public Announcement (the %Notice Date+) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the fifteenth (15th) day following the day on which the first Public Announcement of the date of the special meeting of shareholders was made.

- 4 To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:
 - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (each, a **Proposed Nominee**):
 - (i) the name, age, business address and residential address of the person;
 - (ii) the principal occupation or employment of the person for the last five years;
 - (iii) the status of such person as a **resident Canadian** as defined in the Act;
 - (iv) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - (v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).
 - (b) as to the Nominating Shareholder giving the notice:
 - (i) the name, age, business and residential address of such Nominating Shareholder;
 - (ii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - (iii) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).
- 5 The Corporation may require any Proposed Nominee or Nominating Shareholder to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as an independent director or a member of any committee of a board of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such Proposed Nominee.
- 6 Subject to applicable law, all information provided by the Proposed Nominee or Nominating Shareholder which has been requested by the Corporation shall (as soon as practicable after receipt of the information) be made publicly available to shareholders by the Corporation.
- 7 All information to be provided in a timely notice pursuant to paragraph 4 above shall be provided as of the date of such notice. To be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

- 8 No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- 9 For purposes of this By-law:
 - (a) **%Public Announcement+** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (b) **%Applicable Securities Laws+** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authority of each province and territory of Canada.
- 10 Notwithstanding any other provision of this By-law, notice given to the Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (to the Secretary of the Corporation), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- 11 Notwithstanding the foregoing, the Board may, in its sole discretion, waive all or any requirements in this By-law.
- 12 Subject to its confirmation by the shareholders in accordance with the Act, this by-law will come into force on the date approved by the board.

ENACTED AND MADE by the board of the Corporation the 4th day of November, 2016.

PRESIDENT

SECRETARY

At an Annual and Special Meeting of Shareholders on April 12, 2017, the shareholders confirmed By-Law No. 3 as a by-law of the Corporation.

SCHEDULE "D"
AMENDED OPTION PLAN

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* and Options to purchase Variable Voting Shares may be granted hereunder to Eligible Persons that are not **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 or Variable Voting Share, as applicable, 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 or the Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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. No Option is intended to qualify as an **incentive stock option** as described in Section 422 of the *Internal Revenue Code* (United States).

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 or Variable Voting Shares, as applicable, 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

- (a) 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 or Variable Voting Shares, as applicable, with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Common Voting Shares or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable. Certificates for such Common Voting Shares or Variable Voting Shares, as applicable, 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.
- (b) Subject to any provisions of the Plan, an Option may be exercised pursuant to a cashless option (the **Cashless Option**) from time to time by delivery to the Corporation a written notice of exercise by Cashless Option specifying the number of Common Voting Shares or Variable Voting Shares, as applicable, with respect to which the Option is being exercised by Cashless Option. In consideration for the surrender of the Options under the Cashless Option, the Optionee will receive fully paid Common Voting Shares or Variable Voting Shares, as applicable, (the **Consideration**), subject to the following provisions:
 - (i) the Common Voting Shares or Variable Voting Shares, as applicable, to be granted shall be equal to the excess of the five (5) day volume weighted average trading price (as determined in accordance with the rules of the Exchange) of the Common Voting Shares or Variable Voting Shares, as applicable, on the Exchange ending on the Trading Day immediately preceding the date of exercise (the **Market Price**) over the exercise price per Common Voting Share or Variable Voting Share, as applicable, multiplied by the number of Common Voting Shares or Variable Voting Shares, as applicable, represented by the Option being surrendered divided by the Market Price of the Common Voting Shares or Variable Voting Shares, as applicable, rounded down to the nearest whole Common Voting Share or Variable Voting Shares, as applicable;
 - (ii) any Consideration to be received by the Optionee pursuant to this Section 2.8(b) shall be made as soon as reasonably practicable after the surrender of the Option to the Corporation;

- (iii) all Consideration to be received by the Optionee pursuant to this Section 2.8(b) shall have deducted therefrom all withholding taxes and other amounts required at law to be deducted from such Consideration;
- (iv) appropriate changes shall be made to the number and type of Options to reflect changes in circumstances referred to in Section 2.14;
- (v) upon surrender, the Option shall forthwith expire and terminate and be of no further force or effect; and
- (vi) notwithstanding the foregoing, the Board may at its sole discretion decline to accept the exercise by Cashless Option at any time.

Upon exercise by an Optionee of the Cashless Option, where the Optionee is subject to the *Income Tax Act* (Canada) in respect of the Option, the Corporation shall make the election provided for in subsection 110(1.1) of the *Income Tax Act* (Canada) (if applicable).

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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, may be conditionally issued so (and only so) as to permit the Optionee to tender the Common Voting Shares or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, subject to any Option, and the exercise price thereof and the maximum number of 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 or Variable Voting Shares, as applicable, in satisfaction of its obligations hereunder. Any fractional interest in a Common Voting Share or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, or combination thereof, 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 and Variable Voting Shares issuable under this Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares or Variable Voting

Shares, as applicable, in respect of which Options are exercised, expired or cancelled, shall automatically replenish the number of Common Voting Shares and Variable Voting Shares, as applicable, issuable under this Plan.

- (b) The aggregate number of Common Voting Shares or Variable Voting Shares, or combination thereof, 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 or Variable Voting Shares, or combination thereof, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, by the Corporation. If any Common Voting Shares or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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; provided that the exercise price of an Option granted to a US person

- for US federal income tax purposes shall not be less than the exercise price set forth in Section 2.3 hereof;
- (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 or Variable 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 April 10, 2014.

Amended by the Board on August 11, 2015.

Amended by the Board on March 7, 2017 and approved, ratified and confirmed by shareholders on April 12, 2017.

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 / Variable Voting Shares] in the capital of the Corporation 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 Shares / Variable Voting Shares].

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 to the Corporation either (i) a written notice specifying the number of Common Voting Shares or Variable Voting Shares, as applicable, you wish to acquire, together with a certified cheque or bank draft payable to the Corporation for the aggregate exercise price; or (ii) written notice of exercise by cashless option specifying the number of Common Voting Shares or Variable Voting Shares, as applicable, with respect to which the Option is being exercised by cashless option. At the discretion of the Corporation a declaration of residence may also be requested prior to the issuance of any Common Voting Shares or Variable Voting Shares, as applicable. 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 or Variable Voting Shares, as applicable, 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:

SCHEDULE "E"
AMENDED RSU PLAN
CARGOJET INC.
RESTRICTED SHARE UNITS PLAN

March 4, 2014, as amended March 7, 2017

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 to 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 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 or Variable Voting Shares, as applicable, 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.
- (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 "%ereto+", "%erein+", "%ereby+", "%ereunder+", "%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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, by key employees, consultants and directors of the Corporation and its Designated Affiliates 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 or Variable Voting Shares, or any combination thereof, 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 and Variable Voting Shares, or any combination thereof, 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 and Variable Voting Shares, or any combination thereof, 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 and Variable Voting Shares, or any combination thereof, issuable under the Restricted Share Units Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares or Variable Voting Shares, as applicable, pursuant to the settlement of Restricted Share Units, shall automatically replenish the number of Common Voting Shares or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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 or Variable Voting Shares, as applicable, 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* (United States) may elect to defer to receive all or any part of their Restricted Shares until a Deferred Payment Date. Any other Participants may not elect a Deferred Payment Date.

Section 3.06 **Election of Deferred Payment Date:** 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 Common Voting Shares or Variable Voting Shares, as applicable, divided by the Market Price (as such term is defined in the TSX Manual) of a Common Voting Share or Variable Voting Shares, as applicable, 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 and Variable Voting Shares, or any combination thereof, or maximum percentage of 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 and Variable Voting Shares, or any combination thereof, available under the Restricted Share Units Plan; and
- (b) the number of Common Voting Shares and Variable Voting Shares, as applicable, subject to any outstanding Restricted Share Units.

If the foregoing adjustment shall result in a fractional Common Voting Share or Variable 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 or Variable 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.