



**NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS TO BE HELD ON MARCH 30, 2020
AND MANAGEMENT INFORMATION CIRCULAR**

Our annual and special meeting of shareholders will be held at
**1:00 p.m. (Toronto time) on Monday March 30, 2020 at
Stikeman Elliott LLP
53rd Floor, Commerce Court West, 199 Bay Street, Toronto, Ontario**

As a holder of voting shares
of Cargojet Inc., you have the right
to vote your shares, either by proxy or in
person, at the meeting.

February 26, 2020



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CARGOJET INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common voting shares and variable voting shares (together, the “**Voting Shares**”) of Cargojet Inc. (the “**Company**”) will be held at **1:00 p.m.** (Toronto time) on Monday **March 30, 2020** at the offices of **Stikeman Elliott LLP, 53rd Floor, Commerce Court West, 199 Bay Street, Toronto**, Ontario for the following purposes, each as more particularly described in the accompanying management information circular of the Company (the “**Circular**”):

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2019 and the report of the auditors thereon;
2. to elect the directors of the Company who will serve until the end of the next annual meeting of Shareholders or until their successors are elected or appointed;
3. to appoint the auditors of the Company and to authorize the directors of the Company to fix their remuneration;
4. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, the full text of which is set out in Schedule “A” of the Circular, approving the adoption of the Company’s Omnibus Long-Term Incentive Plan;
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, the full text of which is set out in Schedule “C” of the Circular, confirming the adoption of By-Law No. 4 the Company (the “**Amended and Restated By-Laws**”) and repealing the Company’s By-Laws No. 1, 2 and 3. The Amended and Restated By-Laws, among other things, make consequential amendments arising from the amendments to the articles of amalgamation and increase the quorum requirement for meetings of Shareholders to two persons present in person or by proxy holding or representing not less than 25% of the issued and outstanding Shares of the Company entitled to vote at the Meeting;
6. to approve a special resolution, the full text of which is set out in Schedule “E” of the Circular, in respect of a plan of arrangement effecting amendments to the articles of amalgamation of the Company to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of “Canadian” in subsection 55(1) of the recently amended *Canada Transportation Act*; and
7. to transact such other business as may properly come before the Meeting or any adjournments thereof.

This notice is accompanied by a copy of the Circular and a form of proxy or voting instruction form, as applicable, for the Voting Shares and the audited annual financial statements of the Company for the fiscal year ended December 31, 2019 and management’s discussion and analysis thereon. These materials, as well as the Company’s annual information form dated February 26, 2020, can also be viewed under the Company’s profile on the SEDAR website at www.sedar.com and on the Company’s corporate website at www.cargojet.com.

The Company’s board of directors has fixed the close of business on February 19, 2020 as the record date for determining Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment or postponement thereof. Only Shareholders of record at that time will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

As a Shareholder of the Company, it is very important that you read the accompanying Meeting materials carefully and then vote your Voting Shares, either by proxy or in person, at the Meeting.

Registered Shareholders are requested to complete, date, sign and return (in the return envelope provided for that purpose) the form of proxy enclosed in this package. You may also vote your Voting Shares by proxy by appointing another person to attend the Meeting and vote your Voting Shares for you. To be valid, the enclosed form of proxy must be signed and received by the proxy department of the Company’s transfer agent, Computershare Investor



Services Inc., by mail, or by facsimile no later than **1:00 p.m. (Toronto time) on March 26, 2020** or, if the Meeting is adjourned or postponed, prior to **5:00 p.m. (Toronto time)** on the second business day preceding the date of the Meeting (excluding Saturdays, Sundays and holidays). Failure to properly complete or deposit a proxy may result in its invalidation. Shareholders who have voted by proxy may still attend the Meeting. Please read the instructions regarding how to vote at, or attend, the Meeting under *“General Proxy Matters – Registered Shareholders”* in the Circular.

Most Shareholders do not hold their Voting Shares in their own names. Such Voting Shares may be beneficially owned by you but registered either: (a) in the name of an intermediary such as a bank, trust company, securities dealer or broker, or the trustee or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan, or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) or its nominee, of which the intermediary is a participant. If your Voting Shares are shown in an account statement provided to you by your intermediary, in almost all cases, your Voting Shares will not be registered in your name in the records of the Company. Only proxies deposited by registered Shareholders can be recognized and acted upon at the Meeting. As a result, if you hold your Voting Shares through a broker or other intermediary, we urge you to complete only the voting instruction form provided by your broker or other intermediary or provide your voting instructions to your broker or other intermediary by other acceptable methods. Please read the instructions regarding how to vote at, or attend, the Meeting under *“General Proxy Matters – Non-Registered Shareholders”* in the Circular.

Mississauga, Ontario
26th day of February 2020

BY ORDER OF THE BOARD OF DIRECTORS

“Ajay Virmani”

Ajay Virmani

President and Chief Executive Officer

CARGOJET INC. MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is furnished by management of Cargojet Inc. (the “**Company**”) in connection with the solicitation of proxies for use at the annual and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common voting shares (the “**Common Voting Shares**”) and variable voting shares (the “**Variable Voting Shares**”) and, together with the Common Voting Shares, the “**Voting Shares**”) of the Company, to be held at 1:00 p.m. (Toronto time) on Monday March 30, 2020 at the offices of Stikeman Elliott LLP, 53rd Floor, Commerce Court West, 199 Bay Street, Toronto, Ontario or any adjournment or postponement therefor, for the purposes set forth in the accompanying notice of meeting (the “**Notice of Meeting**”).

In this Circular, “you” and “your” refer to the Shareholders. “We”, “us”, “our”, the “Company” and “Cargojet” refer to Cargojet Inc.

The information in this Circular is presented as at February 26, 2020, unless indicated otherwise.

The Company presents its consolidated financial statements in Canadian dollars. In this Circular, references to “\$”, “C\$”, “dollars” or “Canadian dollars” are to Canadian dollars. Amounts are stated in Canadian dollars unless otherwise indicated.

No person has been authorized to give any information or to make any representation in connection with any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

Approval by Directors

The content and the sending to the Shareholders of this Circular have been approved by the board of directors of the Company (the “**Board**” or “**Board of Directors**”). A copy of this Circular has been sent to each Shareholder who is eligible to receive notice of, and vote his or her Voting Shares at, the Meeting, as well as to each director and to the auditors.

Mississauga, Ontario
26th day of February 2020

BY ORDER OF THE BOARD OF DIRECTORS

“Ajay Virmani”
Ajay Virmani
President and Chief Executive Officer

GENERAL PROXY MATTERS

As a Shareholder, it is very important that you read the information contained herein carefully and then vote your Voting Shares, either by proxy or voting instruction form or by attending the Meeting.

Date, Time and Place of Meeting

The Meeting is scheduled to be held at 1:00 p.m. (Toronto time) on Monday, March 30, 2020 at the offices of Stikeman Elliott LLP, 53rd Floor, Commerce Court West, 199 Bay Street, Toronto, Ontario for the purposes set forth in the Notice of Meeting. The Company reserves the right to adjourn or postpone the Meeting if considered appropriate by the Board.

Record Date

The Board has fixed the close of business on February 19, 2020 as the record date (the “**Record Date**”) for determining Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment or postponement thereof. Only Shareholders of record as of the close of business on the Record Date will be entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof. No Shareholder who becomes a Shareholder of record after the Record Date will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

Quorum

A quorum of Shareholders is present at the Meeting if the holders of not less than 25% of the Voting Shares entitled to vote at the Meeting are present in person or represented by proxy, irrespective of the number of persons actually at the Meeting.

Voting Requirements

The election of directors, the appointment of auditors, the approval of the adoption of the Omnibus Long-Term Incentive Plan and the confirmation of the Amended and Restated By-Laws will each be determined by a majority of votes cast at the Meeting by proxy or in person. For details concerning the Company’s majority voting policy, with respect to the election of directors, please refer to the information under “*Election of Directors – Majority Voting*”.

The approval of the Arrangement Resolution will be determined by at least 66 ²/₃% of the votes cast at the Meeting by proxy or in person by holders of Common Voting Shares and Variable Voting Shares, voting together as a single class. See “*Voting Shares and Principal Holders of Voting Shares – Restrictions on Voting Shares*” and “*Business of the Meeting – Approval of a Plan of Arrangement to amend the Company’s Articles*”.

Solicitation of Proxies

The information contained in this Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Company to be used at the Meeting and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation of proxies will be primarily by mail but proxies may also be solicited personally by telephone or other electronic means by management of the Company, including its directors and officers, 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.

Mailing of Meeting Materials

Meeting materials are being mailed to Registered Shareholders (as defined herein) through our transfer agent, Computershare Investor Services Inc. (“**Computershare**”), and to Non-Registered Shareholders (as defined herein) through their intermediaries. The Company intends to pay for intermediaries to forward to objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* such Meeting materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*.

Registered Shareholders

You are a registered shareholder ("**Registered Shareholder**") if your name appears on your share certificate or on the register maintained by the Company's transfer agent. If you are a Registered Shareholder of Voting Shares, a proxy form is included in the Meeting materials.

If you are a Registered Shareholder, you can vote in person at the Meeting or by proxy. Voting by proxy means that you are giving the person or people named on your proxy form (each a "Proxyholder") the authority to vote your Voting Shares for you at the Meeting or any adjournment or postponement thereof.

How to Vote in Person

If you are a Registered Shareholder and intend to be present and vote in person at the Meeting, you do not need to complete or return your proxy form. At the Meeting, you should see a representative of Computershare.

How to Vote by Proxy

Complete and return the enclosed form of proxy in the return envelope provided. The proxy must be executed by the Shareholder or the attorney of such Shareholder, duly authorized in writing. Voting by proxy means that you are giving your Proxyholder(s) the authority to vote your Voting Shares for you at the Meeting or any adjournment or postponement thereof.

If you vote by proxy, the directors and officers who are named on the proxy form will vote your Voting Shares for you, unless you appoint someone else to be your Proxyholder. You have the right to appoint a person or company of your choice to be your Proxyholder who need not be a Shareholder to represent you at the Meeting other than the persons designated in the enclosed form of proxy. If you appoint someone else, he or she must be present at the Meeting to vote your Voting Shares. Write the name of the person you are appointing in the space provided, complete your voting instructions and date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed as your Proxyholder and attends the Meeting. At the Meeting, he or she should see a representative of Computershare.

Duly completed and executed proxies must be received by the Company's transfer agent before 1:00 p.m. (Toronto time) on March 26, 2020 or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day preceding the day of the Meeting (excluding Saturdays, Sundays and holidays), or any adjournment or postponement thereof. Completed proxies can be submitted by mail or facsimile and must be received by the Company's transfer agent:

By mail:

100 University Ave.
8th Floor
Toronto ON M5J 2Y1
Attn: Proxy Department

By fax to: 1-866-249-7775.

The Voting Shares represented by any proxy received by management will be voted for, against or withheld from voting, as the case may be, by the persons named in the enclosed form of proxy in accordance with the direction of the Shareholder appointing them. **In the absence of any direction to the contrary, it is intended that the Voting Shares represented by proxies received by management will be voted on any ballot "FOR": (1) the election of each of the directors referred to in this Circular, (2) the reappointment of the auditors of the Company with remuneration to be fixed by the directors, (3) the approval of the adoption of the Omnibus Long-Term Incentive Plan (the "Omnibus Incentive Plan"), the full text of the resolution approving the same is set out in Schedule "A" to this Circular, (4) the confirmation of the Amended and Restated By-Laws, the full text of the resolution confirming the same is set out in Schedule "C" to this Circular, and (5) the approval of the special resolution (the**

“Arrangement Resolution”), the full text of which is set out in Schedule “E” of the Circular, in respect of a plan of arrangement effecting amendments to the articles of amalgamation of Cargojet to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of “Canadian” in subsection 55(1) of the recently amended *Canada Transportation Act*.

How to Change Your Vote

A Registered Shareholder executing the enclosed form of proxy may revoke it at any time before it has been exercised by:

- completing a proxy form that is dated later than the proxy form being revoked and mailing or faxing it to the Company’s transfer agent so that it is received before 1:00 p.m. (Toronto time) on March 26, 2020;
- sending a revocation notice in writing to the Corporate Secretary of the Company at its registered office so that it is received at any time up to and including the last business day before the date of the Meeting. The notice can be from the Shareholder or the authorized attorney of such Shareholder; or
- requesting from the chair of the Meeting in writing that your proxy be revoked.

Non-Registered Shareholders

You are a non-registered (or beneficial) shareholder (“**Non-Registered Shareholder**”) if your bank, trust company, securities broker or other financial institution holds your Voting Shares for you (your nominee). In that case, you will likely not receive a proxy form.

If you are a Non-Registered Shareholder, your Voting Shares are likely held in the book-entry system operated by CDS Clearing and Depository Services Inc. (“**CDS**”). If so, your Voting Shares will not be registered in your name on our records. Unless you instruct your intermediary to vote in accordance with their request for voting instructions, they are generally prohibited from voting your Voting Shares, as Voting Shares should only be voted upon instructions of the beneficial holder. You may vote your Voting Shares in person at the Meeting or through your nominee by following the instructions provided to you by them.

If you are not sure whether you are a Registered Shareholder or Non-Registered Shareholder, please contact Computershare, the Company’s transfer agent:

Phone: 1-800-564-6253 (toll-free in Canada and the United States)
514-982-7555 (from outside Canada and the United States)

Fax: 1-888-453 0330 (toll-free in Canada and the United States)
514-982 7635 (from outside Canada and the United States)

Mail: 100 University Avenue, 8th Floor, Toronto ON M5J 2Y1

E-mail: Service@Computershare.com

How to Vote

Applicable regulations in Canada require brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Voting Shares are voted at the Meeting. Sometimes, the proxy supplied to a Non-Registered Shareholder by its broker is identical to that provided to CDS, as the Registered Shareholder. However, in order for such proxy to be valid, it must be properly executed by the financial intermediary holding the Voting Shares and returned to the Company’s transfer agent before 1:00 p.m. (Toronto time) on March 26, 2020 or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day preceding the day of the Meeting (excluding

Saturdays, Sundays and holidays). The majority of brokers now delegate responsibility to Broadridge Financial Solutions, Inc. ("**Broadridge**") for obtaining instructions from clients. Broadridge typically mails a scannable voting instruction form in lieu of a proxy form to Non-Registered Shareholders and provides appropriate instructions respecting voting of Voting Shares to be represented at the Meeting. Voting instruction forms sent by Broadridge can be completed:

By Internet using your 16-digit control number:

- Go to www.proxyvote.com;

By telephone using your 16-digit control number:

- Shareholders with their Voting Shares held in a Canadian brokerage account, toll free at 1-800-474-7493 (English) or 1-800-474-7501 (French), or
- Shareholders with their Voting Shares held in a U.S. brokerage account, toll free at 1-800-454-8683;

By mail:

- Using the enclosed envelope.

For Internet and telephone voting, Non-Registered Shareholders will need the 16-digit control number found on their voting instruction forms. Non-Registered Shareholders who have lost or misplaced their voting instruction form can still vote by obtaining a new 16-digit control number from their bank, trust company, securities dealer, broker or other intermediary.

Non-Registered Shareholders who receive voting instructions from their intermediary other than those contained in the voting instruction form sent by Broadridge should carefully follow the instructions provided by their intermediary to ensure their vote is counted.

Subject to the terms of your voting instruction form, In the absence of any direction to the contrary, it is intended that the Voting Shares represented by voting instruction forms received by management will be voted on any ballot "FOR": (1) the election of each of the directors referred to in this Circular and (2) the reappointment of the auditors of the Company with remuneration to be fixed by the directors, (3) the approval of the adoption of the Omnibus Incentive Plan, the full text of the resolution approving the same is set out in Schedule "A" to this Circular, (4) the confirmation of the Amended and Restated By-Laws, the full text of the resolution confirming the same is set out in Schedule "C" to this Circular, and (5) the approval of the Arrangement Resolution, the full text of which is set out in Schedule "E" of the Circular, in respect of a plan of arrangement effecting amendments to the articles of amalgamation of Cargojet to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of "Canadian" in subsection 55(1) of the recently amended *Canada Transportation Act*.

We do not have access to the names or holdings of our Non-Registered Shareholders. That means you can only vote your Voting Shares in person at the Meeting if you have instructed your nominee to appoint you as Proxyholder. To do this, write your name in the space provided on the voting instruction or proxy authorization form provided by your nominee and follow the instructions of your nominee.

If you are a Non-Registered Shareholder and wish to vote in person at the Meeting, please review the voting instruction form provided to you or contact your broker or agent well in advance of the Meeting to determine how you can appoint yourself to do so. At the Meeting, you should see a representative of Computershare.

How to Change Your Vote

A Non-Registered Shareholder may revoke a voting instruction or proxy authorization form given to an intermediary at any time by written notice to the intermediary, except that an intermediary may not act on a revocation of a

voting instruction or proxy authorization form or of a waiver of the right to receive Meeting materials and to vote that is not received by the intermediary in sufficient time prior to the Meeting.

Exercise of Discretion of Proxyholders

The enclosed form of proxy and any voting instructions submitted confer discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment or postponement thereof, and with respect to amendments or variations to matters identified in the Notice of Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further business is properly brought before the Meeting, it is intended that the persons appointed as Proxyholder will vote on such other business matters in such manner as such persons then consider being proper.

How the Votes are Counted

Computershare counts and tabulates the votes. Computershare refers proxy forms to us only when:

- It is clear that a Shareholder wants to communicate with management;
- The validity of the form is in question; or
- The law requires it.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

To the knowledge of the directors and officers of the Company, other than as disclosed elsewhere in this Circular, no director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing persons, has, at any time since the beginning of the Company's last financial year, any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

Voting Shares

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 amalgamation (the “**Articles**”) of the Company and as further summarized below.

As of the Record Date, there were 15,575,084 Voting Shares issued and outstanding, consisting of the Company’s Common Voting Shares and Variable Voting Shares.

Principal Holders of Voting Shares

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.

Restrictions on Voting Shares

Foreign ownership limits under the Company’s existing Articles

The *Canada Transportation Act* (the “**CTA**”) requires that a national holder of a domestic air service licence and, with certain exceptions, scheduled international and non-scheduled international air service licences, such as Cargojet, be controlled by “Canadians” and, prior to the adoption of the *Transportation Modernization Act* (Canada) (the “**TMA**”), required that at least 75% of the licensed holder’s voting interests (or such lesser percentage as the Governor in Council may have specified by regulation) be owned and controlled by Canadians. The existing Articles of the Company contain restrictions to ensure that the Company remains “Canadian” under the CTA.

New foreign ownership limits and proposed Amendments to the Company’s Articles

On June 27, 2018, certain provisions of the TMA became effective and amended, among other things, the definition of “Canadian” under section 55(1) of the CTA to increase foreign ownership limits in Canadian air carriers from 25% to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests in a Canadian airline. More specifically, the definition of “Canadian” under section 55(1) of the CTA, as amended by the TMA, is as follows:

“(a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the Immigration and Refugee Protection Act,

(b) a government in Canada or an agent or mandatary of such a government, or

(c) a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where

(i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and

(ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person.”

At the Meeting, you will be asked to consider, and if deemed appropriate, approve, with or without variation, the Arrangement Resolution, to effect amendments to the Company's Articles to align the new restrictions on the level of non-Canadian ownership and control within the Articles with those prescribed by the definition of "Canadian" in subsection 55(1) of the CTA, as amended by provisions of the TMA which became effective on June 27, 2018. See "*Business of the Meeting – Approval of a Plan of Arrangement to amend the Company's Articles*" for additional details.

Restrictions on Variable Voting Shares

The Company has two classes of shares: (i) Common Voting Shares, and (ii) Variable Voting Shares. The Common Voting Shares and Variable Voting Shares are traded on the Toronto Stock Exchange (the "TSX") under the single ticker "CJT".

The Common Voting Shares may only be held, beneficially owned and controlled, directly or indirectly, by Canadians. An issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Company or the holder, if such Common Voting Share becomes held, beneficially owned or controlled, directly or indirectly, other than by way of security only, by a person who is not a Canadian. Each Common Voting Share confers the right to one vote.

The Variable Voting Shares may only be held, beneficially owned or controlled, directly or indirectly, by persons who are not Canadians. An issued and outstanding Variable Voting Share shall be converted into one Common Voting Share, automatically and without any further act of the Company or the holder, if such Variable Voting Shares becomes held, beneficially owned and controlled, directly or indirectly, other than by way of security only, by a Canadian.

Under the Company's existing Articles, each Variable Voting Share carries one vote per share held, except where (i) the number of outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Voting Shares, or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting on any matter on which a vote is to be taken exceeds 25% of the total number of votes cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share in such circumstances shall decrease automatically without further act or formality to equal the maximum permitted vote per Variable Voting Share such that (a) in the circumstance described in paragraph (i) above, the Variable Voting Shares as a class shall be restricted to 25% of the aggregate votes attached to all issued and outstanding Voting Shares and (b) in the circumstance described in paragraph (ii) above, the number of votes cast by all holders of Variable Voting Shares at such Shareholders' meeting, shall be 25% of the total number of votes cast at such meeting.

The proposed Amendments to the Articles of the Company would increase the foreign ownership limit of the Company from 25% to 49%, provided that no single non-Canadian holds more than 25% of the voting interests and provided that non-Canadian air service providers do not, in the aggregate, hold more than 25% of the voting interests in the Company. To effect such proposed Amendments, at the Meeting, you will be asked to consider, and if deemed appropriate, approve, with or without variation, the Arrangement Resolution. See "*Business of the Meeting – Approval of a Plan of Arrangement to amend the Company's Articles*" for additional details.

The holders of Common Voting Shares and Variable Voting Shares will vote together as a single class at the Meeting.

Declaration of Canadian or Non-Canadian Status

Shareholders who wish to vote at the Meeting either by completing and delivering a proxy or a voting instruction form or by attending and voting at the Meeting will be required to complete a Declaration of Ownership in order to enable the Company to comply with the restrictions imposed by its Articles and the CTA on the ownership and voting of its Voting Shares. If you do not complete such declaration or if it is determined by the Company or its transfer agent that you incorrectly indicated (through inadvertence or otherwise) that the Voting Shares represented by the proxy are owned and controlled by a Canadian, you will be deemed to be a non-Canadian for

purposes of voting at the Meeting. Such declaration is contained in the form of proxy or with the voting instruction form provided to you, as applicable.

The Company has adopted various procedures and processes to ensure that the non-Canadian ownership restriction of Voting Shares under its Articles is respected.

BUSINESS OF THE MEETING

The business of the Meeting will be held for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2019 and the report of the auditors thereon;
2. to elect the directors of the Company who will serve until the end of the next annual meeting of Shareholders or until their successors are elected or appointed;
3. to appoint the auditors of the Company and to authorize the directors of the Company to fix their remuneration;
4. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, the full text of which is set out in Schedule "A" of the Circular, approving the adoption of the Company's Omnibus Long-Term Incentive Plan (the "**Omnibus Incentive Plan**");
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, the full text of which is set out in Schedule "C" of the Circular, confirming the adoption of By-Law No. 4 of the Company (the "**Amended and Restated By-Laws**") and repealing the Company's By-Laws No. 1, 2 and 3. The Amended and Restated By-Laws, among other things, make consequential amendments arising from the amendments to the articles of amalgamation and increase the quorum requirement for meetings of Shareholders to two persons present in person or by proxy holding or representing not less than 25% of the issued and outstanding Shares of the Company entitled to vote at the Meeting;
6. to approve a special resolution, the full text of which is set out in Schedule "E" of the Circular, in respect of a plan of arrangement effecting amendments to the articles of amalgamation of the Company to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of "Canadian" in subsection 55(1) of the recently amended *Canada Transportation Act*; and
7. to transact such other business as may properly come before the Meeting or any adjournments thereof.

As of the date of this Circular, management is not aware of any changes to these items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, your Proxyholder can vote your Voting Shares on these items as he or she sees fit.

1. Financial Statements

At the Meeting, Shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2019 and the report of the auditors thereon. 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 corporate website at www.cargojet.com.

2. Election of Directors

The Company's Articles provide that the Board of Directors must have a minimum of three and a maximum of ten directors. The Board is currently comprised of five directors. The persons identified in the section "*Director Nominees*" will be nominated for election as directors at the Meeting. All such nominees are presently directors of

the Company. Each director is expected to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed. The directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of Shareholders. The nomination of directors for election is subject to the Company's Advance Notice By-Law described below under "*Election of Directors — Advance Notice By-Law*" and the election of directors is subject to the Company's Majority Voting Policy described below under "*Election of Directors — Majority Voting*".

Unless a proxy specifies that the Voting Shares it represents should be withheld from voting in respect of the election of directors or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the director nominees listed in this Circular.

Majority Voting

The Company has adopted a majority voting policy. In an uncontested election of directors, any director nominee who receives more votes "withheld" than "for" must submit his or her resignation promptly, such resignation to take effect on acceptance by the Board. The Compensation and Nominating Committee will consider the offer to resign and make a recommendation to the Board after reviewing the matter. The Board will act on the Compensation 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 Compensation and Nominating Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

Advance Notice By-Law

The Company has adopted advance notice provisions (the "**Advance Notice By-Law**"), which are included in the Amended and Restated By-Laws, for the purpose of providing Shareholders, directors and management of the Company with a clear framework for nominating directors of the Company in connection with any annual or special meeting of Shareholders.

The purpose of the Advance Notice By-law is to (i) ensure that all Shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or special meetings of Shareholders of the Company. The Advance Notice By-law fixes the deadlines by which holders of record of Voting Shares must submit director nominations to the Company prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in a timely written notice to the Company for any director nominee to be eligible for election at such annual or special meeting of Shareholders.

A Shareholder's notice must be received at our head office (i) 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 that date is less than 50 days on which the first public announcement (as defined below) (the "**Notice Date**") of the date of the annual meeting was made, a Shareholder's notice may be made not later than the close of business on the 10th day following the Notice Date; and (ii) 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 the other purposes as well), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of Shareholders was made. The Advance Notice By-Law also prescribes the proper written form for a Shareholder's notice. These provisions may preclude Shareholders from making nominations for directors at an annual or special meeting of Shareholders.

For the purposes of the Advance Notice By-law, "public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the SEDAR website under the Company's profile at www.sedar.com.

Nomination Rights

An amended and restated security holders agreement dated January 1, 2011 (“**Amended and Restated Security Holders Agreement**”) among the Company, Cargojet GP Inc., Cargojet Holdings Limited Partnership, the Virmani Family Trust, the Mills Family Trust and the Porteous Family Trust (collectively, the “**Vendor Group**”) established certain nomination rights for directors of the Company as long as the Vendor Group holds or controls, directly or indirectly, an aggregate of at least 10% of the issued and outstanding Voting Shares of the Company. The Amended and Restated Security Holders Agreement was terminated pursuant to the terms thereof on September 11, 2019 in connection with the sale by Ajay Virmani of 674,000 Common Voting Shares of the Company held through the Virmani Family Trust. As of the date hereof, Mr. Virmani owns an aggregate of 892,356 Voting Shares and vested options, representing 5.7% of the issued and outstanding Voting Shares of the Company, on a partially diluted basis.

The Company, Mr. Virmani and the Virmani Family Trust entered into a new governance rights agreement dated February 26, 2020 (the “**Governance Rights Agreement**”), which provides Mr. Virmani with the right to be a director of the Company if he serves as Chief Executive Officer, and a right to nominate an additional director for as long as he and his affiliates maintain an economic ownership in the Company that is not less than 50% of its current ownership or valued at or in excess of \$35 million. Under Mr. Virmani’s leadership Cargojet has delivered 1,220% total shareholder return since January 1, 2011. As Cargojet continues to execute on its growth initiatives, the Board of Directors wants to ensure that Cargojet Shareholders continue to benefit from Mr. Virmani’s strategic vision, entrepreneurial drive and ongoing commitment to the Company. At the Meeting, Mr. Virmani is nominated for election as a director and no other director is being nominated pursuant to the Governance Rights Agreement.

3. Appointment of Auditors

The Board of Directors, on the recommendation of the Audit Committee, recommends that Pricewaterhouse Coopers LLP (“**PwC**”) be reappointed as auditors of the Company until the close of the next annual meeting for Shareholders and to authorize the Board to fix their remuneration. PwC has served as the auditor of the Company since being appointed in August 2016. PwC has confirmed to the Company that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Unless a proxy specifies that the Voting Shares it represents should be withheld from voting in respect of the appointment of auditors or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the reappointment of PwC as auditors of the Company and the authorization of the directors of the Company to fix their remuneration.

Additional information with respect to external auditor fees for past services is available in our annual information form for the year ended December 31, 2019 under the heading “*Audit Committee – External Auditor Service Fees*”, which can be accessed under the Company’s profile on the SEDAR website at www.sedar.com.

4. Approval of Omnibus Long-Term Incentive Plan

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution approving the adoption of the Company’s Omnibus Incentive Plan. The full text of the resolution to approve the Omnibus Incentive Plan is set out in Schedule “A” to this Circular.

On February 18, 2020, the Board approved the adoption of the Omnibus Incentive Plan. The Board is of the view that the Omnibus Incentive Plan is required in order to allow different types of incentives, particularly options and restricted share units (“**RSUs**”), to be granted to certain of our executive officers, employees and consultants. For a description of the Omnibus Incentive Plan, see “*Executive Compensation Discussion and Analysis – Named Executive Officers’ Compensation – Omnibus Long-Term Incentive Plan*”.

All prior options and RSUs granted under the Company’s existing option plan and RSU plan, respectively, will continue to be governed by the terms of such plans; however, assuming the Omnibus Incentive Plan is approved by

Shareholders at the Meeting, awards granted thereafter will be governed by the Omnibus Incentive Plan. If the Omnibus Incentive Plan is approved, the number of Voting Shares that will be reserved for issuance upon the exercise or settlement for all awards granted under the Omnibus Incentive Plan will be equal to 3.50% of the outstanding Voting Shares as of the adoption date less the number of outstanding awards under the Company's other share compensation arrangements as of the adoption date.

The foregoing description of the Omnibus Incentive Plan is intended as a summary only and does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Omnibus Incentive Plan, which are set out in Schedule "B" of this Circular.

The full text of the resolution to approve the Omnibus Incentive Plan is set out at Schedule "A" to this Circular.

Unless a proxy specifies that the Voting Shares it represents should be voted against the approval of the Omnibus Incentive Plan or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the Omnibus Incentive Plan.

5. Approval of the Amended and Restated By-Laws

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution confirming the adoption of the Amended and Restated By-Laws of the Company and repealing the Company's By-Laws No. 1, 2 and 3. The Amended and Restated By-Laws, among other things, make consequential amendments arising from the Amendments to the Articles of amalgamation and increase the quorum requirement for meetings of Shareholders to two persons present in person or by proxy holding or representing not less than 25% of the issued and outstanding Voting Shares of the Company entitled to vote at the Meeting.

The Board is of the view that the quorum requirement for a meeting of Shareholders should be set sufficiently high so as to ensure that a broad range of Shareholders entitled to vote at a meeting are represented in person or by proxy at a meeting of Shareholders, while still ensuring that the Company is not prevented from continuing to transact necessary business. The purpose of the Amended and Restated By-Laws is to restate the Company's By-Laws in a clear and streamlined manner and to bring the Company's By-Laws into better alignment with current corporate governance practices.

The Amended and Restated By-Laws will increase the quorum requirement for meetings of Shareholders, including at the Meeting, to two persons present in person or by proxy holding or representing not less than 25% of the outstanding Voting Shares of the Company entitled to vote at the meeting.

The Board approved the Amended and Restated By-Laws on February 18, 2020 and the Amended and Restated By-Laws are subject to confirmation by Shareholders at the Meeting.

The foregoing description of the Company's Amended and Restated By-Laws is intended as a summary only and does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Amended and Restated By-Laws, which are set out in Schedule "D" of this Circular.

The full text of the resolution to confirm the Company's the Amended and Restated By-Laws is set out in Schedule "C" to this Circular.

Unless a proxy specifies that the Voting Shares it represents should be voted against the confirmation of the Amended and Restated By-Laws or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the Amended and Restated By-Laws.

6. Approval of a Plan of Arrangement to amend the Company's Articles

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, the Arrangement Resolution, to approve a plan of arrangement (the "**Arrangement**") under section 182 of the *Ontario Business Corporations Act* (the "**OBCA**") to effect amendments (the "**Amendments**") to the Company's Articles to align the restrictions on the level of non-Canadian ownership and voting control with those prescribed by the definition of "Canadian" in subsection 55(1) of the recently amended CTA.

The full text of the Arrangement Resolution is set out in Schedule "E" to this Circular.

The foregoing description of the Plan of Arrangement and the Amendments to the Company's Articles is intended as a summary only and does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Plan of Arrangement and the Articles of Arrangement, which are set out in Schedules "F" and "G", respectively, of this Circular.

Reasons for and background to the Arrangement

The Company proposes to make the Amendments to align the restrictions on the level of non-Canadian ownership and control within the Articles with those prescribed by the definition of "Canadian" in subsection 55(1) of the CTA, as amended by provisions of the TMA which became effective on June 27, 2018 (the "**CTA Amendments**"). Section 61(1)(a) of the CTA includes a condition that an applicant for a domestic air service operating licence be a "Canadian", as defined in the statute. Prior to the CTA Amendments, "Canadian" was defined to include "a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 75%, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned or controlled by Canadians".

The Government of Canada's stated purpose in proposing the CTA Amendments was to attract more foreign investment and encourage growth in the aviation sector by increasing the permitted level of foreign ownership allowed in respect of Canadian air carriers to 49% from 25%. At the same time, the CTA Amendments introduced two new limitations on voting control with respect to single non-Canadian holders and one or more non-Canadian holders authorized to provide an air service, in each case either individually or in affiliation with any other person. The applicable definition of "Canadian" following the CTA Amendments is now as follows:

"A corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where

- (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and*
- (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person."*

Section 63(1) of the CTA provides that the Canadian Transportation Agency (the "**Agency**") shall suspend or cancel the domestic licence of an air carrier where the Agency determines that, in respect of the service for which the licence is issued, the person ceases to meet any of the requirements in the CTA requiring that the carrier meet the definition of "Canadian".

As described in more detail below under "*The Arrangement and Amendments – Cargojet's current Articles*", the Company's current Articles include provisions which require that only Canadians are to beneficially own or control Common Voting Shares, and only non-Canadians are to beneficially own or control Variable Voting Shares, as well as provisions which cause the automatic conversion of Common Voting Shares beneficially owned or controlled by non-Canadians into Variable Voting Shares (and vice versa). The Articles also include a provision which reduces the

voting power of Variable Voting Shares (and therefore the voting power of non-Canadian holders in aggregate) to 25% of the aggregate votes attached to all outstanding Voting Shares. Accordingly, even if non-Canadians acquire a number of Voting Shares in excess of the statutory threshold, the voting power of all non-Canadians will be limited to 25%.

The proposed Amendments to the Articles are substantially the same as amendments to the articles which were proposed by other publicly listed Canadian air carriers or their holding companies (collectively, the “Air Carriers”) and approved by such Air Carriers’ shareholders at their respective meetings of shareholders in 2019. As done by the other Air Carriers in late 2018 – early 2019, Cargojet corresponded with the staff of the Agency in February, 2020. The staff of the Agency confirmed that it had completed its review of the Amendments and raised no questions or concerns.

At a meeting of the Board on February 18, 2020, the Board unanimously approved the Amendments and the Arrangement (subject to the receipt of necessary Shareholder and Court (as defined herein) approvals), determined that the Arrangement is in the best interests of the Company and recommended that Shareholders vote in favour of the Arrangement Resolution.

The Arrangement and Amendments

The Company intends to implement the Amendments by way of a Court supervised and Shareholder approved Arrangement pursuant to section 182 of the OBCA. The full text of the Plan of Arrangement is set forth in Schedule “F” to this Circular. If adopted, the Amendments will enable the Company to effectively regulate the ownership and voting control of Voting Shares in compliance with the Canadian ownership and control requirements in the CTA, as amended by the TMA.

Cargojet’s current Articles

The Articles currently provide for three classes of shares: Common Voting Shares and Variable Voting Shares and Preferred Shares.

Prior to the CTA Amendments, the definition of “Canadian” in the CTA prescribed a maximum 25% level of non-Canadian ownership and control. To address this limitation, the Company’s Articles currently provide as follows:

- the Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by non-Canadians;
- the Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians;
- each outstanding Common Voting Share automatically converts into a Variable Voting Share if such Common Voting Share becomes beneficially owned or controlled, directly or indirectly, by a person who is a member of a class of persons who is restricted under Canadian law from holding a specified percentage (or part) of the Company’s issued and outstanding shares;
- each outstanding Variable Voting Share automatically converts into a Common Voting Share if such Variable Voting Share becomes beneficially owned and controlled, directly or indirectly, by a Canadian, or if a holder of such Variable Voting Share becomes a member of a class of persons who is not restricted under Canadian law from owning shares of the Company or a specified percentage (or part) of the Company’s issued and outstanding shares;
- each Common Voting Share always carries one vote per share; and
- each Variable Voting Share carries one vote per share unless either:
 - the number of issued and outstanding Variable Voting Shares exceeds 25% of the total number of all issued and outstanding Voting Shares; or
 - the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting exceeds 25% of the total number of votes cast at such meeting,

in either of which case, the vote attached to each Variable Voting Share shall decrease automatically and proportionately so that the Variable Voting Shares as a class never carry more than 25% of the aggregate votes attached to all of the issued and outstanding Voting Shares, or of the votes which holders of Voting Shares cast at any meeting of Shareholders

Proposed Amendments to the Articles

The CTA Amendments increased the overall maximum level of non-Canadian ownership and control of voting interests in an air carrier to 49%, while also introducing and prescribing maximum ownership levels of 25% respectively for:

- any single non-Canadian holder, either individually or in affiliation with any other person; and
- any one or more non-Canadian holders authorized to provide an air service in any jurisdiction (in the aggregate), either individually or in affiliation with any other person.

In response to these new legislative thresholds, the Amendments will:

- increase the current single 25% proportional voting limitation with respect to the Variable Voting Shares as a class to 49%;
- add a 25% voting limitation to any single non-Canadian holder, either individually or in affiliation with any other person; and
- add a 25% aggregate voting limitation to all non-Canadian holders authorized to provide an air service, either individually or in affiliation with any other person.

The Amendments provide for an automatic reduction of the voting rights attached to Variable Voting Shares in the event any of the applicable limits are exceeded. In such event, the votes attributable to the Variable Voting Shares will be affected as follows:

- *first*, if required, a reduction of the voting rights of any single non-Canadian holder (including a single non-Canadian holder authorized to provide an air service) carrying more than 25% of the votes to ensure that such non-Canadian holder never carries more than 25% of the votes which holders of Voting Shares cast at any meeting of Shareholders;
- *second*, if required and after giving effect to the first proration set out above, a further proportional reduction of the voting rights of all non-Canadian holders authorized to provide an air service to ensure that such non-Canadian holders authorized to provide an air service, in the aggregate, never carry more than 25% of the votes which holders of Voting Shares cast at any meeting of Shareholders; and
- *third*, if required and after giving effect to the first two prorations set out above, a proportional reduction of the voting rights for all non-Canadian holders as a class to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes which holders of Voting Shares cast at any meeting of Shareholders.

The Amendments to the Articles also include the removal of the preferred shares as part of Cargojet's authorized capital.

A copy of the Articles, as amended by the Amendments, marked to show the changes to the current Articles, is attached as Schedule "G" to this Circular.

Implementation of the Amendments by way of the Arrangement

The Amendments will be implemented by way of the Arrangement. Cargojet determined that the use of a plan of arrangement under Section 182 of the OBCA is the most effective way to achieve the stated purpose of the CTA Amendments of increasing foreign ownership in Canadian air carriers while simultaneously maintaining Canadian control of such carriers.

No dissent rights will be provided to holders of Common Voting Shares and Variable Voting Shares in connection with the Arrangement given that the proposed Amendments are required to address a legislative change and do not affect the economic interest of any holders of Common Voting Shares and Variable Voting Shares.

In accordance with the Interim Order (as defined and discussed further below), holders of Common Voting Shares and Variable Voting Shares will vote together as a single class in respect of the Arrangement Resolution.

In addition, the fact that the Arrangement must be approved by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), at both the interim and final stages (see “*Description of the Arrangement – Court approval*” below) will allow the Court to ensure than an appropriate balancing of rights of all Shareholders, in view of the CTA Amendments, has been achieved.

The Board has unanimously concluded that the Arrangement is in the best interest of Cargojet and is fair to all Shareholders and unanimously recommends that all Shareholders vote in favour of the Arrangement Resolution and thereby approve the implementation of the Arrangement.

Board approval and recommendation

On February 18, 2020, the Board unanimously approved the Arrangement subject to the receipt of necessary Shareholder and Court approvals, and authorized submission of the Arrangement to the Shareholders for consideration and, following approval by the Shareholders, to the Court for consideration and approval.

The decision to approve the Arrangement was reached by the Board after consideration of many factors, including the following:

- The Amendments contemplated by the Arrangement will provide the most effective means to address the stated purpose of the CTA Amendments in increasing foreign investment in the Canadian air industry while maintaining Canadian control of Canadian air carriers.
- The Amendments contemplated by the Arrangement will provide Cargojet with a necessary and effective mechanism for restricting non-Canadian ownership and control as contemplated by the definition of “Canadian” in the recently amended CTA.
- The approach taken in respect of the Amendments to the Articles is substantially the same as that taken in 2019 by other publicly listed Air Carriers, or their respective holding companies, in Canada.
- Completion of the Arrangement is subject to approval by 66 ²/₃% of the votes cast by Shareholders.
- Completion of the Arrangement is subject to approval by the Court, which will consider, among other things, the fairness of the Arrangement to all Shareholders.

The Company has been advised that the directors and officers of Cargojet intend to vote all Voting Shares held by them in favour of the Arrangement Resolution.

Description of the Arrangement

If the Arrangement Resolution is passed and the Arrangement is approved by the Court, the effective date of the Arrangement is expected to be April 1, 2020, but may be such other date as may be determined by Cargojet. The Arrangement may, at any time before or after the holding of the Meeting and prior to filing the Articles of Arrangement under the OBCA to give effect to the Arrangement, be terminated by the Board without further notice to or action on the part of the Shareholders. Upon such termination, the Arrangement will not proceed.

Conditions to the Arrangement becoming effective

In order for the Arrangement to become effective, the following must occur:

- the required approval of the Shareholders shall have been obtained; and
- the final order of the Court (the “**Final Order**”) shall have been obtained in form and substance satisfactory to Cargojet acting reasonably.

Regulatory matters

Approval of the Arrangement by the Agency is not required; however, Cargojet has provided drafts of the documents relating to the Amendments and have engaged in discussions with staff of the Agency. Following correspondence in February, 2020, staff of the Agency confirmed that it had completed its review of the Amendments and raised no questions or concerns.

Any amendment to the articles of a listed issuer must be pre-cleared with the TSX, and, accordingly, Cargojet provided notice to the TSX regarding the Amendments. On January 30, 2020, the TSX accepted notice of the Amendments, subject to the satisfaction of customary conditions, including its review of the final form of the Amendments and approval of the Amendments by Shareholders.

Required Shareholder approval

The interim order of the Court dated February 26, 2020 (the “**Interim Order**”) provides that for the Arrangement to be implemented, the Arrangement Resolution must be passed, with or without variation, by at least 66 ²/₃% of the votes cast by the holders of Common Voting Shares and Variable Voting Shares, voting together as a single class, present in person or represented by proxy in respect of the Arrangement Resolution at the Meeting.

Unless a proxy specifies that the Voting Shares it represents should be voted against the approval of the Arrangement Resolution or voted in accordance with the specification in the proxy, the persons named in the enclosed form of proxy intend to vote FOR the Arrangement Resolution.

Court approval

Interim order

On February 26, 2020, the Court granted the Interim Order facilitating the calling and holding of the Meeting and prescribing the conduct of the Meeting and other matters. The Interim Order is attached as Schedule “H” to this Circular.

Final order

The OBCA provides that an arrangement requires Court approval. Subject to the terms of the Arrangement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, Cargojet will apply to the Court for the Final Order.

The application for the Final Order approving the Arrangement is scheduled for April 1, 2020 at 10:00 a.m. (Toronto time), or as soon thereafter as counsel may be heard, at the Court at 330 University Avenue, Toronto Ontario M5G 1R7. At the hearing, any Shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing with the Court and serving upon Cargojet on or before 10:00 a.m. (Toronto time) on March 30, 2020, a Notice of Appearance setting out their address for service and indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Shareholder or other interested party intends to advocate before the Court and any evidence or materials which such party intends to present to the Court. Service of such notice shall be effected by service upon the solicitors of Cargojet: Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto Ontario M5L 1B9, Attention: Jonah Mann. See the Notice of Application in respect of the Final Order attached as Schedule “I” to this Circular.


Cargojet has been advised by its counsel that the Court has broad discretion under the OBCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness and reasonableness of the Arrangement to the Shareholders and any other interested party as the Court determines appropriate, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any required amendments, Cargojet may determine not to proceed with the Arrangement.

DIRECTOR NOMINEES

Five directors are to be elected at the Meeting, each of whom is to hold office until the end of the next annual meeting of Shareholders or until their successors are elected or appointed.

All nominees have established their eligibility and willingness to serve as directors. As of the date hereof, management of the Company does not expect that any of the nominees will be unable to serve as a director. However, if, for any reason, at the time of the Meeting, any of the nominees are unable to serve and unless otherwise specified, it is intended that the persons designated in the form of proxy will vote in their discretion for a substitute nominee or nominees.

The following table sets our certain information regarding each of our director nominees:


	JAMES CRANE Houston, Texas, USA Age: 67 Director since 2015 Independent 2019 Voting Results: For: 99.50% Withheld: 0.50%		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 controlling investor and Chairman of the Houston Astros baseball team. On April 1, 2010, Mr. Crane became the owner of the Floridian National Golf Club in Palm City, Florida.		
	Board/Committee Memberships at the Date Hereof:	2019 Attendance	Attendance (Total):		Public Company Directorships:
Chairman of the Board Compensation and Nominating Committee ("CNC") Corporate Governance Committee ("CGC") Audit Committee ("AC")	4 of 4 4 of 4 4 of 4 4 of 4	16 of 16	100%	Western Gas ⁽¹⁾ Nabors Industries ⁽²⁾	May 2008 February 2012
Securities Held or Controlled:					
As at	Total Securities	Total Market Value of Securities	Minimum Shareholding Requirements⁽⁴⁾	Meets Requirements	
February 26, 2020	27,506 Variable Voting Shares 14,570 Options and SARs	\$2,842,195 \$369,198	\$299,250 (\$225,000 USD)	Yes	

(1) In addition to being a director, Mr. Crane is also a member of the Audit and Special Committees.


(2) In addition to being a director, Mr. Crane is also a member of the Compensation and Technical and Safety Committee

(3) The market value of options and SARs reflects the value of the vested in-the money options and SARs based on the closing price of the Voting Shares on December 31, 2019.


(4) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and Deferred Shares Units ("DSUs") however no DSUs have been granted as at the date hereof. See "Share Ownership Requirements" below.

	<p>AJAY VIRMANI Oakville, Ontario, Canada Age: 64</p> <p>Director since 2005</p> <p>2019 Voting Results: For: 98.39% Withheld: 1.61%</p>	<p>Mr. Virmani has over 42 years' experience in the transportation industry. Mr. Virmani served as Senior Vice President of Cottrell Transport Inc. ("Cottrell") from 1977 to 1990 when he left Cottrell to form Commercial Transport International (Canada) Ltd. ("CTI"). In 1992, CTI acquired Fastair Cargo Systems Ltd. ("Fastair") Mr. Virmani was President and Chief Executive Officer from 1990 to 2000. CTI/Fastair acquired Cottrell in 1995 and the air cargo division of TNT Worldwide in 1996. By 1999, CTI and Fastair had grown to one of the largest freight forwarders in Canada, with both companies employing over 400 team members, combined revenues of approximately \$100 million. CTI/Fastair were acquired in January of 2000 by Eagle Global Logistics where Mr. Virmani continued to serve as President from 2000 to 2001. In August 2001, Mr. Virmani, formed Canada 3000 Cargo Inc., a joint venture with Canada 3000 Airlines. In 2002, Mr. Virmani acquired 100 % Canada 3000 Cargo Inc. and rebranded the new company as Cargojet Canada Ltd. In 2005, Cargojet was converted to a public company. Mr. Virmani has served as the President and Chief Executive Officer of Cargojet since its inception, and has been responsible for the general business direction of the Company. Mr. Virmani earned a Masters of Business Administration from City University of New York in 1985 and was honoured with a Doctor of Laws degree by Assumption University Windsor Ontario.</p>		
	<p>Board/Committee Memberships at the Date Hereof:</p> <p>Member of the Board</p>	<p>2019 Attendance</p> <p>4 of 4</p>	<p>Attendance (Total):</p> <p>4 of 4 100%</p>	
Securities Held or Controlled:				
As at	Total Securities	Total Market Value of Securities⁽¹⁾	Minimum Shareholding Requirements⁽²⁾	Meets Requirements
February 26, 2020	877,356 Common Voting Shares ⁽³⁾ 55,301 Options 49,012 Restricted Right Share Units 4,929 Performance Share Units	\$90,657,195 \$1,805,382 \$5,064,410 \$764,352	N/A	N/A

- (1) The market value of options reflects the value of the vested in-the money options based on the closing price of the Voting Shares on December 31, 2019. While the ultimate value of the Performance Share Units is uncertain, we have calculated the value by Monte Carlo Simulation.
- (2) Minimum shareholding requirements only apply to independent directors. See "Voting Shares and Principal Holders of Voting Shares – Principal Holders of Voting Shares" for further information regarding Mr. Virmani's holdings. Satisfaction of the minimum shareholding requirements for the Chief Executive Officer is based on Voting Shares, Performance Share Units, RSUs and Options. See "Share Ownership Requirements" below.
- (3) Mr. Virmani holds 120,856 Common Voting Shares personally and 756,500 Common Voting Shares through The Virmani Family Trust. See "Voting Shares and Principal Holders of Voting Shares – Principal Holders of Voting Shares".

	<p>ARLENE DICKINSON Calgary, Alberta, Canada Age: 64</p> <p>Director since 2018</p> <p>Independent</p> <p>2019 Voting Results: For: 99.81% Withheld: 0.19%</p>	<p>Ms. Arlene Dickinson is the Founder and General Partner of District Ventures Capital, a venture capital firm focused on investing in the food and health space. She is also the CEO and sole owner of Venture Communications Ltd. one of Canada's largest independent full service marketing agencies. Ms. Dickinson is an Honorary Captain of the Royal Canadian Navy and is the recipient of Honorary Doctorate Degrees from Mount Saint Vincent University, Saint Mary's University, Concordia University as well as Degrees from Northern Alberta Institute of Technology and Olds College. She is the recipient of The Queen Elizabeth II Diamond Jubilee Medal.</p>		
	<p>Board/Committee Memberships at the Date Hereof:</p> <p>Member of the Board CNC CGC (Chair) AC</p>	<p>2019 Attendance</p> <p>4 of 4 4 of 4 4 of 4 4 of 4</p>	<p>Attendance (Total):</p> <p>16 of 16 100%</p>	
Securities Held or Controlled:				
As at	Total Securities	Total Market Value of Securities⁽¹⁾	Minimum Shareholding Requirements⁽²⁾	Meets Requirements
February 26, 2020	11,904 Common Voting Shares 14,570 Options and SARs	\$1,230,040 \$369,198	\$225,000	Yes


- (1) The market value of options and SARs reflects the value of the vested in-the money options and SARs based on the closing price of the Voting Shares on December 31, 2019.
- (2) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and Deferred Shares Units ("DSUs") however no DSUs have been granted as at the date hereof. See "Share Ownership Requirements" below.

	<p>PAUL GODFREY Toronto, Ontario, Canada Age: 82</p> <p>Director since 2009</p> <p>Independent</p> <p>2019 Voting Results: For: 96.23% Withheld: 3.77%</p>	<p>Mr. Godfrey currently serves as Chairman of the Board of Postmedia and Chairman of the Board of Trustees of RioCan Real Estate Investment Trust. He also served as the Chief Executive Officer of Postmedia Network Canada Corp. until January 2019. 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.</p>

Board/Committee Memberships at the Date Hereof:	2019 Attendance	Attendance (Total):		Public Company Directorships:	
Member of the Board CNC (Chair) CGC AC	4 of 4 4 of 4 4 of 4 4 of 4	16 of 16	100%	Postmedia Network Inc. RioCan Real Estate Investment Trust ⁽¹⁾	April 2010 December 1993

Securities Held or Controlled:				
As at	Total Securities	Total Market Value of Securities ⁽²⁾	Minimum Shareholding Requirements ⁽³⁾	Meets Requirements
February 26, 2020	24,988 Common Voting Shares 5,783 SARs	\$2,582,010 \$25,625	\$225,000	Yes

- (1) Mr. Godfrey is also a member of the Audit, Nominating and Governance and Investment Committees.
(2) The market value of SARs reflects the value of the vested in-the money SARs based on the closing price of the Voting Shares on December 31, 2019.
(3) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and Deferred Shares Units ("DSUs") however no DSUs have been granted as at the date hereof. See "Share Ownership Requirements" below.

	<p>JOHN WEBSTER Toronto, Ontario, Canada Age: 63</p> <p>Director since 2005</p> <p>Independent</p> <p>2019 Voting Results: For: 96.44% Withheld: 3.56%</p>	<p>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, Filigix 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.</p>

Board/Committee Memberships at the Date Hereof:	2019 Attendance	Attendance (Total):		Public Company Directorships:	
Lead Director CNC CGC AC (Chair)	4 of 4 4 of 4 4 of 4 4 of 4	16 of 16	100%	None	

Securities Held or Controlled:				
As at	Total Securities	Total Market Value of Securities ⁽¹⁾	Minimum Shareholding Requirements ⁽²⁾	Meets Requirements
February 26, 2020	5,988 Common Voting Shares 14,570 Options and SARs	\$618,740 \$369,198	\$225,000	Yes

- (1) The market value of options and SARs reflects the value of the vested in-the money options and SARs based on the closing price of the Voting Shares on December 31, 2019.
(2) Satisfaction of minimum shareholding requirements for independent directors is calculated based on Voting Shares and Deferred Shares Units ("DSUs") however no DSUs have been granted as at the date hereof. See "Share Ownership Requirements" below.

Remuneration of Directors

The non-executive director compensation program is designed to attract and retain experienced and skilled talent to serve on the Company's Board of Directors and its committees, leading to the strong stewardship and long-term success of the Company. The Company aims to adequately and competitively compensate directors, taking into account the risks and responsibilities of being an effective director. In setting director compensation levels, the Board considers best practices, the mix of remuneration between cash and equity, and the implementation of share ownership guidelines.

The fee schedule for the Company's non-executive directors is as follows:

		2019 Compensation (\$)	2020 Compensation (\$)
Annual Board Retainer	Cash	75,000	75,000
	Equity Award	30,000 (RSUs)	100,000 (DSUs)
Additional Compensation for Board of Directors Service			
Chairman	Additional Cash Retainer	100,000	100,000
Lead Director	Additional Cash Retainer	37,000	37,000
Audit Committee Chair	Additional Cash Retainer	20,000	20,000
Corporate Governance Committee Chair	Additional Cash Retainer	15,000	15,000
Compensation and Nominating Committee Chair	Additional Cash Retainer	15,000	15,000
Board and Committee Meeting Fee	Per Meeting	1,875	-

The Company's current policy is to pay Canadian non-executive directors in Canadian dollars and US non-executive directors in US dollars according to the approved fee schedule, subject to some limitations found in the equity plans.

The Board adopted a new compensation grid as of January 1, 2020, which is designed to provide total non-executive director compensation aligned with the median of the Company's North American Peer Group. Starting in 2020, non-executive directors will no longer be eligible for stock options and other forms of dilutive equity retainers. The equity component of the non-executive directors' compensation will be awarded in the form of fully vested cash-settled DSUs. DSUs will count towards satisfying share ownership requirements. Non-executive directors will have the opportunity to defer the cash portion of their cash compensation in DSUs voluntarily.

During fiscal 2019, non-executive directors were awarded a special grant of share appreciation rights ("SAR") worth \$100,000 and a last and special RSU grant worth \$50,000 in connection with their exceptional contribution to the closing of the strategic agreement with Amazon.

All directors are entitled to be reimbursed for out-of-pocket expenses reasonably incurred by them in their attendance of Board meetings. No director compensation is paid to directors who are members of management of the Company or its subsidiaries. For a summary of compensation paid to Mr. Virmani in his capacity as an executive officer of the Company, see "Executive Compensation Discussion and Analysis – Summary Compensation Table".

The following table provides information regarding compensation earned by the directors for acting in such capacity during the financial year ended December 31, 2019.

Name ⁽¹⁾	Fees Earned (\$)	Share-based Awards (\$) ⁽³⁾	Option-based Awards (\$) ⁽⁴⁾	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Jim Crane ⁽²⁾	270,138	90,304	100,000	-	-	-	460,442
John Webster	162,000	80,043	100,000	-	-	-	342,043
Paul Godfrey	120,000	80,043	100,000	-	-	-	300,043
Arlene Dickinson	120,000	80,043	100,000	-	-	-	300,043

Notes:

- (1) Fees earned include all fees earned during the fiscal year.
- (2) Director fees paid to Mr. Crane were in US dollars. The amount shown represents the CAD equivalent at the exchange rate of \$1.3177 CAD to \$1.00 USD.
- (3) 878 Common Voting Shares were granted to each of Mr. John Webster, Ms. Arlene Dickinson and Mr. Paul Godfrey, and 1,006 Variable Voting Shares were granted to Mr. Crane. There are no unvested shares or other share-based compensation as at February 20, 2019.
- (4) The awards were granted as SARs. The dollar amounts of the 2019 SAR awards represents the fair value of Options on the date they were granted. The grant date for the SAR awards was November 29, 2019. The value of each SAR award was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
 - i. Risk free rate: 1.00%
 - ii. Dividend yield: 0.95%
 - iii. Expected volatility: 26.15%

Share Ownership Requirements

The Board believes it is important that directors demonstrate their commitment to the Company's performance through share ownership. The Company has implemented share ownership guidelines for its independent directors. Independent directors are required to maintain a minimum investment in Cargojet shares equal to three times the annual Board retainer. Such investment may be satisfied in the form of Voting Shares or DSUs. Each independent director must satisfy these guidelines by the later of: (i) March 1, 2019 and (ii) within 5 years of the director's date of appointment to the Board. As at the date hereof, all the directors have met the required level of investment in Cargojet shares. Actual director equity ownership data is reported in the relevant section under the "Director Nominees" section of this Circular.

The Board has also implemented share ownership guidelines for its Chief Executive Officer and members of senior management, being those executives holding the titles of Senior Vice President and above. See "Executive Compensation Discussion and Analysis – Compensation Aligns with Long-Term Shareholder Interests".

Deferred Share Unit Program

Our Compensation and Nominating Committee is responsible for reviewing and approving any changes to the directors' compensation arrangements. To allow directors to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of Shareholders of Cargojet, the Board, on the recommendation of the Compensation and Nominating Committee, has approved a cash-settled deferred share unit program. In consideration for serving on our Board, each director that is not an employee will be paid an annual Board retainer, a portion of which is paid in Deferred Share Units ("DSUs"). See "Remuneration of Directors" above. With respect to DSUs, once a director ceases to be a member of the Board, DSUs will be settled by making a cash payment equal to the number of DSUs multiplied by the volume-weighted average trading price of the Voting Shares on the TSX for the five trading days preceding the settlement date as set out in the program.

Certain Proceedings

Except as described below, none of the proposed directors: (a) 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; (b) 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 (c) 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.

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: (a) 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 (b) 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.

CORPORATE GOVERNANCE PRACTICES

General

The Company and the Board recognize the importance of sound corporate governance practices to the proper and effective management of the Company and the operation of our business. This includes compliance with applicable regulatory requirements and the adoption of certain best practices that go beyond the requirements mandated by regulation. The Company continues to monitor corporate governance developments in Canada with a view to further enhancing its governance policies and practices, as appropriate.

To this end, the Company has adopted comprehensive corporate governance policies and procedures, including the following key policies and documents:

- Mandate of the Board of Directors
- Charters of the various Committees of the Board, including the Audit Committee, Corporate Governance Committee, and Compensation and Nominating Committee
- Position Descriptions for the Chairman of the Board, the Lead Director and CEO
- Code of Ethics
- Majority Voting Policy
- Clawback Policy
- Share Ownership Guidelines
- Advance Notice By-law
- Whistleblower Policy

Certain of the above documents, together with the Company's constating documents, can be found on the Company's corporate website at www.cargojet.com under the Company's "Legal" page.

The Board fulfills its mandate directly and through its committees at regularly scheduled meetings and more frequently as required, in light of the Company's key strategies, opportunities and risks. The directors are kept informed of developments in the Company's operations and industry through reports and discussions with management on matters within their particular areas of expertise.

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

Board of Directors

Independence

The Board is currently comprised of, and following the Meeting, is contemplated to be comprised of, five directors, four of whom are independent. Independence is determined in accordance with National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). Ajay Virmani is not considered independent because of his position as the Founder/ President & Chief Executive Officer ("**CEO**") of the Company. All committees of the Board are comprised entirely of independent directors.

The Company has taken steps to ensure that adequate structures and processes have been put in place to permit the Board to function independently of management of the Company. As discussed in greater detail under "*Position Descriptions*" below, while the Chairman of the Board is an independent director, the Board is also composed of a Lead Director to ensure additional leadership to the independent directors. The independent directors of the Board and each of the committees regularly hold *in camera* sessions without non-independent directors or management present. The Chairman of the Board and the Lead Director conducts these sessions at Board meetings and the chair of each committee conducts them at committee meetings.

Other Board Memberships

Members of our Board are also members of the boards of other public companies but do not sit on the same board of another public company. See the “*Director Nominees*” section of this Circular. The Compensation and Nominating Committee (the “**CNC**”) believes that there are no circumstances that would impact a director’s ability to exercise independent judgment and that each director has sufficient time to fulfill his or her commitment to the Company.

Skills of Director Nominees

The Company recognizes the importance and benefit of having members of the Board who are highly qualified with functional expertise and personal skills, having regard to the Company’s current and future plans and objectives, as well as regulatory and market developments. The skills matrix below lists the key areas of expertise and/or experience for each director nominee in areas that the Board considers important to the Company.

	James Crane	Ajay Virmani	Arlene Dickinson	Paul Godfrey	John Webster
Prior Public Co. Board Experience	X		X	X	X
CEO of a Public Company	X	X		X	
Strategic Planning	X	X	X	X	X
Compliance/Risk Management	X	X		X	X
Business Development and M&A	X	X	X	X	X
Government Affairs	X	X		X	X
Legal and Regulatory	X	X			X
Corporate Governance	X	X	X	X	X
HR/Compensation & Labour Relations	X	X		X	X
Health/Safety & Environmental	X	X		X	
Finance/Accounting	X	X	X	X	X
Institutional Investment Expertise	X		X		X
Information Technology	X	X	X		
Airline-Specific Expertise	X	X			
International Business	X	X	X		

Board Mandate

The Board is responsible for supervising the management of the Company’s business and affairs and is accountable to the Shareholders. The Board discharges its responsibilities directly and through delegation to the Audit Committee and other standing committees of the Board, currently consisting of the CNC and the CGC. The Board is responsible for oversight in the following key areas:

- reviewing and approving management’s strategic and business plans;
- overseeing management’s implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks;
- appointing our Chief Executive Officer, approving the corporate goals and objectives that our Chief Executive Officer is responsible for meeting and reviewing the performance of our Chief Executive Officer against such corporate goals and objectives;
- succession planning, including the appointment, training and supervision of management;
- approving the compensation of the senior executives of the Company upon the recommendation of the CNC;
- reviewing and monitoring the adequacy and effectiveness of the Company’s system of internal control and management information systems;
- approving corporate disclosure and applicable regulatory filings; and
- orientation and continuing education of directors.

Director Term Limits

The Company has chosen not to establish fixed term limits or a retirement age for its directors. While the Board values the need to foster renewal, objectivity and creativity, the Board also recognizes the need to retain institutional knowledge, expertise and continuity. As a result, the Board assesses each director in order to ensure that the Board is balanced between highly experienced directors with long-term knowledge of the Company and the industry and those with a fresh perspective. The Board maintains a director skills matrix (as set out under “*Skills of Director Nominees*” above) that identifies the skills and expertise required for the Board along with areas for growth and improvement and also gives consideration to diversity (see “*Board and Executive Officer Diversity Policy*” below). The Board will periodically consider whether term limits or alternate mechanisms of Board renewal should be adopted and will implement changes as necessary. Given the relatively small size of the Board, the CNC believes that refreshment and additional diversity can occur over time by increasing the overall size of the Board.

Compensation and Nominating Committee

The CNC is composed of Paul Godfrey (Chair), James Crane, Arlene Dickinson and John Webster, all of whom are independent. The Board has adopted a written mandate for the CNC. See “*Executive Compensation Discussion and Analysis – Compensation and Nominating Committee’s Mandate*” and “*Executive Compensation Discussion and Analysis – Composition of the Compensation and Nominating Committee*” for further for information regarding the Company’s compensation and nomination practices and the CNC.

Corporate Governance Committee

The CGC is composed of Arlene Dickinson (Chair), James Crane, John Webster and Paul Godfrey, all of whom are independent. The Board has adopted a written mandate for the CGC. The responsibilities of the CGC include assisting the Board in fulfilling its oversight responsibilities with respect to, among other things:

- developing our corporate governance guidelines and principles and providing us with governance leadership;
- monitoring and evaluating our securities compliance procedures; and
- reviewing the structure, composition and mandate of our Board and Board committees.

The CGC is responsible for establishing and implementing procedures to evaluate the performance and effectiveness of our Board and committees of our Board. The CGC also takes reasonable steps to evaluate and assess, on an annual basis, directors’ performance and effectiveness of our Board and committees of our Board. The assessment addresses, among other things, individual director independence, individual director and overall Board skills, and individual director financial literacy. Our Board receives and considers the recommendations from the CGC regarding the results of the evaluation of the performance and effectiveness of our Board and committees of our Board. See also “*Corporate Governance Practices – Assessment of the Board*”.

Audit Committee

The Audit Committee is composed of four directors, each of whom is financially literate and independent within the meaning of NI 52-110. The Audit Committee is composed of John Webster (Chair), James Crane, Paul Godfrey and Arlene Dickinson.

The mandate of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to, among other things:

- financial reporting and related financial disclosure;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures; and

- external and internal audit processes.

The Audit Committee is also responsible for the effectiveness of the Company's Whistleblower Policy and for any follow-up regarding instances of non-compliance. The Company's whistleblower policy provides that employees, directors and officers are required to anonymously report certain prohibited conduct regarding accounting, internal controls, disclosure controls or auditing matters to a designated third party service provider or the audit committee.

Information regarding the Company's Audit Committee is contained in the Company's annual information form (the "AIF") dated February 26, 2020 under the heading "Audit Committee". The AIF is available on SEDAR under the Company's profile at www.sedar.com and on the Company's website at www.cargojet.com.

Position Descriptions

Written position descriptions have been developed by the Board for the Chairman and Lead Director of the Board, the Chair of each committee of the Board, the CEO, and the Vice President Corporate Governance, as described below.

Chief Executive Officer

Ajay Virmani is the President and CEO of Cargojet. Our Board has adopted a written position description for our CEO which sets out the key responsibilities of our CEO, including, among other duties in relation to providing overall leadership, ensuring the development of a strategic plan and recommending such plan to our Board for consideration, ensuring the development of an business plan that supports the strategic plan and recommending such plan to our Board for consideration, and supervising day-to-day management of the Company.

Chairman of the Board

James Crane, the Chairman of the Board, is a non-executive director and meets the Board's independence standards. The Board has developed a position description for the Chairman of the Board which sets out the key duties and responsibilities of the Chairman of the Board, including, among other matters:

- providing overall leadership and enhancing the effectiveness and performance of the Board;
- fostering ethical and responsible decision making by the Board; and
- other duties relating to setting Board meeting agendas, chairing Board and shareholder meetings, director development and communicating with shareholders and regulators.

For more detailed information on the Chairman's responsibilities, the position description is available on our website at www.cargojet.com.

Lead Director of the Board

John Webster, the Lead Director of the Board, is a non-executive director and meets the Board's independence standards. The lead director provides leadership to the independent directors, as applicable, and is responsible, with the Chairman of the Board, for effectively managing the affairs of the Board and ensuring the Board is properly organized and functions efficiently. The Lead Director's key responsibilities include, among others, ensuring the Board can function independently of management and the Company, protecting all Shareholders' and other stakeholders' interests, as appropriate, and ensuring the Board and all sub-committees operate efficiently. For more detailed information on the Lead Director's responsibilities, the position description of the Lead Director is available on our website at www.cargojet.com.

Chairs of Each Committee of the Board

John Webster is the Chair of the Audit Committee, Paul Godfrey is the Chair of the CNC and Arlene Dickinson is the Chair of the CGC. Each meets the Board's independence standards. Our Board has adopted a written position description for each of our committee chairs which sets out each of the committee chair's key responsibilities, including, among others, duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

Vice President Corporate Governance

Mr. Fernando Garcia, the Company's Vice President Legal and Corporate Governance, is responsible for liaising with the Board and the CGC on matters to be reviewed and on any recommendations for the CGC to consider. The responsibilities of the Vice President Legal and Corporate Governance include, among other things, staying informed on corporate governance developments to ensure the Company is aware of the evolution of best practices and in compliance with changes in regulations and laws, collaborating with the CEO, the Board and the CGC, where appropriate, to develop and enhance the corporate governance policies and procedures and reviewing the mandates and charters, as applicable, of the Board and its committees, and providing appropriate information to management to enable them to exercise their accountabilities and responsibilities.

Executive Succession Planning

The Board formally reviews and discusses executive succession planning with the President and CEO. More particularly, the Board reviews the succession plan status for key executive officers and assesses whether there is a readiness to fill potential vacancies, identifies the qualified individuals to fill such vacancies on both an immediate and longer-term basis and determines whether there are any gaps in readiness, as well as how the executive succession planning process can be improved.

The Board also focuses specifically on the succession of the CEO as well as development considerations for a potential successor candidate. The Board maintains a list of both internal and external candidates to fill both unexpected as well as long-term needs of the corporation. The Board also meets with members of the executive management team through their participation in meetings and presentations to the Board, as well as occasionally through informal meetings throughout the year, which allows Board members to get to know members of the management team who are potential future leaders of the Corporation.

Orientation and Continuing Education

The Board believes that ongoing education is important for maintaining a current and effective Board. The Board is responsible for ensuring that new directors are provided with a comprehensive orientation and education program aimed at familiarizing themselves with the Company's industry, strategic plans, significant risk management issues and financial standing, as well as to provide a full understanding of the role of the Board and its committees, the contribution individual directors are expected to make and the nature and operation of the Company's business. The program may include presentations from senior management and visits to operational facilities.

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 its committees:

- (a) canvases the directors to determine their training and education needs and interests;
- (b) arranges ongoing visitation by the directors to the Company's facilities and operations; and
- (c) coordinates presentations by outside experts to the Board or its committees on matters of particular importance or emerging significance.

Assessment of the Board

The Board has implemented a formal process to assess the performance of the Board, its committees and individual directors on an annual basis. This assessment is done through the use of confidential questionnaires and the opportunity for one-on-one interviews with each director by the Chair of the CGC, including a peer review, in order to identify opportunities to enhance the operations and effectiveness of the Board and its committees. The Chair of the CGC will present the summarized results to the CGC and the Board.

Code of Ethics

We have adopted a written code of ethics (the “**Code**”) that applies to all of our officers, directors, employees, contractors and agents acting on behalf of the Company. The objective of the Code is to provide guidelines for maintaining our and our subsidiaries’ integrity, trust and respect. The Code addresses compliance with laws, rules and regulations, conflicts of interest, confidentiality, commitment, preferential treatment, financial information, internal controls and disclosure, protection and proper use of our assets, communications, fair dealing, fair competition, due diligence, illegal payments, equal employment opportunities and harassment, privacy, use of Company computers and the Internet, political and charitable activities and reporting any violations of law, regulation or the Code of Ethics. Our Board has ultimate responsibility for monitoring compliance with the Code of Ethics and it monitors compliance through the CEO and Chief Financial Officer. The Code of Ethics is filed with the Canadian securities regulatory authorities on the SEDAR website under the Company’s profile at www.sedar.com and is available on our website at www.cargojet.com.

Board and Executive Officer Diversity Policy

The Company has adopted a written diversity policy and recognizes the importance and benefit of having a workforce, including members of the Board and executive officers, comprised of highly talented and experienced individuals: (i) who reflect the diversity of the Company’s stakeholders, including its customers and employees, and the changing demographics of the communities in which the Company operates, and (ii) having regard to the need to foster and promote diversity among Board members, executive officers and others with respect to attributes such as gender, ethnicity, age, sexual orientation, national origin, disability and other characteristic that may otherwise be underrepresented. The Company is committed to an inclusive Board composition.

The Board will promote its objectives through such measures as the annual evaluation and assessment of the Board, individual directors and committee members (as discussed under “*Assessment of the Board*” above), the ongoing development and maintenance of a director skills matrix and ensuring that the nominee recruitment and identification process is appropriate in both depth and scope to foster identification and progression of diverse candidates. The Board seeks to implement such measures with a view to identifying and fostering the development of a suitable pool of female candidates, as well as candidates that reflect other attributes of diversity, for nomination or appointment over time, including Aboriginal peoples, persons with disabilities, members of visible minorities.

Our most recent new director, Arlene Dickinson, is female and was elected to the Board in 2018. As at the date hereof, there is one woman on our Board, representing 20% of the current five-person board and 25% of the Company’s independent directors. All such directors are seeking re-election at the Meeting. In addition, five women hold executive officer positions, representing approximately 21.0% of the Company’s executive officers.

Board Nomination Target for 2020

It is the target of the Board to appoint a new independent female director during 2020. Board diversity and nominations are two issues that the Board takes very seriously. The Board has already identified a short list of excellent potential female candidates and is completing the process of assessing in detail the skill sets of the finalists, ensuring that their existing commitments would not alter their ability to serve on the Board to the best of their ability, as well as completing all customary due diligence.

CORPORATE PERFORMANCE

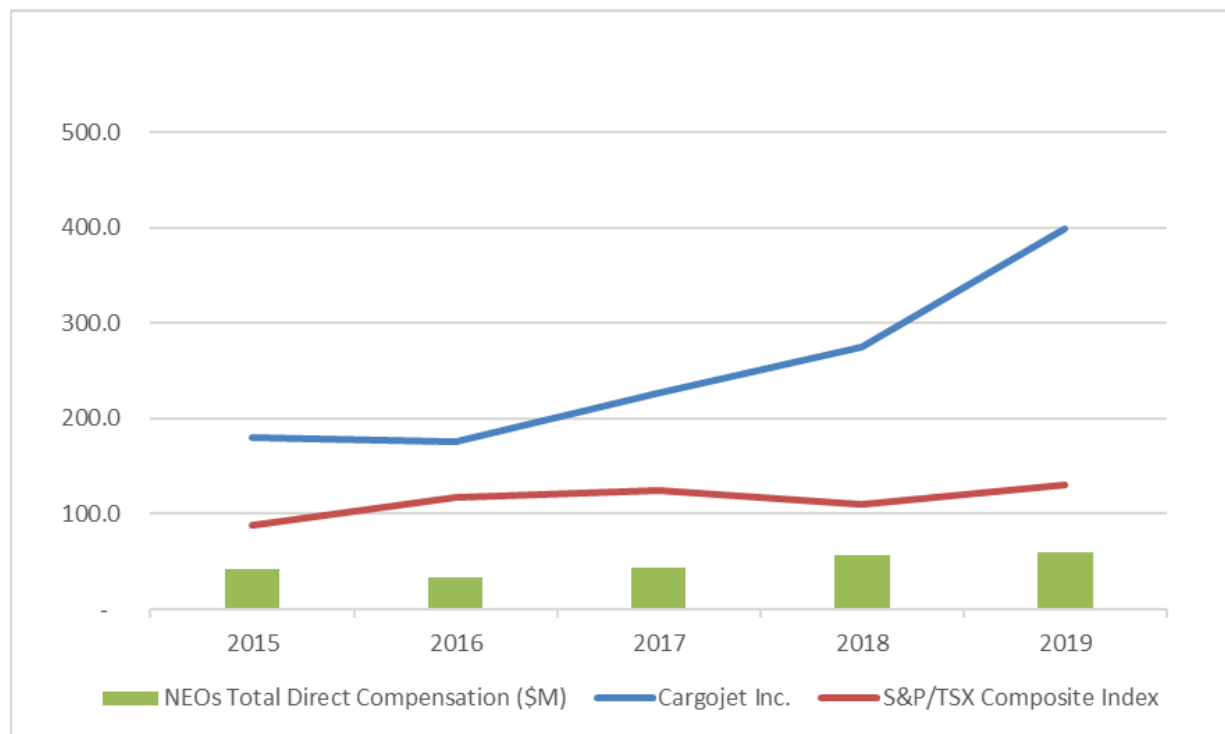
2019 Key Accomplishments

In 2019, Cargojet was able to achieve numerous important performance milestones and accomplish key strategic objectives. The following is a summary of these accomplishments, among others:

- new strategic agreement with Amazon to provide middle mile air-transportation services in Canada;
- continued insourcing of all ground handling operations across our Canadian network, including the acquisition of a ground handling and GSE company at Mirabel airport;
- an increase in the Company's quarterly cash dividend by 10.4%;
- awarded the Shipper's Carrier of Choice Award by the Canadian *Shipper* magazine, a leading industry publication;
- record volumes and added to capacity to meet e-Commerce overnight delivery demand;
- record revenue of \$486.5 million, \$31.7 million or 7.0% over 2018; and
- record adjusted EBITDA of \$156.0 million, \$28.0 million or 21.9% over 2018.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return for \$100 invested in Voting Shares on January 1, 2015 against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Company, assuming the reinvestment of all distributions and dividends, as applicable.



	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019
Cargojet Inc.	179.5	176.2	226.9	275.0	398.9
S&P/TSX Composite Index	88.9	117.5	124.6	110.1	131.2
NEOs Total Direct Compensation (\$M)	8.6	6.6	8.7	11.4	11.9
Number of NEOs	5	5	6	6	5

During the period from January 1, 2015 to December 31, 2019, the Company's cumulative total shareholder return increased by 307.2% compared to the S&P/TSX Index increase of 35.6%. During this same period, the total direct compensation awarded to our NEOs generally followed an upward trend but of a lower magnitude as a result of the Board's commitment to tying executive compensation to corporate performance and in accordance with the evolution of the Company's scope and size.

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

Compensation and Nominating Committee Letter to Shareholders

Dear fellow Shareholders,

On behalf of the Board of Directors, the CNC oversees the Company's approach to executive compensation, including the Company's overall compensation philosophy and decisions regarding Named Executive Officer ("NEO") compensation. The CNC is also committed to maintaining a healthy, constructive and ongoing dialogue with you regarding the Company's compensation practices and processes, and to continuously improving the Company's compensation framework in step with its growth and evolving best practices.

Compensation and Governance Highlights

Highlights of the work completed in 2019 by the CNC regarding NEO compensation include:

- rollout of a non-dilutive PSU Plan designed according to best governance practices with vesting without floor based on absolute return on invested capital ("ROIC") and on relative total shareholder return ("TSR");
- special bonus to our CEO in connection with his extraordinary and transformational performance resulting in the closing of our strategic agreement with Amazon;
- implementation of double-trigger change of control provisions in all our long-term incentive plans;
- implementation of share ownership guidelines for all members of our senior leadership team; and
- the adoption of a clawback policy.

For 2020, the CNC has already implemented the following:

- preparation of an Omnibus Incentive Plan with a modest fixed reserve to replace our evergreen stock option and RSU plans, and for which we are seeking your approval at the Meeting;
- discontinuation of time-based RSUs as a form of regular long-term incentives; and
- introduction of non-dilutive cash settled DSUs as the sole equity-based vehicle for non-executive directors from January 1, 2020 onwards because the Company will no longer award RSUs or stock options to non-executive directors.

2019 Cargojet Performance and CEO Compensation

2019 was an excellent year for Cargojet and its Shareholders. The Company's total shareholder return was 47.5% for the year while the S&P/TSX Composite Index recorded a 22.9% return. The year over year growth of revenue was of 6.9% and of adjusted EBITDA was of 21.9%. The Company also successfully completed important strategic partnerships and transactions. See "*Corporate Performance – Key Accomplishments*" in this Circular.

As a result, our CEO received a STIP award corresponding to 250% of target, the maximum under the STIP, as well as an LTIP grant at target allocated 66.66% in PSUs and 33.33% in stock options. The PSUs have no minimum vesting and will vest based on absolute ROIC goals and on the Company's TSR relative to the S&P/TSX Composite Index over the 2019-2021 performance cycle. In addition, in recognition for the extraordinary achievements of Mr. Virmani in connection with the closing of our transformational strategic agreement with Amazon, the Board awarded him a special one-time bonus worth 300% of base salary. The amount of this special bonus was determined considering the magnitude of the immediate and long-term accretive impact of the agreement on the Company's results, as well as market practices for similar "game-changing" achievements. To further improve alignment with shareholders, the Board decided to settle the special Amazon-related bonus in time vested RSUs in lieu of cash.

Engagement with Shareholders

We are committed to engaging effectively and continuously with shareholders. We value the feedback we receive through these interactions, as evidenced by recent changes to our compensation program and compensation governance and risk management practices, and we will certainly continue to welcome your comments, suggestions and questions at pdhillon@cargojet.com.

On behalf of the CNC and the Board of Directors, I encourage you to take some time to read the Executive Compensation Discussion and Analysis.

Sincerely,

" Paul Godfrey"

Paul Godfrey, Chair

Compensation and Nominating Committee

Introduction

This Executive Compensation Discussion and Analysis (“**CD&A**”) discloses certain financial and other information relating to the compensation of the Company’s Founder / President & CEO, the Chief Financial Officer and the Company’s three most highly compensated executive officers (other than the CEO and CFO) (together with the CEO and CFO, the “**Named Executive Officers**” or “**NEOs**”).

This 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, components of NEO compensation for the financial year ended December 31, 2019, and the rationale for NEO compensation levels. The NEOs for the financial year ended December 31, 2019 were:

- (a) Ajay Virmani, Founder / President & Chief Executive Officer (“**CEO**”)
- (b) Jamie Porteous, Executive Vice President & Chief Commercial Officer (“**CCO**”)
- (c) Pauline Dhillon, Executive Vice President
- (d) John Kim, Chief Financial Officer (“**CFO**”)
- (e) 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:

- (a) compensation levels should be fair and competitive with the market;
- (b) compensation should help to retain and motivate executives who are critical to the Company’s long-term success;
- (c) compensation should reward overall business performance and should encourage an environment of teamwork and collaboration;
- (d) compensation should align the interests of the Company’s executives with those of Shareholders; and
- (e) 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.

Compensation and Nominating Committee’s Mandate

The responsibilities of the CNC include assisting the Board in fulfilling its oversight responsibilities with respect to, among other things:

- ensuring that compensation programs are competitive so that the Company can attract, motivate and retain high caliber individuals and make recommendations to the Board as to such matters;
- reviewing the performance and compensation of the President and Chief Executive Officer and other executive officers;
- reviewing performance objectives for STIP and LTIP purposes and review long-term incentive grants;
- determining individual participation in, and the level of participation thereof, in the LTIP, along with the LTIP award conditions in accordance with its terms;

- assisting the Board concerning the appointment, hiring, compensation, benefits and termination of executive officers and all other significant employees of the Company;
- reviewing all aspects of compensation paid to the members of the Board; and
- reviewing the Company's approach to matters of nominations to the Board.

The CNC met four times in 2019 and the Chair of the CNC worked closely with the independent executive compensation advisor to ensure that the Company's compensation programs are aligned with Shareholders' interest and fully support the Company's business strategy.

Composition of the Compensation and Nominating Committee

The CNC is comprised of Paul Godfrey (Chair), James Crane, Arlene Dickinson 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 Board recognizes that the current members of the CNC have the experience and knowledge to review and make recommendations to the Board regarding executive compensation and human resources matters. Specifically, the biographies of the current members of the CNC as set out under "*Director Nominees*" highlight their skills and experiences relevant to the CNC's responsibility with respect to executive compensation.

Risk Oversight

The Board knows that compensation practices can have unintended risk consequences. The CNC is responsible for risk oversight of the Company's compensation policies and practices and in that regard, works to identify and stop any compensation practice that might encourage an employee to expose the Company to inappropriate or excessive risk and 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. The Board rewards individuals for the success of the Company once that success has been demonstrated. In addition, a significant portion of each executive's total compensation is equity-based in order to motivate executives to focus on long-term results. The Company has adopted the following practices to mitigate compensation-related risks:

- a cap on all STIP payouts and PSU vesting;
- a clawback policy that enables the Board, at its discretion, to cancel some or all vested or unvested incentive awards to executives and to recoup incentive awards that have been already paid or vested taking into account any considerations it deems appropriate, including, the applicable governing law including the likelihood of success and the cost of pursuing recovery, any prejudice to the interests of the Company, including in any related proceeding or investigation, and the participation of the executive officer in the circumstances relating to serious misconduct, a breach to the Company's Code, non-compliance with applicable laws and regulations and accounting fraud or actions that results in the need for the correction or restatement of financial results;
- an anti-hedging provision in the Company's Insider Trading Policy prohibits the Company's employees from directly or indirectly buying or selling a call, a put or any other financial instruments on Company's securities designed to hedge, monetize or offset a decrease in the market value of Company's securities; and
- executive officer share ownership guidelines.

In addition, in October 2019, the CNC recommended, and the Board approved, the amendment of the RSU Plan and the Stock Option Plan to modify the change of control provision from a "single-trigger" in respect of the acceleration of vesting of awards, meaning that a participant will receive the value of his or her award upon a change of control (as such term is defined in each of the RSU Plan and the Stock Option Plan) to a "double-trigger" vesting provision, which requires two events to accelerate the vesting of awards. In the case of the RSU Plan and the Option Plan, the "double-trigger" provision requires that a change of control occurs and that the participant's employment be

terminated without cause within 24 months of the change of control. A similar “double-trigger” vesting provision is included in the Omnibus Incentive Plan.

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 Chair 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.

Role of Independent Advisors in Compensation Decisions

The CNC has the authority to select, engage and compensate an external executive compensation consultant to carry out its duties. In 2018, the CNC engaged Hexarem Inc. (“Hexarem”), as external independent advisor, to provide ongoing advisory services to the Committee. In 2019, Hexarem assisted the CNC with the implementation of the new long-term incentive program, the benchmarking of a number of market practices and the review of the Company’s approach to Board compensation. The following table presents the fees paid to Hexarem:

Fiscal Year	Advisor	Executive compensation-related fees (\$)	All other fees (\$)
2019	Hexarem	69,925	--
2018	Hexarem	30,956	--

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 deductible of \$100,000 for securities claims only. For the policy year of November 1, 2019 to November 1, 2020, the Company paid an annual premium of \$72,403 for this insurance. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the directors and officers of such entity.

Named Executive Officers’ Compensation

The total direct compensation awarded to NEOs consists primarily of the following three components described in this section:

- base salary;
- short-term incentives; and
- long-term incentives.

The Company made significant changes to its executive compensation which took effect in 2019. As a result, the 2019 LTIP grants were awarded in the form of a combination of stock options and cash-settled PSUs.

	Old LTIP (until 2018)	New LTIP (effective 2019)
Vehicle	<ul style="list-style-type: none"> • RSUs settled in shares • Stock options 	<ul style="list-style-type: none"> • 66.67% in the form of PSUs settled in cash • 33.33% in the form of stock options
Grant value	<ul style="list-style-type: none"> • The number of RSUs and stock options awarded at the time of grant was determined based on EBITDA performance results and individual performance 	<ul style="list-style-type: none"> • The number of PSUs and stock options to be awarded at the time of grant will be based on individual target, subject to the Board's discretion
Performance vesting conditions	<ul style="list-style-type: none"> • RSUs and stock options were time-vesting only 	<ul style="list-style-type: none"> • PSUs will vest after three years based on absolute annual ROIC targets and relative TSR results. The final payout will be based on a performance multiplier in a range between 0.0x and 2.5x. • Stock options will remain time-vesting.

2019 Direct Pay Mix at Target

The direct 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 direct compensation components for the NEOs for fiscal 2019 is shown in the following table:

Name	Total Direct Compensation Mix at Target ⁽¹⁾			Variable Compensation ⁽¹⁾
	Base Salary	Short-term Incentives	Long-term Incentives	
Ajay Virmani	31%	46%	23%	69%
Jamie Porteous	47%	30%	23%	53%
Pauline Dhillon	56%	22%	22%	44%
John Kim	56%	22%	22%	44%
Paul Rinaldo	56%	22%	22%	44%

Note:

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

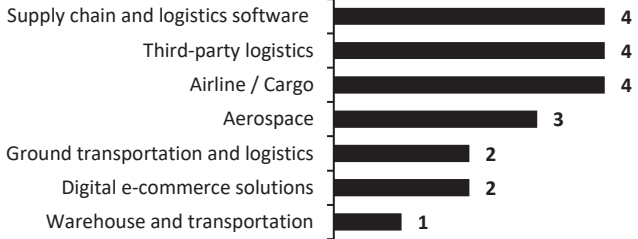
Executive Ownership Guidelines

The Board believes it is important that the members of the executive team demonstrate their commitment to the Company's long-term performance through share ownership. The Company has implemented share ownership guidelines for its Chief Executive Officer and members of senior management, being those executives holding the titles of Senior Vice President and above. The Chief Executive Officer is required to maintain a minimum investment in Cargojet shares equal to three times the annual base salary. The members of management holding the title of Senior Vice President and above are required to maintain a minimum investment in Cargojet shares equal to one time their annual base salary. In both cases, such investment may be satisfied in the form of Voting Shares, PSUs, RSUs and Options. Each member of the executive team must satisfy these guidelines by the later of: (i) March 1, 2019 and (ii) within 5 years of their appointment to an eligible position. As at the date hereof, all NEOs have met the required level of share ownership.

Competitive Benchmarking

In order to attract and retain effective and innovative leadership, the Company seeks to ensure that its executive compensation programs remain competitive with its market. Hexarem benchmarks the CEO’s total compensation against relevant market practices reflecting current job scope, company challenges and individual track record at the request of the CNC.

The Company has adopted the following peer group to establish the CEO’s compensation:

Companies (n=20)	North American Peer Group														
Air Transport Services Group Inc.	<ul style="list-style-type: none"> • The air cargo marketplace does not count a sufficient number of publicly-traded companies to create a robust enough comparator group for benchmarking purposes • In North America, the very few similar and publicly-traded companies include Atlas Air Worldwide and Air Transport Services Group • Consequently, we have broadened our selection criteria by selecting: <ul style="list-style-type: none"> – Companies in sectors where skill sets and challenges are comparable to those of Cargojet’s – Similarly-sized companies in terms of EBITDA, enterprise value and total return to shareholders • 20 companies (13 are US-based and 7 Canadian-based) were selected <div style="margin-top: 20px;">  <table border="0" style="margin-left: 40px;"> <tr> <td>Supply chain and logistics software</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Third-party logistics</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Airline / Cargo</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Aerospace</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Ground transportation and logistics</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Digital e-commerce solutions</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Warehouse and transportation</td> <td style="text-align: right;">1</td> </tr> </table> </div>	Supply chain and logistics software	4	Third-party logistics	4	Airline / Cargo	4	Aerospace	3	Ground transportation and logistics	2	Digital e-commerce solutions	2	Warehouse and transportation	1
Supply chain and logistics software		4													
Third-party logistics		4													
Airline / Cargo		4													
Aerospace		3													
Ground transportation and logistics		2													
Digital e-commerce solutions		2													
Warehouse and transportation		1													
Americold Realty Trust															
ArcBest Corp.															
Atlas Air Worldwide Holdings Inc.															
CAE Inc.															
Descartes Systems Group Inc.															
Echo Global Logistics Inc.															
Forward Air Corp.															
Hawaiian Holdings Inc.															
Heroux Devtek Inc.															
Kinaxis Inc.															
Landstar System Inc.															
Magellan Aerospace Corp.															
Manhattan Associates Inc.															
Pitney Bowes Inc.															
Radiant Logistics Inc.															
SPS Commerce Inc.															
Stamps.com Inc.															
TFI International Inc.															
WestJet Airlines Ltd.															

North American Peer Group compensation data were also supplemented with statistics from a group of similarly-sized Canadian publicly-traded companies from the general industry.

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:

- the NEO's current positioning 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).

Name	2019 Base Salary (\$)	2018 Base Salary (\$)
Ajay Virmani	975,000	975,000
Jamie Porteous	495,000	495,000
Pauline Dhillon	300,000	300,000
John Kim	275,000	275,000
Paul Rinaldo	250,000	250,000

Short- and Long-Term Incentive Plans

Pay for performance is an important underlying principle of the Company's executive compensation philosophy, with the result that variable compensation represents a substantial proportion of total compensation. See "2019 Direct Pay Mix at Target" above.

The STIP is based on the Company meeting specific Adjusted EBITDA targets and the NEOs achieving specific personal performance objectives. Each year, the CNC recommends for approval by the Board the STIP design, including business performance measures, weightings, and threshold, target and maximum goals. At the end of the fiscal year, management determines the results of the STIP performance measures, and these are compared to the pre-established financial and non-financial goals. No STIP awards are normally paid for a performance measure if the result falls below the established threshold.

PSUs and stock options are normally awarded according to individual LTIP targets each year. In addition, two-thirds of the NEOs' long-term incentives are awarded in the form of PSUs which vest based on three-year post-grant performance whereas the other third is awarded in the form of stock options which vest based on time. The minimum PSU vesting is at 0% if three-year performance is below threshold.

2019 Performance and Compensation Decisions

At the beginning of 2019, management and the CNC agreed in regard to the STIP Adjusted EBITDA threshold, target and maximum goals. The maximum STIP goal was set at \$169.0 million before management bonuses for the year ending December 31, 2019. Consistently, for the fiscal year ending on December 31, 2019, the Board has approved the following STIP payouts to each NEO based on the 2019 actual Adjusted EBITDA of \$170.1 million before management bonuses and their personal performance:

2019 Adjusted EBITDA Before Management Bonuses	
Maximum Goal	Actual
\$169.0 million	\$170.1 Million

Name	STIP Awards Based on Adjusted EBITDA and Individual Performance (% of Base Salary)	
	Target Award	2019 Actual
Ajay Virmani	150%	375%
Jamie Porteous	65%	114%
Pauline Dhillon	40%	70%
John Kim	40%	60%
Paul Rinaldo	40%	60%

All NEOs received a 2019 STIP award corresponding to their individual maximum.

2019 LTIP Grants

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 long-term corporate financial targets. Pursuant to the LTIP, awards are comprised of grants from the Company's PSU Plan and Option Plan.

The 2019 PSU and stock option grants were awarded according to individual LTIP targets as follows:

Name	Number of PSUs Granted	PSU Grant Value (\$) ⁽¹⁾	Number of Stock Options Granted	Stock Option Grant Value (\$) ⁽¹⁾
Ajay Virmani	4,929	487,500	10,301	243,750
Jamie Porteous	1,668	165,000	3,487	82,500
Pauline Dhillon	809	80,000	1,690	40,000
John Kim	741	73,333	1,550	36,667
Paul Rinaldo	674	66,667	1,409	33,333

Note:

(1) Key valuations assumptions are presented in the notes to the "Equity-based Awards" table.

PSU vesting over the 2019-2021 cycle will be calculated according to the following goals:

Indicators	Weight	Threshold Goal (performance multiplier of 0.0x)	Target Goal (performance multiplier of 01.0x)	Maximum Goal (performance multiplier up to 2.5x)
Annual Absolute ROIC	50%	2019: 2.1% 2020: 3.5% 2021: TBD	2019: 2.9% 2020: 4.9% 2021: TBD	2019: 3.5% 2020: 5.8% 2021: TBD
Relative TSR	50%	Cargojet's 3-year cumulative TSR is 25% below the S&P/TSX Composite Index or less	Cargojet's 3-year cumulative TSR is equal to the S&P/TSX Composite Index	Cargojet's 3-year cumulative TSR is 25% above the S&P/TSX Composite Index or more

Performance multiplier between threshold and target or between target and maximum will be interpolated according to results recorded over the three-year cycle.

The rationale to select absolute ROIC as long-term performance indicator in the PSU plan is as follows:

- support profitable growth;
- encourage disciplined capital investments; and
- market prevalent indicator in capital intensive companies, including at direct peers.

The rationale to select relative TSR as long-term performance indicator in the PSU plan is as follows:

- align executive compensation with shareholder return;
- filter-out the impact on Cargojet's performance of Canada-wide economic conditions by using the S&P/TSX Composite Index as benchmark; and
- market prevalent indicator encouraged by institutional shareholders.

The Board believes that the S&P/TSX Composite Index is the most appropriate performance peer group for relative performance assessment purposes in the PSU plan. As a result, it is used instead of our benchmarking peer group for relative performance evaluation purposes.

The following tables outline the burn rate for the past three years as of December 31, 2019, calculated using the TSX prescribed methodology. The burn rate is calculated by dividing the number of RSUs or stock options, as applicable, during the relevant fiscal year by the weighted average number of securities of the Company outstanding for the applicable fiscal year:

Year	Weighted Average Number of Securities Outstanding	RSUs		Stock Options	
		Number Granted	Annual Burn Rate	Number Granted	Annual Burn Rate
2019	15,575,084	78,336	0.50%	29,915	0.20%
2018	13,410,024	56,566	0.40%	185,148	1.40%
2017	12,117,861	63,089	0.50%	-	-

The following table provides a summary, as at December 31, 2019, of the Company's compensation plans under which equity securities of the Company are authorized for issuance:

	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights as at December 31, 2019	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at December 31, 2019 (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in The First Column) as at December 31, 2019
Equity Compensation Plan Approved by Shareholders			
• RSU Plan	68,134	--	430,269 ⁽¹⁾
• Stock Option Plan	179,606	70.00	599,148 ⁽²⁾
Equity Compensation Plan not Approved by Shareholders	--	--	--
Total	247,740	70.00	1,029,417

Notes:

- (1) This number represents the aggregate number of securities available for future issuance under the RSU Plan and represents 2.8% of the issued and outstanding Voting Shares as at December 31, 2019
- (2) This number represents the aggregate number of securities available for future issuance under the Option Plan and represents 3.8% of the issued and outstanding Voting Shares as at December 31, 2019.

The following are summaries of the Omnibus Incentive Plan, which is subject to Shareholder approval at the Meeting, the RSU Plan, the Option Plan, and the PSU Plan.

Omnibus Long-Term Incentive Plan

The Company is seeking Shareholder approval of the Omnibus Incentive Plan at the Meeting. The Omnibus Incentive Plan will allow for a variety of equity based awards that provide different types of incentives, particularly options and restricted share units ("RSUs"), to be granted to certain of our executive officers, employees and consultants. Non-executive directors will not be eligible participants. Options and RSUs are collectively referred to herein as "Awards". The following discussion is qualified in its entirety by the text of the Omnibus Incentive Plan.

Under the terms of the Omnibus Incentive Plan, the Board, or if authorized by our Board, the CNC may grant Awards to eligible participants, as applicable. Participation in the Omnibus Incentive Plan is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than by will or the laws of descent and distribution.

The Omnibus Incentive Plan provides that appropriate adjustments, if any, will be made by our Board in connection with a reclassification, reorganization or other change of our Voting Shares, share split or consolidation, distribution,

merger or amalgamation, in the Voting Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the Omnibus Incentive Plan.

All prior options and RSUs granted under the Company’s existing option plan and RSU plan, respectively, will continue to be governed by the terms of such plans; however, assuming the Omnibus Incentive Plan is approved by Shareholders at the Meeting, awards granted thereafter will be governed by the Omnibus Incentive Plan.

If the Omnibus Incentive Plan is approved, the number of Voting Shares that will be reserved for issue upon the exercise or settlement for all Awards granted under the Omnibus Incentive Plan will be equal to 3.50% of the outstanding Voting Shares as of the adoption date less the number of outstanding awards under the Company’s other share compensation arrangements as of the adoption date, provided that the maximum number of RSUs reserved for issuance upon settlement of RSUs under the Omnibus Incentive Plan and the Company’s existing RSU Plan, shall not exceed 1.00% of the outstanding Voting Shares as of the adoption date of the Omnibus Incentive Plan. Any awards exercised or settled for Voting Shares under the Omnibus Incentive Plan will not be available for future grants.

For the purposes of calculating the maximum number of Voting Shares reserved for issuance under the Omnibus Incentive Plan, any issuance from treasury by the Company that is issued in reliance upon an exemption under applicable stock exchange rules applicable to equity based compensation arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an insider of the Company shall not be included.

The maximum number of Voting Shares that may be: (i) issued to insiders of the Company within any one-year period; or (ii) issuable to insiders of the Company at any time, in each case, under the Omnibus Incentive Plan alone, or when combined with all of the Company’s other security-based compensation arrangements, including the Option Plan and the RSU Plan, cannot exceed 10% of the aggregate number of Voting Shares issued and outstanding from time to time.

An option shall be exercisable during a period established by our Board which shall commence on the date of the grant and shall terminate no later than five years (subject to board discretion to a maximum of ten years) after the date of the granting of the option or such shorter period as the Board may determine. The minimum exercise price of an option will be determined based on the average closing price of the Voting Shares on the TSX on the five trading days prior to the date such option is granted. The Omnibus Incentive Plan provides that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 business days after the last day of the black-out period. In order to facilitate the payment of the exercise price of the Options, the Omnibus Incentive Plan has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker assisted “cashless exercise” or a “net exercise” (in cash or Voting Shares) subject to the procedures set out in the Omnibus Incentive Plan, including the consent of the Board, where required.

The following table describes the impact of certain events upon the rights of holders of Awards under the Omnibus Incentive Plan, including termination for cause, resignation, retirement, termination other than for cause, and death or long-term disability, subject to the terms of a participant’s employment agreement, grant agreement and the change of control provisions described below:

Event Provisions	Options	RSUs
Termination for cause	Immediate forfeiture of all unexercised vested and unvested Options.	Immediate forfeiture of all unvested RSUs.
Resignation, retirement and termination other than for cause	Forfeiture of all vested Options and the earlier of the original expiry date and 90 days after resignation to exercise vested Options or such longer period as our Board may determine in its sole discretion.	Forfeiture of all unvested RSUs and the Company shall issue Shares in satisfaction of any vested RSUs.

Event Provisions	Options	RSUs
Death or long-term disability	Forfeiture of all invested Options and the earlier of the original expiry date and 12 months after date of death or long-term disability to exercise vested Options or such longer period as our Board may determine in its sole discretion.	RSUs shall continue to vest for a maximum period of 12 months or until the vesting date set out in the participant's grant agreement (whichever is shorter) and settle within 30 days of such period.

In connection with a change of control of the Company, the Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity, provided that the Board may accelerate the vesting of Awards if: (i) the required steps to cause the conversion or exchange or replacement of Awards are impossible or impracticable to take or are not being taken by the parties required to take such steps (other than the Company); or (ii) the Company has entered into an agreement which, if completed, would result in a change of control and the counterparty or counterparties to such agreement require that all outstanding Awards be exercised immediately before the effective time of such transaction or terminated on or after the effective time of such transaction. If a participant is terminated without cause during the 24 month period following a change of control, any Awards then outstanding shall automatically vest so that (i) Options may be exercised in whole or in part by the participant for 90 days thereafter or prior to the expiry date in respect thereof, whichever is sooner, and; (ii) RSUs shall vest and the participant shall be entitled to receive and the Company shall issue Voting Shares in satisfaction of such RSUs.

The Board may, in its sole discretion, suspend or terminate the Omnibus Incentive Plan at any time, or from time to time, amend, revise or discontinue the terms and conditions of the Omnibus Incentive Plan or of any securities granted under the Omnibus Incentive Plan and any grant agreement relating thereto, subject to any required regulatory and TSX approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Incentive Plan or as required by applicable laws.

Our Board may amend the Omnibus Incentive Plan or any securities granted under the Omnibus Incentive Plan at any time without the consent of a participant provided that such amendment shall: (i) not adversely alter or impair any Award previously granted except as permitted by the terms of the Omnibus Incentive Plan; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX; and (iii) be subject to shareholder approval, where required by law, the requirements of the TSX or the Omnibus Incentive Plan, provided however that shareholder approval shall not be required for the following amendments and our Board may make any changes which may include but are not limited to:

- any amendment to the vesting provisions, if applicable, or assignability provisions of Awards;
- any amendment regarding the effect of termination of a participant's employment or engagement;
- any amendment which accelerates the date on which any Award may be exercised under the Omnibus Incentive Plan;
- any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body;
- any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Omnibus Incentive Plan, correct or supplement any provision of the Omnibus Incentive Plan that is inconsistent with any other provision of the Omnibus Incentive Plan, correct any grammatical or typographical errors or amend the definitions in the Omnibus Incentive Plan;
- any amendment regarding the administration of the Omnibus Incentive Plan; and
- any other amendment that does not require the approval of shareholders pursuant to the amendment provisions of the Omnibus Incentive Plan, provided that the alteration, amendment or variance does not:
- reduce the exercise price of Awards benefitting an insider of the Company;

- extend expiration date of an Award benefitting an insider of the Company, except in the case of an extension due to black-out period;
- remove or exceed the insider participation limits;
- increase the maximum number of Voting Shares issuable under the Omnibus Incentive Plan, other than an adjustment pursuant to a change in capitalization;
- amend the amendment provisions of the Omnibus Incentive Plan.

Restricted Share Unit Plan

The Company is seeking Shareholder approval of the Omnibus Incentive Plan at the Meeting. The Omnibus Incentive Plan will allow for a variety of equity based Awards, including RSUs. Accordingly, the Company is not seeking Shareholder approval of the RSU Plan at the Meeting. As at the end of our most recently completed financial year ended December 31, 2019, a total of 68,134 RSUs are issued and outstanding under the RSU Plan, representing approximately 0.44% of the issued and outstanding Voting Shares of the Company on a non-diluted basis (0.43% on a fully diluted basis). Following the closing of the Meeting and assuming the approval of the Omnibus Incentive Plan by Shareholders at the Meeting, no further RSUs will be granted under the RSU Plan.

Stock Option Plan

The Company is seeking Shareholder approval of the Omnibus Incentive Plan at the Meeting. The Omnibus Incentive Plan will allow for a variety of equity based Awards, including options. Accordingly, the Company is not seeking Shareholder approval of the Option Plan at the Meeting. As at the end of our most recently completed financial year ended December 31, 2019, a total of 179,606 options are issued and outstanding under the Option Plan, representing approximately 1.15% of the issued and outstanding Voting Shares of the Company on a non-diluted basis (1.14% on a fully diluted basis). Following the closing of the Meeting and assuming the approval of the Omnibus Incentive Plan by Shareholders at the Meeting, no further options will be granted under the Option Plan.

Performance Share Unit Plan

In 2019, the Company introduced cash-settled performance share units granted under the Performance Share Unit Plan to its LTIP. The Company believes that PSUs are aligned with its compensation philosophy, reward executives for demonstrated performance and ensure strong long-term alignment between executive and employee interests with those of Shareholders.

The following is a brief summary of certain attributes and characteristics of the PSU Plan. Capitalized terms not defined in this section have the meanings given to them in the PSU Plan.

The PSU Plan consists of cash-settled units vesting based on three-year performance objectives approved on the grant date, specifically vesting of the PSUs is tied to performance indicators related to ROIC and relative TSR. There is no guaranteed minimum vesting of PSUs. See “2019 LTIP Grants”.

The cash amount payable by the Company to a participant in respect of the applicable number of vested PSUs will be determined by multiplying the number of such PSUs by the Fair Market Value on the date a determination is required, namely the earliest of (i) the last date of any Applicable Period, (ii) the Termination Date, (iii) the vesting date set out in any Grant Agreement, or (iv) the Latest Settlement Date.

The PSU Plan includes various provisions in respect of vesting and settlement of PSUs in the event of a participant’s termination of service with the Company. Subject to the terms of a participant’s employment agreement, grant agreement and the change of control provisions described below:

- in the event of a participant’s death or disability, unvested PSUs will continue to vest for a maximum period of 12 months or until the vesting date set out in the grant agreement (whichever is shorter and being the “Applicable Period”) and settle within 30 days of such period on a pro-rata basis based on the number of months of active service or employment between the Award Date and the last date of the Applicable Period, and assuming target performance objectives have been achieved;
- in the event of a participant’s termination with Cause or resignation without Good Reason, the date on which any unvested PSUs held by such participant expire is the participant’s Termination Date, subject to the Board determining otherwise;
- in the event of a participant’s retirement, any unvested PSUs will vest and settle within 30 days of the Termination Date on a pro-rata basis based on the number of months of active service or employment between the Award Date and the Termination Date, and assuming target performance objectives have been achieved; and
- upon a participant’s Good Leaver Termination, any unvested PSUs will vest and settle at the end of the applicable performance period (following the determination of the Board) on a pro-rata basis based on the number of completed months of active service or employment between the Award date and the Termination Date, at the performance level actually achieved by the Company, as determined by the Board.

Subject to any provisions with respect to vesting of PSUs 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 PSU Plan), all PSUs then outstanding shall automatically vest based on a pro-rata assessment of performance up to the time of the Change of Control upon an involuntary termination of employment or resignation for good reason within 24 months of the Change of Control.

Summary Compensation Table

The following table provides information for the financial years ended December 31, 2019, 2018 and 2017 regarding compensation paid to or earned by the NEOs.

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽²⁾	Option Based Awards (\$)	Non-Equity Annual Incentive Plans (\$)	Pension Value (\$) ⁽³⁾	All other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
Ajay Virmani ⁽¹⁾ Founder, President & Chief Executive Officer	2019	975,000	3,412,500	243,750	3,656,250	1,234,230	211,200	9,732,930
	2018	975,000	2,437,500	685,386	2,437,500	1,049,500	211,200	7,796,086
	2017	975,000	1,950,027	-	1,950,000	956,230	211,200	6,042,457
Jamie Porteous Executive Vice President and Chief Commercial Officer	2019	495,000	165,000	82,500	563,063	13,250	110,400	1,429,213
	2018	495,000	433,125	228,462	563,063	13,115	110,400	1,843,165
	2017	495,000	433,139	-	563,063	13,005	110,400	1,614,607
Pauline Dhillon Executive Vice President	2019	300,000	80,000	40,000	210,000	13,250	48,000	691,250
	2018	300,000	210,000	228,462	183,750	13,115	48,000	983,327
	2017	300,000	210,019	-	183,750	13,005	48,000	754,774
John Kim Chief Financial Officer	2019	275,000	73,333	36,667	165,000	13,750	48,000	611,750
	2018	275,000	148,546	228,462	144,375	13,010	48,000	857,393
	2017	275,000	164,996	-	144,375	11,000	48,000	643,371
Paul Rinaldo Senior Vice President Engineering and Maintenance	2019	250,000	66,667	33,333	150,000	12,500	48,000	560,500
	2018	250,000	150,000	152,308	131,250	12,500	48,000	744,058
	2017	250,000	150,032	-	131,250	12,500	48,000	591,782

Notes:

- (1) No compensation was paid to Mr. Virmani in his capacity as a director.
- (2) Share-based awards were awarded in the form of PSUs for 2019 and in the form of RSUs for 2018 and 2017. See “2019 LTIP Grants – Restricted Share Unit Plan” and “2019 LTIP Grants – Performance Share Unit Plan”.
- (3) Compensatory value of the pension arrangements (SRP and IPP) for Mr. Virmani. Amounts contributed by the Company to the Company’s Deferred Profit Sharing Plan for other NEOs.
- (4) Details of all other compensation are provided in the following tables.

Perquisites and Benefits

Mr. Virmani and Mr. Porteous are provided with an annual car allowance and home office allowance, health and other benefits. For 2019, the aggregate annual perquisites and benefits amounted to \$211,200 for Mr. Virmani and \$110,400 for Mr. Porteous. For 2019, Ms. Dhillon, Mr. Kim, and Mr. Rinaldo were each provided an annual car allowance of \$48,000.

Name	Year	Automobile Allowance (\$) ⁽¹⁾	Home Office Allowance (\$)	Health Club and Other Memberships (\$)	Total All Other Compensation (\$)
Ajay Virmani	2019	120,000	43,200	48,000	211,200
	2018	120,000	43,200	48,000	211,200
	2017	120,000	43,200	48,000	211,200
Jamie Porteous	2019	84,000	14,400	12,000	110,400
	2018	84,000	14,400	12,000	110,400
	2017	84,000	14,400	12,000	110,400
Pauline Dhillon	2019	48,000	-	-	48,000
	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000
John Kim	2019	48,000	-	-	48,000
	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000
Paul Rinaldo	2019	48,000	-	-	48,000
	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000

Note:

- (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.

All-Employee Pension Plan

The Company offers a Deferred Profit Sharing Plan (“DPSP”) to all permanent full-time and part-time employees. The Company matches employee contributions made in the year to the employee’s group RRSP. 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.

Founder / President & Chief Executive Officer Pension Arrangements

The Company has an Individual Pension Plan (“IPP”) and Supplemental Pension Plan (“SRP”) for the Founder / President & CEO. In approving the IPP and SRP, 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 the 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 the IPP and SRP for the CEO.

The IPP is a registered, defined contribution pension plan that requires the Company to make monthly contributions to the IPP in an amount equal to the lesser of (i) the Money 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 for the year. The Money Purchase Limit, and therefore the Company's maximum required contribution under the IPP, was \$27,230 for 2019 and for 2020 will be \$27,830. 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 following table present the current status of the IPP as at December 31, 2019:

Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Non-Compensatory (\$)	Accumulated Value at End of Year (\$)
Ajay Virmani	50,754	27,230	3,301	81,285

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 90% if his employment ceases on December 31, 2018 and as to 100% if his employment ceases on December 31, 2019. The SRP is consequently fully vested since December 31, 2019.

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. The following table present the current status of the SRP as at December 31, 2019:

Name	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	18.25	994,900	1,125,867	13,154,000	1,207,000	2,265,000	16,626,000

Notes:

- (1) The number of years credited service reflects Mr. Virmani's actual tenure with the Company as at December 31, 2019.
- (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, 2018: 90% of annual benefit is vested; and
 - ii. December 31, 2019: 100% of annual benefit is vested.
- (3) The pension plan was established on December 31, 2016. The opening present value of defined benefit obligation represents the value of pension benefits for company service rendered prior to December 31, 2018 and is based on actuarial assumptions as at December 31, 2018. The actual assumptions include the following:
 - i. Discount Rate: 3.8% per year
 - ii. Increase in pensionable earnings: 2.0% per year
 - iii. Inflation: 2.0% per year
 - iv. Longevity post retirement: CPM2014 mortality table with generational mortality improvements using CPM-B Improvement Scale.
 - v. Retirement age: 65 years
- (4) Compensatory changes represent the value of pension benefits accrued during the Company's most recently completed financial 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 Company's most recently completed financial 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, 2019 and is based on actuarial assumptions as at December 31, 2019. The actuarial assumptions include the following:
 - i. Discount Rate: 3.1% per year
 - ii. Increase in pensionable earnings: 2.0% per year
 - iii. Inflation: 2.0% per year
 - iv. Longevity post retirement: CPM2014 mortality table with generational mortality improvements using CPM-B Improvement Scale.
 - v. Retirement age: 65 years

Equity-based Awards

The following table presents the grant-date value of share-based and option-based grants awarded to NEOs over the last three years.

Name	Year	Share-based Awards			Options-based Awards (\$) ⁽²⁾
		RSU Grants (\$) ⁽¹⁾	PSU Grants (\$) ⁽¹⁾	Total (\$)	
Ajay Virmani	2019	2,925,000	487,500	3,412,500	243,750
	2018	2,437,500	-	2,437,500	685,386
	2017	1,950,027	-	1,950,027	-
Jamie Porteous	2019	-	165,000	165,000	82,500
	2018	433,125	-	433,125	228,462
	2017	433,139	-	433,139	-
Pauline Dhillon	2019	-	80,000	80,000	40,000
	2018	210,000	-	210,000	228,462
	2017	210,019	-	210,019	-
John Kim	2019	-	73,333	73,333	36,667
	2018	148,546	-	148,546	228,462
	2017	164,996	-	164,996	-
Paul Rinaldo	2019	-	66,667	66,667	33,333
	2018	150,000	-	150,000	152,308
	2017	150,032	-	150,032	243,750

Notes:

- (1) Regular share-based awards were granted in the form of PSUs for 2019 and in the form of RSUs for 2018 and 2017. See "2019 LTIP Grants – Restricted Share Unit Plan" and "2019 LTIP Grants – Performance Share Unit Plan". The special 2019 bonus awarded to Mr. Virmani in connection with the closing of the strategic agreement with Amazon was settled in RSUs in lieu of cash to increase shareholder alignment over the first years of the agreement. RSUs have been eliminated from the regular LTIP with respect to 2019 awards. The dollar amounts of the 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 and PSU was determined based on the volume weighted average price of the Voting Shares on the TSX for the 5 trading days preceding the grant date. RSUs normally vest annually at the rate of one third. PSUs vest at the conclusion of a three-year performance period.
- (2) The value of each Option awarded in 2019 was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
 - i. Risk free rate: 1.00%
 - ii. Dividend yield: 0.94%
 - iii. Expected volatility: 28.47%

Outstanding Share-based and Option-based Awards

The following table provides information regarding outstanding share-based and option-based awards as of December 31, 2019:

Name	Option-based Awards				Share-based Awards		
	Number of Unexercised Options	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-the-money Options (\$) ⁽¹⁾	Number of Shares or Units that Have not Vested	Market Value of Shares or Units that Have Not Vested (\$) ⁽²⁾	Market Value of Vested Shares or Units that Have Not Been Distributed (\$) ⁽³⁾
Ajay Virmani	45,000	64.23	May 23, 2023	1,759,685	10,120	1,045,700	-
	10,301	98.90	Nov 28, 2024	45,643	43,820	4,527,921	-
Jamie Porteous	10,000	64.23	May 23, 2023	391,041	2,248	232,286	-
	3,487	98.90	Nov 28, 2024	15,451	4,587	473,975	-
Pauline Dhillon	15,000	64.23	May 23, 2023	586,562	1,090	112,630	-
	1,690	98.90	Nov 28, 2024	7,488	2,224	229,806	-
John Kim	10,000	64.23	May 23, 2023	391,041	856	88,450	-
	1,550	98.90	Nov 28, 2024	6,868	1,742	180,001	-
Paul Rinaldo	6,666	64.23	May 23, 2023	260,668	778	80,391	-
	1,409	98.90	Nov 28, 2024	6,243	1,685	174,111	-

Notes:

- (1) The Company's Voting Shares, trading under the symbol "CJT" on the TSX, closed at \$103.33 per share on December 31, 2019. 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 Voting Shares, trading under the symbol "CJT" on the TSX on December 31, 2019 multiplied by the number of unexercised in-the-money Options.
- (2) The market value of the units that have not vested was calculated as the closing price of the Company's Voting Shares, trading under the symbol "CJT" on the TSX on December 31, 2019 multiplied by the number of RSUs that have not vested or PSUs that have not vested, at target.
- (3) There were no vested but undistributed units as at December 31, 2019.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides information regarding outstanding share-based and option-based awards vested or earned during the year ended December 31, 2019:

Name	Option-based awards		Share-based awards		Value of Non-equity Incentive Plan Compensation Earned During the Year (\$)
	Number of Options Vested During the Year	Value of Option-based Awards Vested During the Year (\$) ⁽¹⁾	Number of Voting Shares Vested During the Year	Value of Share-based Awards Vested During the Year (\$)	
Ajay Virmani	15,000	586,562	39,189	2,906,997	3,656,250
Jamie Porteous	5,000	102,631	6,858	441,536	563,063
Pauline Dhillon	5,000	195,521	2,895	193,471	210,000
John Kim	5,000	102,631	2,558	162,796	165,000
Paul Rinaldo	3,334	68,434	2,376	153,011	150,000

Note:

- (1) The earned value of vested in-the-money Options was calculated as the difference between exercise strike price and the volume weighted average price of the Company's Voting Shares, trading under the symbol "CJT" on the TSX on the vesting dates multiplied by the number of vested in-the-money Options.

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 or she is entitled to a lump sum severance payment less any required deductions. In the event that the NEO is

terminated for cause, he or she is entitled to receive his or her compensation (including unused vacation pay) to the date of notice of termination.

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.

Pursuant to their respective employment agreements, Ms. Dhillon and Messrs. Kim 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 Ms. Dhillon and Messrs. Kim, 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 Ms. Dhillon and Messrs. Kim and Rinaldo include a non-solicitation provision during the term of employment of Ms. Dhillon and Messrs. Kim 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, 2019.

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾⁽²⁾
Ajay Virmani	36	2,925,000	17,694,477	649,354	21,268,831
Jamie Porteous	24	990,000	2,534,932	229,725	3,754,657
Pauline Dhillon	12	300,000	439,020	50,602	789,622
John Kim	12	275,000	470,785	50,403	796,188
Paul Rinaldo	12	250,000	408,110	50,261	708,371
Total		4,740,000	21,547,324	1,030,345	27,317,669

Notes:

- (1) All payments are gross of any withholding taxes and other required deductions.
- (2) Based on the T4 statements for the year ended December 31, 2019.

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 or she 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, 2019:

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾⁽²⁾
Ajay Virmani	36	2,925,000	17,694,477	649,354	21,268,831
Jamie Porteous	24	990,000	2,534,932	229,725	3,754,657
Pauline Dhillon	24	600,000	878,040	101,205	1,579,245
John Kim	22	504,167	863,106	92,406	1,459,678
Paul Rinaldo	24	500,000	816,220	100,523	1,416,743
Total		5,519,167	22,786,775	1,173,213	29,479,154

Notes:

- (1) All payments are gross of any withholding taxes and other required deductions
- (2) Based on the T4 statements for the year ended December 31, 2019.

OTHER IMPORTANT INFORMATION

Indebtedness of Directors, Executive Officers and Employees

As at the date hereof, 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.

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.

Shareholder Engagement

We believe that engaging and communicating directly with shareholders and other stakeholders is important for providing timely and meaningful feedback. The Board encourages shareholder attendance and participation at the Company's annual shareholder meetings as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters. Outside of the Company's annual meeting, shareholders may contact the Board at the following email address: fgarcia@cargojet.com. Directors make themselves available throughout the year and at every annual meeting to engage and respond to questions from shareholders. The Corporate Secretary has been designated by the Board as its agent to receive and review communications and meeting requests addressed to the Board.

Requesting Documents

Current financial information for the Company is provided in the Company's audited comparative financial statements and related 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.

These documents 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.

The Investor Relations group can be contacted via email at the address of 2281 North Sheridan Way, Mississauga, Ontario, L5K 2S3, to the attention of Investor Relations Group or by mail at: pdhillon@cargojet.com.

SCHEDULE A
OMNIBUS LONG-TERM INCENTIVE PLAN RESOLUTION

BE IT RESOLVED THAT:

1. The Omnibus Long-Term Incentive Plan of the Company (the “**Omnibus Incentive Plan**”), as approved by the Board on February 18, 2020 and reflected in the copy of such Omnibus Incentive Plan attached as Schedule “B” to the management information circular dated February 26, 2020 of the Company (the “**Circular**”), be and hereby is approved.
2. The total number of Voting Shares reserved and available for grant and issuance pursuant to awards under the Omnibus Incentive Plan, subject to the terms of the Omnibus Incentive Plan, shall not exceed 3.50% of the outstanding voting shares of the Company as of the date hereof less the number of outstanding awards under the Company’s other share compensation arrangements as of the date hereof.
3. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

**SCHEDULE B
LONG-TERM INCENTIVE PLAN**

See attached.

CARGOJET INC.

OMNIBUS LONG-TERM INCENTIVE PLAN

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**CARGOJET INC.
OMNIBUS LONG-TERM INCENTIVE PLAN**

Cargojet Inc. (the “**Company**”) hereby establishes an Omnibus Long-Term Incentive Plan for certain qualified directors, officers, employees and Consultants (as defined herein), providing ongoing services to the Company and/or its Subsidiaries (as defined herein) that can have a significant impact on the Company’s long-term results.

ARTICLE 1— DEFINITIONS

Section 1.1 Definitions.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

“**Adoption Date**” means March [30], 2020, being the date this Plan was approved by shareholders of the Company.

“**Affiliates**” has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

“**Associate**”, where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant’s children, as well as that Participant’s relatives and that Participant’s spouse’s relatives, if they share that Participant’s residence;

“**Award Agreement**” means, individually or collectively, the Option Agreement, RSU Agreement, and/or the Employment Agreement, as the context requires;

“**Awards**” means Options and/or RSUs granted to a Participant pursuant to the terms of the Plan;

“**Black-Out Period**” means the period of time required by applicable law when, pursuant to any policies or determinations of the Company, securities of the Company may not be traded by Insiders or other specified persons;

“**Board**” means the board of directors of the Company as constituted from time to time;

“**Broker**” has the meaning ascribed thereto in Section 7.4(2) hereof;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario, Canada for the transaction of banking business;

“**Cash Equivalent**” means in the case of RSU Awards, the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant’s Account, net of any applicable taxes in accordance with Section 7.4, on the RSU settlement date;

“**Change of Control**” means the occurrence of any one or more of the following events:

- (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of 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;

- (b) 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 Company and its Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Company and its Subsidiaries;
- (c) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (d) 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 Company 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 Company’s outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors); or
- (e) 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 Company or any of its Affiliates and another corporation or other entity (a “**Transaction**”), fewer than 50% of the directors of the Company or the successor corporation are persons who were directors of the Company immediately prior to the Transaction.

For the purposes of the foregoing definition of Change of Control, “**Voting Securities**” means 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 Company owned or controlled by the Acquiror, it shall include any security, whether or not issued by the Company, 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.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations promulgated thereunder;

“**Code of Ethics**” means any code of ethics adopted by the Company, as modified from time to time;

“**Committee**” has the meaning ascribed thereto in Section 2.2(1).

“**Common Voting Shares**” means the common voting shares in the capital of the Company;

“**Company**” means Cargojet Inc., a Company existing under the *Business Corporations Act* (Ontario) and any successor Company whether by reorganization, amalgamation, merger or otherwise;

“**Consultant**” means a Person (including an individual whose services are contracted for through another Person) with whom the Company or a Subsidiary has a written contract for services for an initial, renewable or extended period of twelve months or more;

“**Dividend Share Units**” has the meaning ascribed thereto in Section 5.2 hereof;

“**Eligible Participants**” has the meaning ascribed thereto in Section 2.3(1) hereof;

“Employment Agreement” means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

“Exercise Notice” means a notice in writing signed by a Participant and stating the Participant’s intention to exercise or settle a particular Award, if applicable;

“Exercise Price” has the meaning ascribed thereto in Section 3.3 hereof;

“Expiry Date” has the meaning ascribed thereto in Section 3.4 hereof;

“Insider” has the meaning attributed thereto in the Toronto Stock Exchange Company Manual in respect of the rules governing security-based compensation arrangements, as amended from time to time;

“Market Value” means at any date when the market value of Shares of the Company is to be determined, the average closing price of the Shares on the Toronto Stock Exchange (or on the other principal stock exchange on which the Shares are listed) on the five (5) Trading Days prior to that date, or if the Shares of the Company are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on the reasonable application of a reasonable valuation method not inconsistent with Section 409A of the Code or Canadian tax law;

“Non-Canadian Participant” means a Participant that is not subject to Canadian income tax in connection with an Award granted hereunder;

“Option” means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares at the Exercise Price, but subject to the provisions hereof;

“Option Agreement” means a written notice from the Company to a Participant evidencing the grant of Options and the terms and conditions thereof, substantially in the form set out in Appendix “A”, or such other form as the Board may approve from time to time;

“Participants” means Eligible Participants that are granted Awards under the Plan;

“Participant’s Account” means an account maintained to reflect each Participant’s participation in RSUs under the Plan;

“Performance Criteria” means criteria established by the Board which, without limitation, may include criteria based on the Participant’s personal performance, the financial performance of the Company and/or of its Subsidiaries and/or achievement of corporate goals and strategic initiatives, and that may be used to determine the vesting of the Awards, when applicable;

“Performance Period” means, with respect to each Award, the period established by the Board in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares or the Cash Equivalent in exchange for all or a portion of the Award held by such Participant;

“Person” means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

“Plan” means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time;

“Restriction Period” means any period of time during which an RSU is not vested and the Participant holding such RSU remains ineligible to receive 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;

“RSU” means a restricted share unit awarded to a Participant to receive a payment in the form of Shares or the Cash Equivalent as provided in Article 4 hereof and subject to the terms and conditions of the Plan;

“RSU Agreement” means a written notice from the Company to a Participant evidencing the grant of RSUs and the terms and conditions thereof, substantially in the form set out in Appendix “B”, or such other form as the Board may approve from time to time;

“Share Compensation Arrangement” means the Plan and any stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance from treasury of Shares to one or more directors, officers, employees or Consultants of the Company or a Subsidiary. For greater certainty, a “Share Compensation Arrangement” does not include a security based compensation arrangement used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Company;

“Shares” means the Common Voting Shares and Variable Voting Shares in the capital of the Company;

“Subsidiary” means a Company, company, partnership or other body corporate that is controlled, directly or indirectly, by the Company;

“Surrender” has the meaning ascribed thereto in Section 3.7(3);

“Surrender Notice” has the meaning ascribed thereto in Section 3.7(3);

“Tax Act” means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

“Termination Date” means (i) with respect to a Participant who is an employee or officer of the Company or a Subsidiary, such Participant’s last day of active employment and does not include any period of statutory, reasonable or contractual notice or any period of deemed employment or salary continuance and (ii) with respect to a Participant who is a Consultant, the date such Consultant ceases to provide services to the Company or a Subsidiary;

“Trading Day” means any day on which the TSX is opened for trading;

“transfer” includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, lien, charge, pledge, encumbrance, grant of security interest or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing and **“transferred”**, **“transferring”** and similar variations have corresponding meanings;

“TSX” means the Toronto Stock Exchange;

“U.S. Participant” means any Participant who is a United States citizen or United States resident alien as defined for purposes of Section 7701(b)(1)(A) of the Code or for whom an Award is otherwise subject to taxation under the Code; and

“**Variable Voting Shares**” means the variable voting shares in the capital of the Company.

ARTICLE 2—PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

Section 2.1 Purpose of the Plan.

The purpose of the Plan is to advance the interests of the Company by: (i) providing Eligible Participants with additional incentives; (ii) encouraging share ownership by such Eligible Participants; (iii) increasing the proprietary interest of Eligible Participants in the success of the Company; (iv) promoting growth and profitability of the Company; (v) encouraging Eligible Participants to take into account long-term corporate performance; (vi) rewarding Eligible Participants for sustained contributions to the Company and/or significant performance achievements of the Company; and (vii) enhancing the Company’s ability to attract, retain and motivate Eligible Participants.

Section 2.2 Implementation and Administration of the Plan.

- (1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by the Company’s Compensation and Nominating Committee or an equivalent compensation committee of the Board (the “**Committee**”). If the Committee is appointed for this purpose, all references to the term “**Board**” will be deemed to be references to the Committee, except as may otherwise be determined by the Board.
- (2) Subject to the terms and conditions set forth in the Plan, the Board shall have the sole and absolute discretion to: (i) designate Participants; (ii) determine the type, size, and terms, and conditions of Awards to be granted; (iii) determine the method by which an Award may be settled, exercised, canceled, forfeited, or suspended; (iv) determine the circumstances under which the delivery of cash, property, or other amounts payable with respect to an Award may be deferred either automatically or at the Participant’s or the Board’s election; (v) interpret and administer, reconcile any inconsistency in, correct any defect in, and supply any omission in the Plan and any Award granted under, the Plan; (vi) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Board shall deem appropriate for the proper administration of the Plan; (vii) accelerate the vesting, delivery, or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Awards; and (viii) make any other determination and take any other action that the Board deems necessary or desirable for the administration of the Plan or to comply with any applicable law.
- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan, any Award Agreement or other document or any Awards granted pursuant to the Plan.
- (4) The day-to-day administration of the Plan may be delegated to such officers and employees of the Company as the Board determines.
- (5) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Award or any documents evidencing any Award granted pursuant to the Plan shall be within the sole discretion of the Board, may be made at any time, and shall be final, conclusive, and binding upon all persons or entities, including, without limitation, the Company, any Subsidiary, any Participant, any holder or beneficiary of any Award, and any shareholder of the Company.

Section 2.3 Eligible Participants.

- (1) The Persons who shall be eligible to receive options and RSUs shall be the officers, employees or Consultants of or to the Company or a Subsidiary, providing ongoing services to the Company and/or its Subsidiaries (collectively, “**Eligible Participants**”).

- (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship, employment or appointment with the Company or a Subsidiary.
- (3) Notwithstanding any express or implied term of the Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment, appointment or retainer as a Consultant by the Company or a Subsidiary.
- (4) Awards to issue or purchase Common Voting Shares may be granted hereunder to Eligible Participants that are "Canadian" as such term is defined under the *Canada Transportation Act* and Awards to issue or purchase Variable Voting Shares may be granted hereunder to Eligible Participants that are not "Canadian" as such term is defined under the *Canada Transportation Act*. At the discretion of the Chief Financial Officer, a declaration of residency may be required from a Participant prior to the settlement of an Award hereunder in Common Voting Shares or Variable Voting Shares, as applicable.

Section 2.4 Shares Subject to the Plan.

- (1) Subject to adjustment pursuant to provisions of Article 6 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Awards under the Plan shall not exceed three and a half percent (3.5%) of the total issued and outstanding Shares as of the Adoption Date less the number of outstanding awards under the Company's other Share Compensation Arrangements as of the Adoption Date, provided that the total number of Shares reserved and available for grant and issuance pursuant to RSUs under the Plan shall not exceed one percent (1%) of the total issued and outstanding Shares as of the Adoption Date less the number of outstanding awards under the Company's other Share Compensation Arrangements as of the Adoption Date.
- (2) For greater certainty, any issuance from treasury by the Company that is or was issued in reliance upon an exemption under applicable stock exchange rules applicable to security based compensation arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Company shall not be included in determining the maximum Shares reserved and available for grant and issuance under Section 2.4(1).
- (3) Shares in respect of which an Award is granted under the Plan but not exercised prior to the termination of such Award, not vested or settled prior to the termination of such Award due to the expiration, termination, cancellation or lapse of such Award, in the case of Options, underlying Options which have been surrendered for cash, or, in the case of RSUs, settled in cash in lieu of settlement in Shares, shall, in each case, be available for Awards to be granted thereafter pursuant to the provisions of the Plan. All Shares issued from treasury pursuant to the exercise or the vesting of the Awards granted under the Plan shall be so issued as fully paid and non-assessable Shares.

Section 2.5 Participation Limits.

- (1) Subject to adjustment pursuant to provisions of Article 6 hereof, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares from time to time. Any Awards granted pursuant to the Plan, prior to the Participant becoming an Insider, shall be excluded for the purposes of the limits set out in this Section 2.5(1).

ARTICLE 3—OPTIONS

Section 3.1 Nature of Options.

An Option is an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury or, in the case of a Non-Canadian Participant only, from secondary market purchase, as determined by the Board, at the Exercise Price, subject to the provisions hereof.

Section 3.2 Option Awards.

- (1) The Board shall, from time to time, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) determine the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the “**Exercise Price**”), (iv) determine the relevant vesting provisions (including Performance Criteria and Performance Period, if applicable) and (v) determine the Expiry Date, the whole subject to the terms and conditions prescribed in the Plan, in any Option Agreement and any applicable rules of the TSX.
- (2) All Options granted herein shall vest in accordance with the terms of the Option Agreement entered into in respect of such Options.

Section 3.3 Exercise Price.

The Exercise Price per Common Voting Share or Variable Voting Share, as applicable, that is the subject of any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

Section 3.4 Expiry Date; Blackout Period.

Subject to Section 6.2, each Option must be exercised no later than ten (10) years after the date the Option is granted or such shorter period as set out in the Participant’s Option Agreement, at which time such Option will expire (the “**Expiry Date**”). Notwithstanding any other provision of the Plan, each Option that would expire during or within ten (10) Business Days immediately following a Black-Out Period shall expire on the date that is ten (10) Business Days immediately following the expiration of the Black-Out Period. Where an Option will expire on a date that falls immediately after a Black-Out Period, and for greater certainty, not later than ten (10) Business Days after the Black-Out Period, then the date such Option will expire will be automatically extended by such number of days equal to ten (10) Business Days less the number of Business Days after the Black-Out Period that the Option expires.

Section 3.5 Option Agreement.

Each Option must be confirmed by an Option Agreement. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.

Section 3.6 Exercise of Options.

- (1) Subject to the provisions of the Plan, a Participant shall be entitled to exercise an Option granted to such Participant, subject to vesting limitations which may be imposed by the Board at the time such Option is granted and set out in the Option Agreement.

- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria, if applicable, and/or other vesting conditions as the Board may determine in its sole discretion.
- (3) No fractional Shares will be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 6.1, such Participant will only have the right to acquire the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 3.7 Method of Exercise and Payment of Purchase Price.

- (1) Subject to the provisions of the Plan and the alternative exercise procedures set out herein, an Option granted under the Plan may be exercisable (from time to time as provided in Section 3.6 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering an exercise notice substantially in the form of Schedule "A" to the Option Agreement (an "**Exercise Notice**") to the Company in the form and manner determined by the Board from time to time, together with a bank draft, certified cheque or other form of payment acceptable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Options and any applicable tax withholdings.
- (2) Pursuant to the Exercise Notice and subject to the approval of the Board, a Participant may choose to undertake a "cashless exercise" of Options with the assistance of a broker (the "**Broker**") in order to facilitate the exercise of such Participant's Options. The "cashless exercise" procedure may include a sale of such number of Shares as is necessary to raise an amount equal to the aggregate Exercise Price for all Options being exercised by that Participant under an Exercise Notice and any applicable tax withholdings. Pursuant to the Exercise Notice, the Participant may authorize the broker to sell Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Company to satisfy the Exercise Price and any applicable tax withholdings, promptly following which the Company shall issue the Shares underlying the number of Options as provided for in the Exercise Notice.
- (3) In addition, in lieu of exercising any vested Option in the manner described in this Section 3.7(1) or Section 3.7(2), and pursuant to the terms of this Section 3.7(3), a Participant may, by surrendering an Option ("**Surrender**") with a properly endorsed notice of Surrender to the Corporate Secretary of the Company, or any other person designated by the Committee from time to time, substantially in the form of Schedule "B" to the Option Agreement (a "**Surrender Notice**"), elect to receive either (i) a cash payment equal to the Market Value of the Shares at the time of the Surrender Notice less the aggregate Exercise Price and applicable tax withholdings, or (ii) that number of Shares calculated using the following formula, subject to acceptance of such Surrender Notice by the Board and provided that arrangements satisfactory to the Company have been made to pay any applicable withholding taxes:

$$X = (Y * (A-B)) / A$$

Where:

X = the number of Shares to be issued to the Participant upon exercising such Options; provided that if the foregoing calculation results in a negative number, then no Shares shall be issued

Y = the number of Shares underlying the Options to be Surrendered

A = the Market Value of the Shares as at the date of the Surrender

B = the Exercise Price of such Options

- (4) No share certificates shall be issued and no person shall be registered in the share register of the Company as the holder of Shares until actual receipt by the Company of an Exercise Notice and payment for the Shares to be purchased.
- (5) Upon the exercise of an Option pursuant to Section 3.7(1) or Section 3.7(3), the Company shall, as soon as practicable after such exercise but no later than thirty (30) days following such exercise, (i) if the Participant submits an Exercise Notice or elects to receive Shares under a Surrender Notice, forthwith cause the transfer agent and registrar of the Shares to deliver to the Participant (or as the Participant may otherwise direct) such number of Shares as the Participant shall have then paid for and as are specified in such Exercise Notice or the number of Shares calculated in accordance with Section 3.7(3) (as applicable), or (ii) if the Participant elects to receive cash under a Surrender Notice, the cash payment shall be equal to the Market Value of the Shares as at the date of the Surrender Notice, less the aggregate Exercise Price of the Options and any applicable tax withholdings.
- (6) If a Participant elects for the Options to be surrendered for cash in the Surrender Notice and such Participant is subject to tax under the Tax Act in respect of the Option, the Corporation shall make the election provided for in subsection 110(1.1) of the Tax Act, if applicable.

ARTICLE 4—RESTRICTED SHARE UNITS

Section 4.1 Nature of Restricted Share Units.

An RSU is an Award entitling the recipient to acquire Shares, at such purchase price (which may be zero) as determined by the Board, or the Cash Equivalent, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established Performance Criteria.

Section 4.2 Restricted Share Unit Awards.

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the Performance Criteria and Performance Period, if any) and Restriction Period of such RSUs, the whole subject to the terms and conditions prescribed in the Plan and in any RSU Agreement.
- (2) Each RSU must be confirmed by an RSU Agreement that sets forth the terms, conditions and limitations for each RSU and may include, without limitation, the vesting and terms of the RSUs, and shall contain such terms that may be considered necessary in order that the RSUs will comply with any provisions respecting RSUs in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.
- (3) Any RSUs that are awarded to an Eligible Participant who is a resident of Canada or employed in Canada (each for purposes of the Tax Act) shall be structured so as to be considered to be a plan described in section 7 of the Tax Act or in such other manner to ensure that such award is not a "salary deferral arrangement" as defined in the Tax Act (or any successor to such provisions).

- (4) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement, the Board shall determine whether each RSU awarded to a Participant shall entitle the Participant: (i) to receive one Share issued from treasury or purchased on the secondary market; (ii) to receive the Cash Equivalent of one Share; or (iii) to elect to receive either one Share, the Cash Equivalent of one Share or a combination of cash and Shares.

Section 4.3 Restricted Share Unit Vesting Determination Date.

The vesting determination date means the date on which the Board determines if the Performance Criteria, if applicable, and/or other vesting conditions with respect to an RSU have been met, and as a result, establishes the number of RSUs that become vested, if any.

ARTICLE 5—GENERAL CONDITIONS

Section 5.1 General Conditions applicable to Awards.

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Employment** - The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Company to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (2) **Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or entry of such person's name on the share register for the Shares, except as otherwise provided in Section 5.2 of the Plan.
- (3) **Conformity to Plan** – In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) **Non-Transferability** – Except as set forth herein, Awards are not transferable. Awards may be exercised only by:
 - (a) the Participant to whom the Awards were granted;
 - (b) with the Board's prior written approval and subject to such conditions as the Board may stipulate, such Participant's family or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant;
 - (c) upon the Participant's death, by the legal representative of the Participant's estate; or
 - (d) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant;

provided that any such legal representative shall first deliver evidence satisfactory to the Company of entitlement to exercise any Award. A person exercising an Award may subscribe for Shares only in the person's own name or in the person's capacity as a legal representative.

Section 5.2 Dividend Share Units.

When dividends (other than stock dividends) are paid on Shares, Participants shall receive additional RSUs ("**Dividend Share Units**") as of the dividend payment date. The number of Dividend Share Units to be granted to the Participant shall be determined by multiplying the aggregate number of RSUs held by the Participant on the relevant record date by the amount of the dividend paid by the Company on each Share, and dividing the result by the Market Value on the dividend payment date, which Dividend Share Units shall be in the form of RSUs. Dividend Share Units granted to a Participant in accordance with this Section 5.2 shall be subject to the same vesting conditions applicable to the related RSUs in accordance with the respective Award Agreement, and shall be settled in the same manner and within the same timeframe as such RSUs unless otherwise provided for in the Award Agreement.

Section 5.3 Unfunded Plan.

Unless otherwise determined by the Board, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

Section 5.4 Clawback of Awards.

In the Board's sole discretion, all Awards granted under the Plan, and Shares delivered upon settlement of vested Awards or the Cash Equivalent thereof, are subject to clawback and recapture in accordance with the Company's applicable clawback policies in effect from time to time, to the extent permitted by law.

ARTICLE 6—ADJUSTMENTS AND AMENDMENTS

Section 6.1 Adjustment to Shares Subject to Outstanding Awards.

- (1) In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to shareholders, or any other change in the Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion, subject to regulatory approval, may deem appropriate to reflect such change (for the purpose of preserving the value of the Awards), with respect to (i) the number or kind of Shares or other securities reserved for issuance pursuant to the Plan; and (ii) the number or kind of Shares or other securities subject to unexercised Awards previously granted and the exercise price of those Awards provided, however, that no substitution or adjustment will obligate the Company to issue or sell fractional Shares. The existence of any Awards does not affect in any way the right or power of the Company or an Affiliate or any of their respective shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the capital structure or the business of, or any amalgamation, merger or consolidation involving, to create or issue any bonds, debentures, shares or other securities of, or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of or any sale or transfer of all or any part of the assets or the business of, or to effect any other corporate act or proceeding relating to, whether of a similar character or otherwise, the Company or such Affiliate, whether or not any such action would have an adverse effect on the Plan or any Award granted hereunder.

Section 6.2 Amendment or Discontinuance of the Plan.

- (1) The Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or of any Award granted under the Plan and any agreement relating thereto, provided that such suspension, termination, amendment, or revision shall:
 - (a) not adversely alter or impair any Award previously granted except as permitted by the terms of the Plan or upon the consent of the applicable Participant(s); and
 - (b) be in compliance with applicable law and with the prior approval, if required, of the shareholders of the Company and of the TSX or any other stock exchange upon which the Company has applied to list its Shares.
- (2) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights awarded or granted under the Plan remain outstanding and, notwithstanding the termination of the Plan, the Board will have the ability to make such amendments to the Plan or the Awards as they would have been entitled to make if the Plan were still in effect.
- (3) Subject to Section 6.2(4), the Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Plan or any Award that do not require the approval of shareholders under Section 6.2(1) which may include but are not limited to:
 - (a) a change to the vesting provisions of any Award granted under the Plan;
 - (b) a change to the provisions governing the effect of termination of a Participant's employment, contract or office;
 - (c) a change to accelerate the date on which any Award may be exercised under the Plan;
 - (d) an amendment of the Plan or an Award as necessary to comply with applicable law or the requirements of any exchange upon which the securities of the Company are then listed or any other regulatory body having authority over the Company, the Plan, the Participants or the shareholders of the Company;
 - (e) any amendment of a "housekeeping" nature, including without limitation those made to clarify the meaning of an existing provision of the Plan or any agreement, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or any agreement, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; or
 - (f) any amendment regarding the administration of the Plan.
- (4) Notwithstanding the foregoing or any other provision of the Plan, shareholder approval is required for the following amendments to the Plan:
 - (a) any reduction in the exercise price or purchase price of an Award benefitting any Participant, except in the case of an adjustment pursuant to Section 6.1;
 - (b) any extension of the Expiry Date of an Award benefitting any Participant, except in case of an extension due to a black-out period;

- (c) any amendment to remove or to exceed the insider participation limit set out in Section 2.5(1);
- (d) any increase in the maximum number of Shares that may be issuable from treasury pursuant to awards granted under the Plan, other than an adjustment pursuant to Section 6.1; and
- (e) any amendment to Section 6.2(3) or Section 6.2(4) of the Plan.

Section 6.3 Termination of Employment.

- (1) Subject to a Participant's Employment Agreement and Award Agreement and as otherwise determined by the Board, each Award shall be subject to the following conditions:
 - (a) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for "cause", all unexercised vested or unvested Options and unvested RSUs granted to such Participant shall terminate on the Termination Date as specified in the notice of termination. For the purposes of the Plan, the determination by the Company that the Participant was discharged for cause shall be binding on the Participant. Subject to the terms of the Employment Agreement, "cause" shall include, among other things, gross misconduct, theft, fraud, excessive absenteeism, flagrant neglect of duties, inability of the Participant to perform his duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant, breach of confidentiality or breach of the Company's Code of Ethics or any lawful policies or procedures of the Company in effect from time to time and any reason determined by the Company to be cause for termination.
 - (b) **Resignation, Retirement and Termination other than for Cause.** In the case of a Participant ceasing to be an Eligible Participant due to such Participant's resignation, retirement or termination other than for "cause", as applicable, subject to any later expiration dates determined by the Board, all Options shall expire on the earlier of ninety (90) days after the effective date of such Termination Date or the expiry date of such Option, to the extent such Option was vested and exercisable by the Participant on the effective date of such Termination Date, and the Eligible Participant shall be entitled to receive and the Company shall issue forthwith Shares or pay cash, in accordance with the applicable Award Agreement, in satisfaction of any vested RSUs held by the Eligible Participant on the effective date of such Termination Date, and all unexercised or unvested Awards granted to such Participant shall terminate on the effective date of such resignation, retirement or termination.
 - (c) **Death or Long-term Disability.** In the case of a Participant ceasing to be an Eligible Participant due to death or long-term disability, as applicable, subject to any later expiration dates determined by the Board,
 - (i) all Options shall expire on the earlier of twelve (12) months after the effective date of such death or long-term disability, or the expiry date of such Option, to the extent such Option was vested and exercisable by the Participant on the effective date of such death or long-term disability, and all unexercised unvested Options granted to such Participant shall terminate on the effective date of such death or long-term disability; and
 - (ii) all RSUs shall continue to vest for a maximum period of twelve (12) months from the effective date of such death or long-term disability or until the vesting date set out in the Eligible Participant's RSU Agreement (whichever is shorter and being the "**Applicable Period**") and settle within 30 days of the Applicable Period.

- (2) For the avoidance of doubt, subject to applicable laws, no period of notice, if any, or payment instead of notice that is given or that ought to have been given under applicable law, whether by statute, imposed by a court or otherwise, in respect of such termination of employment that follows or is in respect of a period after the Participant's Termination Date will be considered as extending the Participant's period of employment for the purposes of determining his entitlement under the Plan.
- (3) The Participant shall have no entitlement to damages or other compensation arising from or related to not receiving any awards which would have settled or vested or accrued to the Participant after the Termination Date.

Section 6.4 Change of Control.

- (1) Despite any other provision of the Plan, in the event of a Change of Control, all unvested Awards then outstanding will, as applicable, be substituted by or replaced with awards of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the "**continuing entity**") on the same terms and conditions as the original Awards, subject to appropriate adjustments that do not diminish the value of the original Awards.
- (2) If, upon a Change of Control, the continuing entity fails to comply with Section 6.4(1), the vesting of all then outstanding Awards (and, if applicable, the time during which such Awards may be exercised) will be accelerated in full.
- (3) No fractional Shares or other security will be issued upon the exercise of any Award and accordingly, if as a result of a Change of Control, a Participant would become entitled to a fractional Share or other security, such participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) Despite anything else to the contrary in the Plan, in the event of a potential Change of Control, the Board will have the power, in its sole discretion, to modify the terms of the Plan and/or the Awards to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board has the power, in its sole discretion, to accelerate the vesting of Awards and to permit Participants to conditionally exercise their Awards, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 6.4(4) is not completed within the time specified (as the same may be extended), then despite this Section 6.4(4) or the definition of "**Change of Control**", (i) any conditional exercise of vested Awards will be deemed to be null, void and of no effect, and such conditionally exercised Awards will for all purposes be deemed not to have been exercised, and (ii) Awards which vested pursuant to this Section 6.4(4) will be returned by the Participant to the Company and reinstated as authorized but unissued Shares and the original terms applicable to such Awards will be reinstated.
- (5) If the Board has, pursuant to the provisions of Section 6.4(4) permitted the conditional exercise of Awards in connection with a potential Change of Control, then the Board will have the power, in its sole discretion, to terminate, immediately following actual completion of such Change of Control and on such terms as it sees fit, any Awards not exercised (including all vested and unvested Awards).
- (6) Subject to any provisions with respect to the vesting of Awards in a Participant's Employment Agreement, in the event that a Participant's employment with the Company is terminated other than as a result of death, disability or termination for Cause within 24 months of a Change of Control, (i) any Awards then outstanding shall automatically vest, so that, notwithstanding the

other terms of this Plan, (ii) such Options may be exercised in whole or in part by the Participant 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 Expiry Date in respect thereof, whichever is sooner; and (iii) such RSUs shall vest and the Participant shall be entitled to receive and the Company shall issue forthwith Shares or pay cash, in accordance with the applicable Award Agreement, in satisfaction of the RSUs then held by the Participant.

ARTICLE 7—MISCELLANEOUS

Section 7.1 Currency.

Unless otherwise specifically provided, all references to dollars in the Plan are references to Canadian dollars.

Section 7.2 Compliance and Award Restrictions.

- (1) The Company's obligation to issue and deliver Shares under any Award is subject to: (i) the completion of such registration or other qualification of such Shares or obtaining approval of such regulatory authority as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (ii) the admission of such Shares to listing on any stock exchange on which such Shares may then be listed; and (iii) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. The Company shall take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which such Shares are then listed.
- (2) The Participant agrees to fully cooperate with the Company in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Company with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Awards will be granted where such grant is restricted pursuant to the terms of any trading policies or other restrictions imposed by the Company.
- (4) The Company is not obliged by any provision of the Plan or the grant of any Award under the Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Company or a Participant of any laws, rules and regulations or any condition of such approvals.
- (5) If Shares cannot be issued to a Participant upon the exercise or settlement of an Award due to legal or regulatory restrictions, the obligation of the Company to issue such Shares will terminate and, if applicable, any funds paid to the Company in connection with the exercise of any Options will be returned to the applicable Participant as soon as practicable.
- (6) At the time a Participant ceased to hold Awards which are or may become exercisable, the Participant ceases to be a Participant.
- (7) Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant or any other Person, subject to any required regulatory, shareholder or other approval.

Section 7.3 Use of an Administrative Agent and Trustee.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

Section 7.4 Tax Withholding.

- (1) Notwithstanding any other provision of the Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions (including, for greater certainty, any payments under Section 5.2). If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 7.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules. Notwithstanding any other provision of the Plan, the Company shall not be required to issue any Shares or make payments under this Plan until arrangements satisfactory to the Company have been made for payment of all applicable withholdings obligations.
- (2) The sale of Shares by the Company, or by a Broker, under Section 7.4(1) or under any other provision of the Plan will be made on the TSX. The Participant consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the withholding obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Company or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Company nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale. The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the participant resulting from the grant or exercise of an Awards and/or transactions in the Shares. Neither the Company, nor any of its directors, officers, employees, shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under the Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.
- (4) Notwithstanding the first paragraph of this Section 7.4, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

Section 7.5 Reorganization of the Company.

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Section 7.6 Governing Laws.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 7.7 Successors and Assigns.

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the personal legal representatives of a Participant, or any receiver or trustee in bankruptcy or representative of the Company's or Participant's creditors.

Section 7.8 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

Section 7.9 No liability.

No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.

Section 7.10 Effective Date of the Plan.

The Plan was approved by the Board and shall take effect on March [30], 2020.

ADDENDUM FOR U.S. PARTICIPANTS
CARGOJET INC.
OMNIBUS LONG-TERM INCENTIVE PLAN

The provisions of this Addendum apply to Awards held by a U.S. Participant. All capitalized terms used in this Addendum but not defined in Section 1 below have the meanings attributed to them in the Plan. The Section references set forth below match the Section references in the Plan. This Addendum shall have no other effect on any other terms and provisions of the Plan except as set forth below.

1. Definitions

“**cause**” has the meaning attributed under Section 6.3(1)(a) of the Plan, provided however that the Participant has provided the Company (or applicable Subsidiary) with written notice of the acts or omissions constituting grounds for “cause” within 90 days of such act or omission and the Company (or applicable Subsidiary) shall have failed to rectify, as determined by the Board acting reasonably, any such acts or omissions within 30 days of the Company’s (or applicable Subsidiary’s) receipt of such notice.

“**Separation from Service**” means, with respect to a U.S. Participant, any event that may qualify as a separation from service under Treasury Regulation Section 1.409A-1(h). A U.S. Participant shall be deemed to have separated from service if he or she dies, retires, or otherwise has a termination of employment as defined under Treasury Regulation Section 1.409A-1(h).

“**Shares**” means, with respect to a U.S. Participant, a variable voting share in the capital of the Company.

“**Specified Employee**” has the meaning set forth in Treasury Regulation Section 1.409A-1(i).

2. Section 3.4 is deleted in its entirety and replaced with the following:

“Subject to Section 6.2, each Option must be exercised no later than ten (10) years after the date the Option is granted or such shorter period as set out in the Participant’s Option Agreement, at which time such Option will expire (the “**Expiry Date**”). Notwithstanding any other provision of the Plan, each Option that would expire during or within ten (10) Business Days immediately following a Black-Out Period shall expire on the date that is ten (10) Business Days immediately following the expiration of the Black-Out Period.”

3. Section 4.3 is deleted in its entirety and replaced with the following:

“The vesting determination date means the date on which the Board determines if the Performance Criteria, if applicable, and/or other vesting conditions with respect to an RSU have been met (the “**Restricted Share Unit Vesting Determination Date**”), and as a result, establishes the number of RSUs that become vested, if any.

Notwithstanding the foregoing, if the U.S. Participant vests in his or her RSUs pursuant to the Plan, within 30 days following such U.S. Participant’s Separation from Service and subject to Section 7.4, the Company shall (i) issue from treasury the number of [**Restricted**] Shares that is equal to the number of vested RSUs held by the U.S. Participant as at the U.S. Participant’s Separation from Service (rounded down to the nearest whole number), as fully paid and non-assessable Shares, (ii) deliver to the U.S. Participant an amount in cash (net of the applicable tax withholdings) equal to the number of vested RSUs held by the U.S. Participant as at the U.S. Participant’s Separation from Service multiplied by the Market Value as at such date, or (iii) a combination of (i) and (ii). Upon settlement of such RSUs, the corresponding number of RSUs shall be cancelled and the U.S. Participant shall have no further rights, title or interest with respect thereto.”

4. No Acceleration

With respect to any Award held by a U.S. Participant that is subject to Code Section 409A, the acceleration of the time or schedule of any payment except as provided under the Plan (including this addendum) is prohibited, except as provided in regulations and administrative guidance promulgated under Code Section 409A.

5. Code Section 409A

Each grant of RSUs to a U.S. Participant is intended to be exempt from Code Section 409A. However, to the extent any Award is subject to Section 409A, then:

- (a) all payments to be made upon a U.S. Participant's Termination Date shall only be made upon a Separation from Service.
- (b) if on the date of the U.S. Participant's Separation from Service the Company's shares (or shares of any other Company that is required to be aggregated with the Company in accordance with the requirements of Code Section 409A) is publicly traded on an established securities market or otherwise and the U.S. Participant is a Specified Employee, then the benefits payable to the Participant under the Plan that are payable due to the U.S. Participant's Separation from Service shall be postponed until the earlier of the originally scheduled date and six months following the U.S. Participant's Separation from Service. The postponed amount shall be paid to the U.S. Participant in a lump sum within 30 days after the earlier of the originally scheduled date and the date that is six months following the U.S. Participant's Separation from Service. If the U.S. Participant dies during such six month period and prior to the payment of the postponed amounts hereunder, the amounts delayed on account of Code Section 409A shall be paid to the U.S. Participant's estate within 60 days following the U.S. Participant's death.

If any provision of the Plan contravenes Code Section 409A or could cause the U.S. Participant to incur any tax, interest or penalties under Code Section 409A, the Board may, in its sole discretion and without the U.S. Participant's consent, modify such provision to: (i) comply with, or avoid being subject to, Code Section 409A, or to avoid incurring taxes, interest and penalties under Code Section 409A; and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant of the applicable provision without materially increasing the cost to the Company or contravening Code Section 409A. However, the Company shall have no obligation to modify the Plan or any RSU and does not guarantee that RSUs will not be subject to taxes, interest and penalties under Code Section 409A.

**APPENDIX A
FORM OF OPTION AGREEMENT**

CARGOJET INC.

OPTION AGREEMENT

This Stock Option Agreement (the “**Option Agreement**”) is granted by Cargojet Inc. (the “**Company**”), in favour of the optionee named below (the “**Optionee**”) pursuant to and on the terms and subject to the conditions of the Company’s Omnibus Long-Term Incentive Plan (the “**Plan**”). Capitalized terms used and not otherwise defined in this Option Agreement shall have the meanings set forth in the Plan.

The terms of the option (the “**Option**”), in addition to those terms set forth in the Plan, are as follows:

1. **Optionee**. The Optionee is ● and the address of the Optionee is currently ●.
2. **Number of Shares**. The Optionee may purchase up to ● Shares of the Company (the “**Option Shares**”) pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Option Agreement.
3. **Exercise Price**. The exercise price is Cdn \$● per Option Share (the “**Exercise Price**”).
4. **Date Option Granted**. The Option was granted on ●.
5. **Expiry Date**. The Option terminates on ●. (the “**Expiry Date**”).
6. **Vesting**. The Option to purchase Option Shares shall vest and become exercisable as follows:
●
7. **Exercise of Options**. In order to exercise the Option, the Optionee shall notify the Company in the form annexed hereto as Schedule “A”, whereupon the Company shall use reasonable efforts to cause the Optionee to receive a certificate representing the relevant number of fully paid and non-assessable Shares in the Company.
8. **Transfer of Option**. The Option is not-transferable or assignable except in accordance with the Plan.
9. **Inconsistency**. This Option Agreement is subject to the terms and conditions of the Plan and any Employment Agreement and, in the event of any inconsistency or contradiction between the terms of this Option Agreement and the Plan or any Employment Agreement, the terms of the Employment Agreement shall govern.
10. **Severability**. Wherever possible, each provision of this Option Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Option Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Option Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
11. **Entire Agreement**. This Option Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and preempt any prior understandings,

agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

12. **Successors and Assigns.** This Option Agreement shall bind and enure to the benefit of the Optionee and the Company and their respective successors and permitted assigns.
13. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
14. **Governing Law.** This Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
15. **Counterparts.** This Option Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Optionee acknowledges that the Optionee has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the _____ day of _____, 20__.

CARGOJET INC.

By: _____
Name:
Title:

Witness

[Insert Participant's Name]

SCHEDULE "A"
ELECTION TO EXERCISE STOCK OPTIONS

TO: CARGOJET INC. (the "Company")

The undersigned Optionee hereby elects to exercise Options granted by the Company to the undersigned pursuant to an Award Agreement dated _____, 20__ under the Company's Omnibus Long-Term Incentive Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired: _____

Exercise Price (per Share): Cdn.\$ _____

Aggregate Purchase Price: Cdn.\$ _____

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Company for details of such amount): Cdn.\$ _____

- Or check here if alternative arrangements have been made with the Company (check this box if the cashless exercise option has been elected by the Participant and approved by the Board);

and hereby tenders a certified cheque, bank draft or other form of payment confirmed as acceptable by the Company for such aggregate purchase price, and, if applicable, all source seductions, and directs such Shares to be registered in the name of _____.

I hereby agree to file or cause the Company to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)

SCHEDULE "B"
SURRENDER NOTICE

TO: CARGOJET INC. (the "Company")

The undersigned Optionee hereby elects to surrender _____ Options granted by the Company to the undersigned pursuant to an Award Agreement dated _____, 20__ under the Company's Omnibus Long-Term Incentive Plan (the "Plan") in exchange for Shares as calculated in accordance with Section 3.7(3) of the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Options to be surrendered for Shares or cash:

Shares Cash

If Options being surrendered for Shares, amount enclosed that is payable on account of any source deductions relating to this surrender of Options (contact the Company for details of such amount):

Cdn.\$ _____

Or check here if alternative arrangements have been made with the Company

If Options are being surrendered for cash, the cash consideration will be the Market Value of the Shares as at the date of the Surrender Notice less the aggregate Exercise Price and the source deductions relating to the Option surrender (contact the Company for details of such amount):

Cdn.\$ _____

If Options being surrendered for Shares, please issue a certificate or certificates representing the Shares in the name of _____.

I hereby agree to file or cause the Company to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)

**APPENDIX B
FORM OF RESTRICTED SHARE UNIT AGREEMENT
CARGOJET INC.**

RESTRICTED SHARE UNIT AGREEMENT

This Restricted Share Unit Agreement (the “**RSU Agreement**”) is granted by Cargojet Inc. (the “**Company**”), in favour of the Participant named below pursuant to and on the terms and subject to the conditions of the Company’s Omnibus Long-Term Incentive Plan (the “**Plan**”). Capitalized terms used and not otherwise defined in this RSU Agreement shall have the meanings set forth in the Plan.

The terms of the restricted share units (the “**RSU**”), in addition to those terms set forth in the Plan, are as follows:

1. **Participant**. The Participant is ● and the address of the Participant is currently ●.
2. **Date RSU Granted**. The RSUs were granted on ●.
3. **Vesting**. The RSUs will vest as follows:
●
4. **Transfer of RSUs**. The RSUs are not-transferable or assignable except in accordance with the Plan.
5. **Inconsistency**. This RSU Agreement is subject to the terms and conditions of the Plan and any Employment Agreement and, in the event of any inconsistency or contradiction between the terms of this RSU Agreement and the Plan or any Employment Agreement, the terms of the Employment Agreement shall govern.
6. **Severability**. Wherever possible, each provision of this RSU Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this RSU Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this RSU Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
7. **Entire Agreement**. This RSU Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
8. **Successors and Assigns**. This RSU Agreement shall bind and enure to the benefit of the Optionee and the Company and their respective successors and permitted assigns.
9. **Time of the Essence**. Time shall be of the essence of this Agreement and of every part hereof.
10. **Governing Law**. This Agreement and the RSUs shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
11. **Counterparts**. This RSU Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Agreement, the Participant acknowledges that the Participant has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this RSU Agreement.

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the _____ day of _____, 20__.

CARGOJET INC.

By: _____

Name:

Title:

Witness

[Insert Participant's Name]

Schedule C
AMENDED AND RESTATED BY-LAW RESOLUTION

BE IT RESOLVED THAT:

1. By-Law No. 4 of the Company, as approved by the Board on February 18, 2020 in the form attached as Schedule "D" to the management information circular dated February 26, 2020 of the Company, be and hereby is ratified and confirmed.
2. By-Laws No. 1, 2 and 3 are repealed as of the coming into force of By-Law No. 4. Such repeal shall not affect the previous operation of By-Laws No. 1, 2 and 3 so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under By-Laws No. 1, 2 and 3.
3. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

**SCHEDULE D
AMENDED AND RESTATED BY-LAWS**

See attached.

CARGOJET INC.

BY-LAW NO. 4

**ARTICLE 1
INTERPRETATION**

Section 1.1 Definitions

In the by-law of the Corporation, unless the context otherwise requires:

"**Act**" means the *Business Corporations Act*, R.S.O. 1990 c. B.16, as amended;

"**Agent**" means a Person appointed to act on behalf of another;

"**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;

"**appoint**" includes "**elect**" and vice versa;

"**Articles**" means the articles of the Corporation, as amended from time to time;

"**Board**" means the board of directors of the Corporation;

"**by-law**" means this by-law no. 4, as amended from time to time;

"**By-Law No. 1**" means by-law no. 1 dated as of the 7th day of April 2010;

"**By-Law No. 2**" means by-law no. 2 dated as of the 7th day of April 2010;

"**By-Law No. 3**" means by-law no. 3 dated as of the 29th day of March 2017;

"**Canada Evidence Act**" means the *Canada Evidence Act*, R.S.C. (1985), c. C-5 and the regulations made under such Act, as amended;

"**Canada Transportation Act**" means the *Canada Transportation Act*, S.C. 1996, c. 10, as amended;

"**Canadian**" means a Canadian within the meaning set forth in Subsection 55(1) of the Canada Transportation Act or as specified in any regulation made thereunder as the same may be amended, supplemented or replaced, from time to time;

"**Corporation**" means Cargojet Inc.;

"**Depository**" means CDS Clearing and Depository Services Inc. or any other Person acting as an intermediary for the payment or delivery of securities in respect of securities transactions and providing centralized services for the compensation of securities transactions or providing centralized services as a depository in respect of the compensation of securities transactions;

"**meeting of shareholders**" includes an annual meeting of shareholders and a special meeting of shareholders; "**special meeting of shareholders**" includes a meeting of any class or classes of

shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario);

"Non-Canadian" means a Person who is not a Canadian;

"Participant" means a holder of Voting Shares or the Agent of such holder registered with the Depositary;

"Person" includes an individual, corporation, body corporate, partnership, unincorporated organization, government or agency thereof, trustee, executor, administrator and other legal representative, and when used in this by-law, references to "Person" in the singular shall be deemed to include the plural and vice versa;

"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;

"recorded address" means in the case of a shareholder his or her address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the Board his or her latest address as recorded in the records of the Corporation;

"Registration System" means the services offered by the Depositary;

"Securities Transfer Act" means the *Securities Transfer Act* (Ontario) 2006, c.8. as amended from time to time;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.3 or by a resolution passed pursuant thereto;

"Transfer Agent" means Computershare Investor Services Inc. or any other corporation designated by the Board to act as Transfer Agent of the Corporation; and

"Voting Share" means a share carrying voting rights under all circumstances or under some circumstances that have occurred and are continuing and includes a security currently convertible into such a share and currently exercisable options and rights to acquire such a share or such a convertible security.

all terms contained in the by-law that are not otherwise defined in the by-law and which are defined in the Act shall have the meanings given to such terms in the Act; and

the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and neuter genders.

Section 1.2 Conflict with Laws

In the event of any inconsistency between the by-law and mandatory provisions of the Act or the Securities Transfer Act, the provisions of the Act or the Securities Transfer Act, as applicable, shall prevail.

ARTICLE 2 BUSINESS OF THE CORPORATION

Section 2.1 Corporate Seal

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the Board.

Section 2.2 Financial Year

The financial year of the Corporation shall be as determined by the Board from time to time.

Section 2.3 Execution of Instruments

Contracts, documents or instruments requiring the signature of the Corporation may be signed on behalf of the Corporation, either manually or by facsimile or electronic means, by any one officer or director and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The Board shall have power from time to time by resolution to appoint any officer or officers or any person or persons or any legal entity on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Corporation may, when required, be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by resolution of the Board.

The term "**contracts, documents or instruments in writing**" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities and all paper writings or electronic writings.

Section 2.4 Banking Arrangements

The banking business of the Corporation, or any part thereof, including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time by resolution prescribe or authorize.

Section 2.5 Custody of Securities

All shares and securities owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the Board, with such other depositaries or in such other manner as may be determined from time to time by resolution of the Board.

All share certificates, bonds, debentures, notes or other obligations or securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

Section 2.6 Voting Shares and Securities in other Companies

All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders, bondholders, debenture holders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the Board shall from time to time by resolution determine. The proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the Board.

ARTICLE 3 DIRECTORS

Section 3.1 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the Articles or, where a minimum and maximum number of directors is provided for in the Articles, the number of directors of the Corporation shall be the number of directors determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the Board. Subject to the Act, the quorum for the transaction of business at any meeting of the Board shall be a majority of the number of directors then in office and or such greater number of directors as the Board may from time to time by resolution determine. Notwithstanding any vacancy among the number of directors, a quorum may exercise all the powers of the directors.

Section 3.2 Qualification

No person shall be qualified for election as a director if disqualified in accordance with the Act (which would currently include: a person who is less than 18 years of age; a person who has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere; a person who is not an individual; or a person who has the status of a bankrupt). A director need not be a shareholder. The Board shall be comprised of the number of Canadian residents as may be prescribed from time to time by the Act (which is currently a minimum of 25%). If the Corporation is or becomes an offering corporation within the meaning of the Act, at least one-third of the directors of the Corporation shall not be officers or employees of the Corporation or any of its affiliates.

Section 3.3 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the Articles or, if a minimum and maximum number of directors is provided for in the Articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the Board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

Section 3.4 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

Section 3.5 Vacation of Office

A director ceases to hold office when he or she dies or, subject to the Act, resigns; he or she is removed from office by the shareholders in accordance with the Act; is found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property or who is found to be incapable by a court in Canada or elsewhere; or if he or she acquires the status of a bankrupt.

Section 3.6 Vacancies

Subject to the Act, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

Section 3.7 Action by the Board

The Board shall manage or supervise the management of the business and affairs of the Corporation. Subject to Section 3.8, the powers of the Board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Board. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum of the Board remains in office.

Section 3.8 Meeting by Telephone

If all the directors of the Corporation present or participating in the meeting consent, a director may participate in a meeting of the Board or of a committee of the Board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board held while a director holds office.

Section 3.9 Place of Meetings

Meetings of the Board may be held at any place within or outside Ontario. In any financial year of the Corporation a majority of the meetings of the Board need not be held within Canada.

Section 3.10 Calling of Meetings

Subject to the Act, meetings of the Board shall be held from time to time on such day and at such time and at such place as the Board, the Chairman of the Board, the President, or a Vice-President who is a director or any one director may determine and the Secretary, when directed by the Board, the Chairman of the Board, the President, or a Vice-President who is a director or any one director shall convene a meeting of the Board.

Section 3.11 Notice of Meeting

Notice of the date, time and place of each meeting of the Board shall be given in the manner provided in Section 12.1 to each director not less than 48 hours (exclusive of any part of a non-business day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the Board.

Section 3.12 First Meeting of New Board

Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

Section 3.13 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

Section 3.14 Regular Meetings

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of a schedule of regular meetings of the Board setting forth the proposed dates, times and places of such regular meetings shall be sent to each director at the commencement of each calendar year, however, each director shall also be provided with a follow-up notice of meeting and agenda prior to each regularly scheduled meeting.

Section 3.15 Chairman

The chairman of any meeting of the Board shall be the first mentioned of such of the following directors or officers, if also a director, and is present at the meeting: the Chairman of the Board, the President, lead director or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

Section 3.16 Votes to Govern

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

Section 3.17 Conflict of Interest

A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of the meetings of the directors the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the Board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the Board or shareholders, and a director interested in a contract or transaction so referred to the Board shall not attend any part of a meeting of the Board during which the contract or transaction is discussed and shall not vote on any resolution to approve the same except as permitted by the Act. If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of this section, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution. Where all of the directors are required to disclose their interests pursuant to this section, the contract or transaction may be approved only by the shareholders.

Section 3.18 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses

properly incurred by them in attending meetings of the shareholders or of the Board or any committee thereof or otherwise in the performance of their duties. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

ARTICLE 4 COMMITTEES

Section 4.1 Committee of Directors

The Board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the Board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

Section 4.2 Transaction of Business

The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

Section 4.3 Advisory Committees

The Board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

Section 4.4 Procedure

Unless otherwise determined by the Board, a quorum for meetings of any committee shall be a majority of its members (provided that a majority of the directors comprising such quorum shall not be non-residents). Each committee shall have the power to appoint its chairperson and the rules for calling, holding, conducting and adjourning meetings of the committee shall be the same as those governing the directors. Each member of a committee shall serve during the pleasure of the directors, and in any event, only so long as he or she shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

ARTICLE 5 OFFICERS

Section 5.1 Appointment

The Board may from time to time appoint a Chairman of the Board, a President, a lead director, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Chief Executive Officer, a Secretary, a Treasurer and such other officers as the Board may determine. The Board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to Section 5.2, an officer may but need not be a director and one person may hold more than one office. In case and whenever the same person holds the offices of Secretary and Treasurer, he or she may but need not be known as the Secretary-Treasurer. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the Board may deem sufficient, the Board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

Section 5.2 Chairman of the Board

The Chairman of the Board, if appointed, shall be a director and shall, when present, preside at all meetings of the Board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him or her by the Board. During the absence or disability of the Chairman of the Board, his or her duties shall be performed, and his or her powers exercised by the lead director, if any.

Section 5.3 President

The President shall, and unless and until the Board designates any other officer of the Corporation to be the Chief Executive Officer of the Corporation, be the Chief Executive Officer and, subject to the authority of the Board shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the Board may specify. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board if none be appointed or if the Chairman of the Board is absent or unable or refuses to act.

Section 5.4 Lead Director

Subject to the Act, the Board may appoint from their number a lead director who shall possess and exercise such authority and powers and shall perform such duties as may be determined by the by-law and the Board. A lead director shall not be an officer of the Corporation.

Section 5.5 Vice-President

Each Vice-President shall have such powers and duties as the Board or the President and Chief Executive Officer may specify. The Vice-President or, if more than one, the Vice-President designated from time to time by the Board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of the Board.

Section 5.6 Chief Executive Officer

The Chief Executive Officer shall have, under the control of the Board, general supervision and direction of the business and affairs of the Corporation. The Chief Executive Officer shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-law, the Board and the Chairman of the Board. In the absence of the Chairman of the Board and lead director, if any, and if the Chief Executive Officer is also a director of the Corporation, the Chief Executive Officer shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he or she shall sign such contracts, documents or instruments in writing as require his or her signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

Section 5.7 Secretary

The Secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board; he or she shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he or she shall have such other powers and duties as the Board may specify.

Section 5.8 Treasurer

The Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he or she shall render to the Board whenever required an account of all his or her transactions as Treasurer and of the financial position of the Corporation; and he or she shall have such other powers and duties as the Board may specify.

Section 5.9 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.

Section 5.10 Variation of Powers and Duties

The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

Section 5.11 Term of Office

The Board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract.

Otherwise each officer appointed by the Board shall hold office until his or her successor is appointed or until the earlier of his or her resignation or death.

Section 5.12 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the Board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him or her from receiving such remuneration as may be so determined.

Section 5.13 Conflict of Interest

An officer shall disclose his or her interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with Section 3.17.

Section 5.14 Agents and Attorneys

The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to subdelegate) as may be thought fit.

Section 5.15 Fidelity Bonds

The Board may require such officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

**ARTICLE 6
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

Section 6.1 Submission of Contracts or Transactions to Shareholders for Approval

The Board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

Section 6.2 For the Protection of Directors and Officers

In supplement of and not by way of limitation upon any rights conferred upon directors by the provisions of the Act, it is declared that no director shall be disqualified by his or her office from, or vacate his or her office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he or she is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be avoided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of the fiduciary relationship existing or established thereby. Subject to the provisions of the Act and to Section 3.17, no director shall be obliged to make any declaration of interest or refrain from voting in respect of a contract or proposed contract with the Corporation in which such director is in any way directly or indirectly interested.

Section 6.3 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith and in the best interests of the Corporation and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the Board. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation, the fact of his or her being a director or officer of the Corporation shall not disentitle such

director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

Section 6.4 Indemnity

Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, if

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request;
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful; and
- (c) a court or other competent authority has not judged that the individual has committed any fault or omitted to do anything that the individual ought to have done.

The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires.

Section 6.5 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 6.4 against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

ARTICLE 7 SHARES

Section 7.1 Allotment

The Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act. Shares may be issued as uncertificated securities or be represented by share certificates in accordance with the provisions of the Act and the Securities Transfer Act.

Section 7.2 Commissions

The Board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

Section 7.3 Registration of Transfers

All transfers of securities of the Corporation shall be made in accordance with the Act and the Securities Transfer Act. Subject to the provisions of the Act and the Securities Transfer Act, no transfer of

shares represented by a security certificate (as defined in the Act) shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act and the Securities Transfer Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act and the Securities Transfer Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board, upon compliance with such restrictions on transfer as are authorized by the Articles and upon satisfaction of any lien referred to in Section 7.5.

Section 7.4 Transfer Agents and Registrars

The Board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to his or her functions and one person may be designated both registrar and transfer agent. The Board may at any time terminate such appointment.

Section 7.5 Lien for Indebtedness

The Corporation shall have a lien on any share registered in the name of a shareholder or his or her legal representatives for a debt of that shareholder to the Corporation, provided that if the shares of the Corporation are listed on a stock exchange in or outside Canada, the Corporation shall not have such lien. The Corporation may enforce any lien that it has on shares registered in the name of a shareholder indebted to the Corporation by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

Section 7.6 Non-recognition of Trusts

Subject to the provisions of the Act and the Securities Transfer Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

Section 7.7 Share Certificates and Written Evidence of Ownership

Every holder of one or more shares of the Corporation that are certificated securities under the Act shall be entitled, at his or her option, to a share certificate, or to a non-transferable written acknowledgement of his or her right to obtain a share certificate, stating the number and class or series of shares held by such holder as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the Board shall from time to time approve. Any share certificate shall be signed in accordance with Section 2.3 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate. Holders of uncertificated securities of the Corporation shall be entitled to receive a written notice or other documentation as provided by the Act.

Section 7.8 Replacement of Share Certificates

The Board or any officer or agent designated by the Board may in its or his or her discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such an amount designed by the Board, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board or the transfer agent of the Corporation may from time to time prescribe, whether generally or in any particular case.

Section 7.9 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

Section 7.10 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

ARTICLE 8 DIVIDENDS AND RIGHTS

Section 8.1 Dividends

Subject to the provisions of the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

Section 8.2 Dividend Cheques

A dividend payable in cash shall be paid either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at his or her recorded address, unless such holder otherwise directs. In the case of joint holders any cheque issued shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

Section 8.3 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of nonreceipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

Section 8.4 Record Date for Dividends and Rights

The Board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven (7) days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

Section 8.5 Unclaimed Dividends

Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE 9 MEETINGS OF SHAREHOLDERS

Section 9.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year as the Board or the Chairman of the Board may from time to time determine, in any event no later than June 30 in each year, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

Section 9.2 Special Meetings

The Board, the Chairman of the Board, the President or the Chief Executive Officer shall have the power to call a special meeting of shareholders at any time.

Section 9.3 Place of Meetings

A meeting of shareholders of the Corporation shall be held at such place in or outside of Canada as the Board may determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located. A meeting of shareholders of the Corporation may be held by telephonic or electronic means. A shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting is deemed for the purposes of the Act to be present at the meeting. The directors may establish procedures regarding the holding of meetings of shareholders of the Corporation by such means.

Section 9.4 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 12.1 not less than 21 days nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or bylaw to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

Section 9.5 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to Section 9.6, the list of shareholders entitled to receive notice of the meeting shall be prepared not later than ten (10) days after such record date. If no record date is fixed, the list of shareholders entitled to receive notice of the meeting shall be prepared as of the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting of shareholders for which the list was prepared.

Section 9.6 Record Date for Notice

The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days (or pursuant to the time limitations as may be prescribed by the Act from time to time), as a record date for the determination of the shareholders entitled to receive notice of the meeting, provided that notice of any such record date shall be given not less than seven (7) days before such record date by newspaper advertisement in the manner provided in the Act and, if any shares of the Corporation are listed for trading on a stock exchange in Canada, by written notice to each such stock exchange. If no record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

Section 9.7 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy waive notice of or otherwise consent to such meeting being held, and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held, so long as such shareholders, auditor and directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

Section 9.8 Chairman, Secretary and Scrutineers

The Chairman of the Board or any other director or officer of the Corporation, as determined by the Board, may act as chairman of any meeting of shareholders. If no such director or officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

Section 9.9 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the Articles or the by-law to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

Section 9.10 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be two (2) persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 25% of the issued shares of the Corporation enjoying voting rights at such meeting.

Section 9.11 Right to Vote

The persons entitled to vote at any meeting of shareholders shall be the persons entitled to vote in accordance with the Act.

Section 9.12 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his or her attorney authorized in writing (or by electronic signature) and shall conform with the requirements of the Act.

Section 9.13 Time for Deposit of Proxies

The Board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of any part of a non-business day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

Section 9.14 Joint Shareholders

If two (2) or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two (2) or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

Section 9.15 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the Articles or by-law or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

Section 9.16 Show of Hands

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be sufficient evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

Section 9.17 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

Section 9.18 Adjournment

The chairman at the meeting of shareholders may with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

Section 9.19 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

ARTICLE 10 INFORMATION AVAILABLE TO SHAREHOLDERS

Section 10.1 Information Available to Shareholders

Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

Section 10.2 Directors' Determination

The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or

register or accounting record of the Corporation except as conferred by statute or authorized by the Board or by a resolution of the shareholders in general meeting.

ARTICLE 11 DIVISIONS AND DEPARTMENTS

Section 11.1 Creation and Consolidation of Divisions

The Board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more subsidiaries, partnerships or other legal entities upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured, or service rendered, as the Board may consider appropriate in each case. The Board may also cause the business and operations of any such subsidiary, partnership or other legal entity to be further divided into subsidiaries, partnerships or other legal entities and the business and operations of any such subsidiaries, partnerships or other legal entities to be consolidated upon such basis as the Board may consider appropriate in each case.

Section 11.2 Name of Division

Any division or its sub-units may be designated by such name as the Board may from time to time determine and may transact business under such name, provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

Section 11.3 Officers of Division

From time to time the Board or, if authorized by the Board, the President and/or Chief Executive Officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The Board or, if authorized by the Board, the President and/or Chief Executive Officer, may remove at its or his or her pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

ARTICLE 12 NOTICES

Section 12.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the Articles, the by-law or otherwise to a shareholder, director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to such person's recorded address or if mailed to such person at his or her recorded address by prepaid mail or if sent to such person at his or her recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by him or her to be reliable.

Section 12.2 Signature to Notices

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

Section 12.3 Proof of Service

A certificate of the Chairman of the Board, the President and Chief Executive Officer, a Vice-President, the Chief Financial Officer, the Secretary, the Treasurer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

Section 12.4 Notice to Joint Shareholders

All notices with respect to shares registered in more than one name shall, if more than one address appears on the records of the Corporation in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing and notice so given shall be sufficient notice to the holders of such shares.

Section 12.5 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event both the date of giving the notice and the date of the meeting or other event shall be excluded.

Section 12.6 Undelivered Notices

If any notice given to a shareholder pursuant to Section 12.1 is returned on three consecutive occasions because he or she cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he or she informs the Corporation in writing of his or her new address.

Section 12.7 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise found thereon.

Section 12.8 Deceased Shareholders

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of such shareholder's decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in his or her stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and on all persons, if any, interested with him or her in such shares.

Section 12.9 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he or she derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he or she became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

Section 12.10 Waiver of Notice

Any shareholder (or his or her duly appointed proxyholder), director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her under any provision of the Act, the regulations thereunder, the Articles, the by-law or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board or of a committee of the Board which may be given in any manner.

ARTICLE 13 DECLARATIONS

Section 13.1 Holder

The Board may require, at all times, that any holder of Voting Shares of its share capital, the Agent of such holder, a Participant in whose name the Voting Shares of the Corporation are registered or the Depository, must provide any relevant information required to enable it to apply the restrictions on the issue, transfer, ownership, control or voting of Voting Shares of the Corporation set out in the Act, the Canada Transportation Act and the Articles.

Section 13.2 Transfer or issue of shares

The Board may require, prior to accepting any transfer of or subscription for Voting Shares of the Corporation's share capital, that the prospective holder, the Agent of such holder, the Participant in whose name such Voting Shares are registered, or the Depository, provide any relevant information required to enable it to apply the restrictions on the issue, transfer, ownership, control or voting of Voting Shares of the Corporation set out in the Act, the Canada Transportation Act and the Articles.

Section 13.3 Failure to provide a declaration or any other information

- (1) When a Person, the Agent of such Person, the Participant in whose name the Voting Shares of the Corporation are registered, or the Depository are required to provide a declaration or any other information required pursuant to this by-law and fail to comply with such obligation, the directors may take the following measures until such Person, the Agent of such Person, the Participant, or the Depository has provided the declaration or the information concerned:
 - (a) refuse to recognize all ownership rights attributable to the Voting Shares, including the voting rights attached to such Voting Shares, to register a transfer of a Voting Share in such Person's name or, as the case may be in the name of the Person for whom the Participant or the Agent is acting or to issue a Voting Share to such Person or the Person for whom the Agent or the Participant is acting;

- (b) where the Voting Shares concerned are registered with the Depository, regardless of whether the failure is attributable to the Depository or the Participant, order the Depository to exclude the Voting Shares of the Participant from the Registration System and to refuse any new request by the Participant for registration in the Registration System; or
- (c) take any other measure deemed necessary in order to give effect to the provisions concerning the restrictions on the issue, transfer, ownership, control or voting of Voting Shares of the Corporation set out in the Act, the Canada Transportation Act and the Articles.

ARTICLE 14 ADDITIONAL POWERS

The Board may, when it deems it appropriate in order to apply the provisions concerning the restrictions on the issue, transfer, ownership, control or voting of Voting Shares of the Corporation set out in the Act, the Canada Transportation Act, the Articles and this by-law:

- (1) name and sign any contract with third Persons, and particularly with the Transfer Agent and Depository, namely in order to assist in obtaining and following-up on the declarations and various information it requires as well as in applying the sanctions related to a Person's failure to comply with the Act, the Canada Transportation Act, the Articles, or this by-law, as the case may be; and
- (2) implement all control mechanisms and adopt all the procedures it may require from time to time, and in particular; (i) implement and adopt certificates of control of the Canadian or Non-Canadian status of the holders of Voting Shares of the Corporation's capital; and (ii) implement any specific compensation procedure in respect of the Voting Shares held by Canadians or Non-Canadians and subject to the Registration System.

ARTICLE 15 SHARE CERTIFICATES

The Board is authorized to adopt and make, from time to time, all the amendments to the Corporation's share certificate forms required to give effect to the provisions concerning the restrictions on the issue, transfer and ownership of Voting Shares of the Corporation set out in the Articles.

ARTICLE 16 ADVANCE NOTICE

Section 16.1 Nominating Procedures

Subject to the Act, the Articles and Applicable Securities Laws, 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 may only be made at an annual meeting of shareholders, or at a special meeting of shareholders if one of the purposes for which the 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 entitled to vote at such meeting (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 of the Corporation 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.

Section 16.2 Notice of Nomination

- (1) 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.
- (2) 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 (including an annual and special meeting), 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 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 any purpose which includes the election of directors (whether or not called for other purposes as well), not later than the close of business on the 15th day following the day on which the first Public Announcement of the date of the special meeting of shareholders was made.
- (3) 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, both presently and for the past 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 Voting Shares in the capital of the Corporation, or any of its subsidiaries, which are controlled, or which are owned beneficially or of record by the person, directly or indirectly, 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;
 - (v) a description of any relationships, agreements, arrangements, or understandings (including financial, compensation or indemnity related) between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder, in

connection with the Proposed Nominee's nomination and election as director;
and

- (vi) any other information relating to the person that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

(b) as to the Nominating Shareholder giving the notice:

- (i) the name, age, business and residential address of such Nominating Shareholder;
- (ii) number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder or any other person with whom the Nominating Shareholder is acting jointly or in concert with respect to the Corporation or any of its securities, 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 other information relating to such person that would be required to be made in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

- (4) Reference to "Nominating Shareholder" in this Section 16.2 shall be deemed to refer to each shareholder that nominated or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making the nomination proposal.
- (5) 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.
- (6) All information to be provided in a timely notice pursuant to paragraph (3) 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.
- (7) 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 (at such email address as may be stipulated from time to time by the Secretary of the Corporation for purposes of this notice), 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 of the Corporation 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 a 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.

Section 16.3 Compliance

- (1) 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.
- (2) Notwithstanding the foregoing, the Board may, in its sole discretion, waive all or any requirements in this Article 16.

**ARTICLE 17
REPEAL OF BY-LAWS NO. 1, 2 AND 3**

Section 17.1 Repeal

By-Law No. 1, By-Law No. 2 and By-Law No. 3 of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of By-Law No. 1, By-Law No. 2 and By-Law No. 3 so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under By-Law No. 1, By-Law No. 2 and By-Law No. 3 prior to their repeal.

**ARTICLE 18
EFFECTIVE DATE**

Section 18.1 Effective Date

This by-law comes into force when made by the directors in accordance with the Act.

SCHEDULE E ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under the *Ontario Business Corporations Act* (the “**OBCA**”) of Cargojet Inc. (the “**Company**”), as more particularly described and set forth in the management information circular (the “**Circular**”) dated February 26, 2020 of the Company, as the Arrangement may be amended, modified or supplemented, is hereby authorized, approved and adopted.
2. The plan of arrangement of the Company (the “**Plan of Arrangement**”), the full text of which is set out in Schedule “F” of the Circular (as it has been or may be amended, modified or supplemented in accordance with its terms), is hereby authorized, approved and adopted.
3. The amendment of the Company’s articles of amalgamation (the “**Articles**”) by way of the filing of articles of arrangement (the “**Articles of Arrangement**”), the full text of which is set out in Schedule “G” of the Circular (as it has been or may be amended, modified or supplemented in accordance with the Plan of Arrangement and the interim order in relation thereto) (the “**Amendments**”), are hereby ratified and approved.
4. The Company is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (the “**Court**”) to approve the Arrangement on the terms set forth in the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, to (i) amend, modify or supplement the Plan of Arrangement or the Articles of Arrangement, and (ii) not to proceed with the Arrangement or the Amendments to the Articles.
6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Director, appointed under section 278 of the OBCA, Articles of Arrangement and such other documents as are necessary or desirable to give effect to the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement and any such other documents.
7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

**SCHEDULE F
PLAN OF ARRANGEMENT**

See attached.

**PLAN OF ARRANGEMENT UNDER SECTION 182 OF THE
ONTARIO BUSINESS CORPORATIONS ACT**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions.

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the meanings hereinafter set forth:

- (a) "**affiliation**" shall have the meaning set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;
- (b) "**air service**" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;
- (c) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to Section 192 of the CBCA set forth in this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation, the whole as supplemented, modified or amended;
- (d) "**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Meeting by the Shareholders voting together as a single class;
- (e) "**Articles of Arrangement**" means the articles of arrangement of the Corporation in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Corporation;
- (f) "**Articles**" means the articles of amalgamation of the Corporation dated January 1, 2020, as amended from time to time;
- (g) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Toronto, in the Province of Ontario, for the transaction of banking business;
- (h) "**Canadian**" means:
 - (a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act*, S.C. 2001, c.27,
 - (b) a government in Canada or an agent or mandatary of such a government, or
 - (c) a Corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where:
 - (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and

- (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person;
- (i) "**Certificate**" means the certificate to be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;
- (j) "**Common Voting Shares**" means the common voting shares in the share capital of the Corporation;
- (k) "**Corporation**" means Cargojet Inc., a corporation incorporated under the laws of Ontario;
- (l) "**Court**" means the Ontario Superior Court of Justice (Commercial List);
- (m) "**CTA**" means the *Canada Transportation Act* (S.C. 1996, c. 10);
- (n) "**Director**" means the director appointed under Section 278 of the OBCA;
- (o) "**Effective Date**" means the date the Arrangement is effective under the OBCA, as endorsed by the Certificate;
- (p) "**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date as endorsed by the Certificate;
- (q) "**Final Order**" means the final order of the Court approving the Arrangement as such order may be amended or varied by the Court (with the consent of the Corporation) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to the Corporation) on appeal;
- (r) "**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor in council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasigovernmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;
- (s) "**Interim Order**" means the interim order of the Court, in a form acceptable to the Corporation, concerning the Arrangement and providing for, among other things, declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be amended by the Court with the consent of the Corporation;
- (t) "**Law**" means, with respect to any Person, any and all applicable laws (statutory, civil, common or otherwise), constitutions, treaties, conventions, ordinances, codes, rules, regulations, orders, injunctions, judgments, decrees, rulings or other similar requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;
- (u) "**Meeting**" means the annual and special meeting of the Shareholders, including any adjournment or postponement of such annual and special meeting, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

- (v) **"Non-Canadian"** means a Person who is not a Canadian;
 - (w) **"Non-Canadian Holder Authorized to Provide Air Service"** means one or more non-Canadian Shareholders authorized to provide an air service in any jurisdiction, either individually or in affiliation with any other person;
 - (x) **"Person"** includes an individual, limited or general partnership, limited liability Corporation, limited liability partnership, trust, joint venture, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
 - (y) **"Plan of Arrangement"** means this plan of arrangement under Section 182 of the OBCA, and any amendments or variations made in accordance therewith or made at the direction of the Court in the Final Order with the prior written consent of the Corporation;
 - (z) **"Shares"** means the Common Voting Shares and the Variable Voting Shares of the Corporation;
 - (aa) **"Shareholders"** means the holders and the beneficial owners of the Common Voting Shares and the holders and the beneficial owners of the Variable Voting Shares of the Corporation;
 - (bb) **"Single Non-Canadian Holder"** means any single non-Canadian Shareholder, either individually or in affiliation with any other person;
 - (cc) **"Transfer Agent"** means Computershare Investor Services Inc.; and
 - (dd) **"Variable Voting Shares"** means the variable voting shares in the share capital of the Corporation.
- 1.2 **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 **References.** Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 **Certain Phrases, etc.** Unless the context requires otherwise, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individual, limited or general partnership, limited liability Corporation, limited liability partnership, trust, joint venture, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status
- 1.5 **Business Days.** In the event that the date on which any action is required to be taken hereunder is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place, except that the Effective Date can fall on a date that is not a Business Day.
- 1.6 **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.
- 1.7 **Statutes.** References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.8 **Governing Law.** This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

1.9 **Time References.** References to time herein are to local time, Toronto, Ontario.

ARTICLE 2 BINDING EFFECT

2.1 Upon the filing of the Articles of Arrangement and the issuance of the Certificate, this Plan of Arrangement shall become, at and after the Effective Time, effective and binding on: (i) all the Shareholders, (ii) the Corporation, (iii) the Transfer Agent, and (iv) all other Persons, without any further formality required on the part of any Person, except as expressly provided herein.

ARTICLE 3 THE ARRANGEMENT

3.1 At the Effective Time, the following events shall occur and shall be deemed to occur in the following order without any further authorization, act or formality on the part of any Person:

(a) Section 8 of the Corporation's Articles shall be amended and replaced, and shall be deemed to be amended and replaced, with the form of Schedule A attached to this Plan of Arrangement as Exhibit I, to, among other things, modify the rights attached to the Shares in order to reflect the definition of "Canadian" in Section 55(1) of the CTA as amended pursuant to *The Transportation Modernization Act* (Bill C-49).

(b) the Articles of Arrangement in the form attached as Exhibit I to this Plan of Arrangement shall be adopted and the Corporation's Articles shall be amended accordingly; and

(c) the Corporation shall be authorized to amend the declaration and any form or other document to be completed from time to time by Shareholders to determine their status as Canadian, non-Canadian, Single Non-Canadian Holder and Non-Canadian Holder Authorized to Provide Air Service and to determine whether the Shareholder holds, is the beneficial owner of or has control over any Shares and whether the Shareholder is in affiliation with any Single Non-Canadian Holder or with any Non-Canadian Holder Authorized to Provide Air Service, and, in any such circumstance, the identity of such affiliated Shareholders, and declaring any further facts that the Corporation considers relevant, such amendments to be made in accordance with the authority granted to the directors in the Corporation's Articles by way of the Articles of Arrangement.

3.2 The Arrangement and the amendment of the Articles by way of Articles of Arrangement shall not trigger any right of dissent for the Shareholders, whether under the OBCA or otherwise.

3.3 Each Shareholder, with respect to each step set out in Section 3.1 applicable to such holder, shall be deemed, at the time such step occurs, to have executed and delivered all necessary or required consents, releases, assignments, instruments, certificates, powers of attorney and waivers, statutory or otherwise, relating to or in connection with the completion of such step.

3.4 The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with regard to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 3.1 has become effective in the sequence and at the times set out therein.

3.5 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time.

**ARTICLE 4
AMENDMENTS AND WITHDRAWAL**

- 4.1 The Corporation may amend this Plan of Arrangement at any time, provided that each such amendment must be set out in writing and filed with the Court.
- 4.2 Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Corporation without the approval of the Court or of the Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Corporation, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any holder of Shares.
- 4.3 Subject to Section 4.2, any amendment to this Plan of Arrangement may be proposed by the Corporation at any time prior to or at the Meeting with or without any other prior notice or communication to Shareholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as required by the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 4.4 Subject to Section 4.2, the Corporation may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court, and, if and as required by the Court, after communication to Shareholders.
- 4.5 This Plan of Arrangement may be withdrawn and the Corporation may not proceed with this Plan of Arrangement prior to the Effective Time in accordance with the Arrangement Resolution.

**ARTICLE 5
FURTHER ASSURANCES**

- 5.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in Section 3.1 and shall become effective without any further act or formality, the Corporation shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

EXHIBIT I

Kindly refer to Schedule "G" of this circular.

**SCHEDULE G
ARTICLES OF ARRANGEMENT**

See attached.

SCHEDULE A
ARTICLES OF ARRANGEMENT
CARGOJET INC.
Ontario Business Corporations Act

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

For purposes of ~~these Articles of Incorporation~~ this Schedule "A", the following terms have the following meanings:

"affiliation" shall, for purposes of Sections 2.1(1), 2.1(2), 2.1(3), 4.6(1)(a)(v) and 4.7(3) of this Schedule "A", have the meaning set forth in Subsection 55(2) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

~~"Board of Directors"~~ "Aggregate Votes" means the ~~board of~~ aggregate of the votes attached to all voting shares of the Corporation that may ordinarily be cast to elect directors of the Corporation;

~~"body corporate" includes a corporation, partnership and unincorporated organization;~~

"air service" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced, from time to time;

"Board of Directors" means the board of directors of the Corporation;

"Canadian" shall have the meaning set forth in Subsection 55(1) of the CTA or as specified in any regulation made thereunder, as the same may be amended, supplemented or replaced from time to time;

"Common Voting Shares" means the common voting shares of the share capital of the Corporation and "Common Voting Share" shall mean any one of them;

"Corporation" means Cargojet Inc.;

"CTA" means the *Canada Transportation Act*, S.C. 1996, Ch. 10, as amended;

"Non-Canadian Holder(s) Authorized to Provide Air Service" has the meaning set forth in Section 2.1(2)(a);

~~"OBCA" means the *Business Corporations Act*, R.S.O. 1990 c. B.16 and the regulations made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the by laws of the Corporation to provisions of the OBCA shall be read as references to the substituted provisions therefor in the new statute or statutes, as amended;~~

"OBCA Regulations" means any regulations promulgated from time to time under the OBCA;

"person" includes an individual, ~~sole proprietorship corporation, body corporate,~~ partnership, ~~limited partnership, unincorporated association, unincorporated syndicate,~~ unincorporated organization, ~~trust government or agency thereof, body corporate, and a natural person in his or her capacity as~~ trustee, executor, administrator, ~~or~~ and other legal representative, and when used in this Schedule "A", references to "person" in the singular shall be deemed to include the plural and vice versa;

"Single Non-Canadian Holder" shall have the meaning set forth in Section 2.1(2)(a);

"Transfer Agent" means the transfer agent and the registrar of the Common Voting Shares ~~of the Corporation~~ and the Variable Voting Shares;

"Variable Voting Shares" means collectively the variable voting shares of the share capital of the Corporation and "Variable Voting Share" means any one of them; and

~~"Voting Shares" means the Variable Voting Shares and the Common Voting Shares. Section 1.2 Control~~

~~For purposes of these Articles of Incorporation:~~

~~(1) a body corporate is controlled by a person if:~~

~~(a) voting securities of the first mentioned body corporate carrying more than fifty percent (50%) of the votes for the election of directors are held, other than by way of security only, by or for the benefit of such other person or by or for the benefit of such other bodies corporate; and~~

~~(b) the votes carried by such securities are sufficient, if exercised, to elect a majority of the board of directors of the first mentioned body corporate; and~~

~~(2) a partnership or unincorporated organization is controlled by a person if an ownership interest therein representing more than fifty percent (50%) of the assets of the partnership or organization is held, otherwise than by way of security only, by or for the benefit of that person.~~

"voting share" means a share carrying voting rights under all circumstances or under some circumstances that have occurred and are continuing and includes a security currently convertible into such a share and currently exercisable options and rights to acquire such a share or such a convertible security.

Section 1.2 ~~Section 1.3~~ Undefined Terms

All terms used herein in this Schedule "A" that are not defined ~~herein shall in these Articles but~~ are defined in the OBCA have the meanings ascribed thereto in the OBCA. Any provision ~~herein of this Schedule "A" that may be read in a manner that is inconsistent with the OBCA~~ shall be read so as to be consistent ~~with the OBCA~~ therewith.

ARTICLE 2 VARIABLE VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to any other class of shares of the Corporation, the Variable Voting Shares shall, as a class, have the following rights, privileges, restrictions and conditions:

Section 2.1 Voting

The holders of the Variable Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class ~~are shall be~~ entitled to vote separately as a class as provided in the OBCA.

~~The Variable Voting Shares shall carry one (1) vote per Variable Voting Share, unless:~~

~~(1) — the number of issued and outstanding Variable Voting Shares exceeds twenty five percent (25%) of the total number of all issued and outstanding Voting Shares; or~~

The holders of Variable Voting Shares shall be entitled to one vote per Variable Voting Share unless any of the thresholds set forth in Sections 2.1(1), 2.1(2), 2.1(3), as the case may be, would otherwise be surpassed at any time, in which case the vote attached to a Variable Voting Share will decrease as described in this Section 2.1 below.

(1) Single Non-Canadian Holder

If at any time:

(a) a single non-Canadian holder of Variable Voting Shares (a "Single Non-Canadian Holder"), either individually or in affiliation with any other person, holds a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

(b) ~~(2) the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting exceeds twenty five percent (25%)~~ a Single Non-Canadian Holder, either individually or in affiliation with any other person, at any meeting would exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting~~;~~

then the vote attached to each Variable Voting Share held by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder, will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares held by such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of such Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

For greater certainty, a single Non-Canadian Holder Authorized to Provide Air Service (as such term is defined in Section 2.1(2)(a)) shall also constitute a Single Non-Canadian Holder for purposes of Section 2.1(1).

(2) Non-Canadian Holder Authorized to Provide Air Service

If at any time:

- (a) one or more non-Canadians authorized to provide an air service in any jurisdiction (each, a "Non-Canadian Holder Authorized to Provide Air Service" and collectively, the "Non-Canadian Holders Authorized to Provide Air Service"), collectively hold, either individually or in affiliation with any other person, a number of Variable Voting Shares outstanding that, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1(1) (if any, as may be required thereunder), exceeds 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or
- (b) the total number of votes that would be cast by or on behalf of Non-Canadian Holders Authorized to Provide Air Service and persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1(1) (if any, as may be required thereunder), exceed 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

then the vote attached to each Variable Voting Share held by all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service will decrease proportionately and automatically without further act or formality only to such extent that, as a result (x) the Variable Voting Shares held by all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service do not carry in the aggregate more than 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (y) the total number of votes cast by or on behalf of all Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service at any meeting do not exceed in the aggregate 25% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

(3) General – All Holders of Variable Voting Shares

If at any time:

- (a) the number of Variable Voting Shares outstanding, as a percentage of the total number of all voting shares outstanding, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1(1) and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with

any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section 2.1(2) (in each case, if any, as may be required under such Sections), exceeds 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation), or

- (b) the total number of votes that would be cast by or on behalf of holders of Variable Voting Shares at any meeting would, after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by any Single Non-Canadian Holder and by any person in affiliation with such Single Non-Canadian Holder in accordance with Section 2.1(1) and after the application of the automatic proportionate decrease to the votes attached to all of the Variable Voting Shares held by Non-Canadian Holders Authorized to Provide Air Service and by persons in affiliation with any Non-Canadian Holders Authorized to Provide Air Service in accordance with Section 2.1(2) (in each case, if any, as may be required under such Sections), exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

then the vote attached to each Variable Voting Share will decrease proportionately and automatically without further act or formality only to such extent that, as a result (i) the Variable Voting Shares do not carry more than 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the Aggregate Votes attached to all issued and outstanding voting shares of the Corporation, and (ii) the total number of votes cast by or on behalf of holders of Variable Voting Shares at any meeting do not exceed 49% (or any different percentage that may be prescribed by law or regulation of Canada and approved or adopted by the directors of the Corporation) of the total number of votes cast at such meeting.

- (4) References in Section 2.1 to the Variable Voting Shares that a person "holds" or "held" shall refer to and include the Variable Voting Shares held, beneficially owned or controlled, directly or indirectly by such person.

~~If either of the above noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share in such circumstances shall decrease automatically and without further act or formality to equal the maximum permitted vote per Variable Voting Share such that (a) in the circumstance described in Section 2.1(1), the Variable Voting Shares as a class shall be restricted to twenty five percent (25%) of the aggregate votes attached to all issued and outstanding Voting Shares and (b) in the circumstance described in Section 2.1(2), the number of votes cast by all holders of Variable Voting Shares at such shareholder's meeting, shall be twenty five percent (25%) of the total number of votes cast at such meeting.~~

Section 2.2 Dividends

Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares shall be entitled to receive any dividend declared by the Board of Directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine.

The Variable Voting Shares and the Common Voting Shares shall rank equally as to dividends on a share-for-share basis, and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Variable Voting Shares and Common Voting Shares then outstanding, without preference or distinction.

Section 2.3 Subdivision or Consolidation

No subdivision or consolidation of the Variable Voting Shares or the Common Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of such classes.

Section 2.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding-up its affairs, the holders of Variable Voting Shares and Common Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

Section 2.5 Conversion

(1) Automatic

Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share, without any further act on the part of the Corporation or of the holder, if :(i) such Variable Voting Share becomes held, beneficially owned and controlled, directly or indirectly, otherwise than by way of security only, by a Canadian; or (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions.

- ~~(a) — such Variable Voting Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian; or~~
- ~~(b) — a holder of a Variable Voting Share subsequently becomes a member of any class of persons, which class of shareholders is not restricted under the laws of Canada from owning shares of the Corporation or from holding a specified percentage (or part) of all issued and outstanding shares in the capital of the Corporation.~~

(2) Upon an Offer

If an offer is made to purchase Common Voting Shares and such offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while such offer is in effect until one day after the time prescribed by applicable securities legislation for the person making the offer (for the purposes of section 2.5, the "Offeror") to take up and pay for such shares as are to be acquired pursuant to such offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to such offer, ~~and~~ and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to Section 2.1, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Common Voting Shares ~~pursuant to such offer~~ on behalf of such holder.

To exercise the conversion right in this Section 2.5(2), the holder or the attorney of such holder duly authorized in writing shall:

- (a) give written notice to the Transfer Agent of the exercise of such right and of the number of Variable Voting Shares in respect of which the right is being exercised;

- (b) deliver to the Transfer Agent the share certificate or certificates representing the Variable Voting Shares in respect of which the right is being exercised, together with duly executed stock powers of attorney for each such certificate; and
- (c) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Common Voting Shares resulting from the conversion of the Variable Voting Shares in accordance with this Section ~~2.5(2)~~2.5(2) shall be delivered to the holders on whose behalf such deposit is being made or to the Transfer Agent.

(3) Conversion Into Variable Voting Shares

If the Offeror takes up and pays for the Common Voting Shares resulting from conversion in accordance with ~~this~~ Section 2.5(2), the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

If (a) Common Voting Shares resulting from ~~such the~~ conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the Offeror; (b) such offer is abandoned or withdrawn by the Offeror or (c) if such offer otherwise expires without such Common Voting Shares being taken up and paid for, then each Common Voting Share resulting from the conversion under Section ~~2.5(2)~~2.5(2) shall be automatically re-converted into one Variable Voting Share, without any further act on the part of the Corporation or of the holder and the share certificate(s) representing such Variable Voting Shares referred to in Section ~~2.5(2)(b)~~2.5(2)(b) shall be returned to the holder in question by the Transfer Agent and the Transfer Agent shall destroy each of the stock powers of attorney previously delivered to it in ~~subparagraph 2.5.2(b)~~Section 2.5(2)(b).

If the Offeror is not Canadian, each Common Voting Share resulting from the conversion provided for in Section ~~2.5(2)~~2.5(2) and taken up and paid for by the Offeror shall be automatically converted into one Variable Voting Share, without any further act on the part of the Corporation or of the Offeror at the time when the Offeror is required under the applicable securities legislation to take up and pay for such shares.

(4) Exceptions

There will be no right to convert the Variable Voting Shares into Common Voting Shares in each of the following circumstances:

- (a) if the offer to purchase Common Voting Shares is not required under applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed to be made to all or substantially all of the holders of Common Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or
- (b) if an offer to purchase Variable Voting Shares is made concurrently with the offer to purchase Common Voting Shares and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects; ~~provided only~~, including in respect of the conditions attaching thereto. The offer to purchase the Variable Voting Shares must be unconditional, subject to the exception that the offer for the Variable Voting Shares ~~shall~~may contain a condition to the effect that the Offeror is not required to take up and pay for Variable Voting Shares deposited to such offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares; ~~or~~

- (c) if the holders of Common Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent (66 2/3%) of the then outstanding Common Voting Shares (excluding shares owned immediately prior to the offer by the Offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Common Voting Shares.

ARTICLE 3 COMMON VOTING SHARES

Subject to the rights, privileges, restrictions and conditions which attach to the shares of any other class of shares of the Corporation, the Common Voting Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

Section 3.1 Voting

The holders of Common Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Corporation, except where the holders of a specified class ~~are shall be~~ entitled to vote separately as a class as provided in the OBCA. Each Common Voting Share shall confer the right to one (1) vote at all meetings of shareholders of the Corporation.

Section 3.2 Dividends and Distributions

Subject to the rights, privileges, restrictions and conditions attached to any class of shares of the Corporation ranking prior to the Common Voting Shares, holders of Common Voting Shares shall be entitled to receive the dividends declared by the Board of Directors of the Corporation at the times and for the amounts that the Board of Directors may, from time to time, determine. The Common Voting Shares and Variable Voting Shares shall rank equally as to dividends on a share for share basis and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Common Voting Shares and Variable Voting Shares then outstanding, without preference or distinction.

Section 3.3 Subdivision or Consolidation

No subdivision or consolidation of the Common Voting Shares or the Variable Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the respective rights of the holders of the shares of each of such classes.

Section 3.4 Liquidation, Dissolution or Winding-up

Subject to the rights, privileges, restrictions and conditions attaching to any class of shares of the Corporation ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purposes of winding-up its affairs, the holders of Common Voting Shares and Variable Voting Shares shall be entitled to receive the remaining property of the Corporation and shall be entitled to share equally, share for share, in all distributions of such assets.

Section 3.5 Conversion

- (1) Automatic

~~Each~~ Unless the foreign ownership restrictions of the CTA are repealed and not replaced with other similar restrictions, an issued and outstanding Common Voting Share shall be automatically converted into one Variable Voting Share, without any further act of the Corporation or the holder, if such Common Voting Share is or becomes beneficially owned or controlled, directly or indirectly, ~~by a person~~

~~who is a member of a class of persons who under Canadian law is restricted from holding a specified percentage (or part) of all the issued and outstanding shares of the Corporation, as a body corporate to which such restrictions apply~~otherwise than by way of a security only, by a person who is not a Canadian.

(2) Upon an Offer

If an offer is made to purchase Variable Voting Shares, and such offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Common Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while such offer is in effect until one day after the time prescribed by applicable securities legislation for the person making the offer (for the purposes of section 3.5, the "Offeror") to take up and pay for such shares as are to be acquired pursuant to such offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to such offer, and for no other reason, including with respect to voting rights attached thereto, which are deemed to remain subject to Section 3.1, notwithstanding their conversion. The Transfer Agent shall deposit the resulting Variable Voting Shares pursuant to such offer, on behalf of such holder.

To exercise the conversion right in this Section 3.5(2), the holder or the attorney of such holder duly authorized in writing shall:

- (a) give written notice to the Transfer Agent of the exercise of such right and of the number of Common Voting Shares, in respect of which the right is being exercised;
- (b) deliver to the Transfer Agent the share certificate or certificates representing the Common Voting Shares, in respect of which the right is being exercised, together with duly executed stock powers of attorney for each such certificate; and
- (c) pay any applicable stamp tax or similar duty on or in respect of such conversion.

No share certificates representing the Variable Voting Shares resulting from the conversion of the Common Voting Shares in accordance with this Section 3.5(2)

shall be delivered to the holders on whose behalf such deposit is being made or the Transfer Agent.

(3) Conversion Into Common Voting Shares

If the Offeror takes up and pays for the Variable Voting Shares resulting from conversion in accordance with Section 3.5(2), the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.

If (a) Variable Voting Shares resulting from the conversion and deposited pursuant to ~~such the~~ offer are withdrawn by the holder or are not taken up by the Offeror; (b) such offer is abandoned or withdrawn by the Offeror or (c) if such offer otherwise expires without such Variable Voting Shares being taken up and paid for, then each Variable Voting Share resulting from the conversion under Section ~~3.5(2)~~3.5(2) shall be automatically re-converted into one Common Voting Share, without any further act on the part of the Corporation or of the holder and the share certificate(s) representing such Common Voting Shares referred to in Section ~~3.5(2)(b)~~3.5(2)(b) shall be returned to the holder in question by the Transfer Agent and the Transfer Agent shall destroy each of the stock powers of attorney previously delivered to it in Section 2.5(2)(b)).

If the Offeror is Canadian, each Variable Voting Share resulting from the conversion provided for in Section ~~3.5(2)~~3.5(2) and taken up and paid for by the Offeror shall be automatically converted into one Common Voting Share, without any further act on the part of the Corporation or of the Offeror at the time when the Offeror is required under the applicable securities legislation to take up and pay for such shares.

~~If the Offeror takes up and pays for the Variable Voting Shares resulting from conversion in accordance with this Section 3.5(2), the Transfer Agent shall deliver to the holders thereof the consideration paid for such shares by the Offeror.~~

(4) Exceptions

There will be no right to convert the Common Voting Shares into Variable Voting Shares in the following circumstances:

- (a) if the offer to purchase Variable Voting Shares is not required, under applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all of the holders of Variable Voting Shares in a province of Canada to which the requirement applies, that is, the offer is an "exempt take-over bid" within the meaning of the foregoing securities legislation; or
- (b) if an offer to purchase Common Voting Shares is made concurrently with such offer to purchase Variable Voting Shares, and the offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects; ~~provided only~~, including in respect of the conditions attaching thereto. The offer to purchase the Common Voting Shares must be unconditional, subject to the exception that the offer for the Common Voting Shares shall contain a condition to the effect that the Offeror is not required to take up and pay for Common Voting Shares deposited to such offer if no shares are purchased pursuant to the contemporaneous offer for the Variable Voting Shares; ~~or~~
- (c) if the holders of Variable Voting Shares representing, in the aggregate, more than sixty-six and two thirds percent (66 2/3%) of the then outstanding Variable Voting Shares (excluding shares owned immediately prior to the offer by the Offeror and any joint actor) certify to the Transfer Agent and to the secretary of the Corporation that they will not deposit any shares in response to the offer for the Variable Voting Shares.

~~ARTICLE 4—
PREFERRED SHARES~~

~~The Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:~~

~~Section 4.1—Issuable in Series~~

~~The Preferred Shares may at any time or from time to time be issued in one or more series. Before any shares of a particular series are issued, the Board of Directors shall, by resolution, fix the number of shares that will form such series and shall, subject to the limitations set out herein, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate, amount or method of calculation of dividends thereon, the time and place of payment of dividends, the consideration~~

~~for and the terms and conditions (if any) of any purchase for cancellation, retraction or redemption thereof, conversion or exchange rights (whether into or for securities of the Corporation or otherwise), the terms and conditions of any share purchase or retirement plan or sinking fund, restrictions on the payment of dividends on any shares other than Preferred Shares or payment in respect of capital on any shares in the capital of the Corporation, and the creation or issue of debt or equity securities; the whole subject to filing with the Director (as defined in the OBCA) of articles of amendment setting forth a description of such series including the designation, rights, privileges, restrictions and conditions attached to the shares of such series.~~

~~Section 4.2 — Voting~~

~~Subject to applicable law, the holders of Preferred Shares shall not be entitled as such to any voting rights at any meeting of shareholders of the Corporation.~~

~~Section 4.3 — Board of Directors~~

~~The Board of Directors of the Corporation may at any time or from time to time fix the rights, privileges, restrictions and conditions attached to any series of Preferred Shares in respect of which series no Preferred Shares are then issued and outstanding, provided only that in all circumstances the Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to dividends and to the return of capital.~~

~~Section 4.4 — Rights, Privileges, Restrictions and Conditions Attaching to All Preferred Shares~~

~~Unless otherwise fixed by the Board of Directors under Section 4.3, the Preferred Shares shall be entitled to a preference over the Common Voting Shares and the Variable Voting Shares, and over any other shares of the Corporation ranking junior to the Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. If any cumulative dividends or amounts payable on a return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Preferred Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment in satisfaction of claims in respect of dividends.~~

~~Section 4.5 — Rights Attaching to a Preferred Share Series~~

~~Provided they are not inconsistent with any other provision of this Article 4, the Preferred Shares of any series may also be given such other preferences over the Common~~

~~Voting Shares and the Variable Voting Shares and any other shares ranking junior to the Preferred Shares.~~

~~Section 4.6 — Variation of Preferred Share Rights, Privileges, Restrictions and Conditions~~

~~The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class as provided herein and as may be provided from time to time may be repealed, altered, modified, amended or otherwise varied only with the approval of the holders of the Preferred Shares given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by the affirmative vote of at least two thirds of the votes cast at a meeting of holders of Preferred Shares duly called for such purpose and held upon at least twenty one (21) days notice at which a quorum is present comprising at least two persons present, holding or representing by proxy at least twenty percent (20%) of the then issued and outstanding Preferred Shares. If any such quorum is not present within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to a date being not less than fifteen (15) days later and at such time and place as may be appointed by the chairman and at such meeting a quorum will consist of that number of shareholders present in person or represented by proxy. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those which may from time to time be prescribed in the by laws of the Corporation with respect to meetings of shareholders. On every vote taken at every such meeting or adjourned meeting each holder of a Preferred Share shall be entitled to one (1) vote per Preferred Share held.~~

~~ARTICLE 4~~ **ARTICLE 5**

RESTRICTIONS ON SHARE TRANSFERS - CONSTRAINTS ON OWNERSHIP OF SHARES

Section 4.1 ~~Section 5.1~~ **Variable Voting Shares**

The Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by persons who are not Canadians.

Section 4.2 ~~Section 5.2~~ **Common Voting Shares**

The Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians.

Section 4.3 ~~Section 5.3~~ **OBCA Constraints**

In the event that any ~~Canadian federal or provincial legislation~~ law or regulation of Canada applicable to the Corporation should become prescribed for the purposes of subsections 42.~~(2)~~(2), 42.~~(3)~~(3) and 42.~~(4)~~(4) of the OBCA or any other similar provision in the OBCA or OBCA Regulations, ~~these provisions~~ this Schedule "A" shall be read as if they included ~~additional~~ constraints that assist the Corporation or any of its affiliates or associates (within the meaning of the OBCA) to qualify under such prescribed law or regulation to receive licenses, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership ~~and or~~ and or control and such specified level of Canadian ownership ~~and or~~ and or control shall be the level of Canadian ownership and control designated by such prescribed law or regulation of Canada ~~or a province~~.

Section 4.4 ~~Section 5.4~~ **Joint Ownership**

~~Where Voting Shares~~ For the purposes of this Schedule "A", where voting shares of the Corporation are beneficially owned or controlled by several persons jointly, the number of ~~Voting Shares~~ voting shares beneficially owned or controlled by any one such person shall include the number of ~~Voting Shares~~ voting shares beneficially owned or controlled jointly with such other persons. Where the ~~Voting Shares~~ voting shares are beneficially owned or controlled jointly by a person who is not Canadian and another person or persons, the ~~Voting Shares~~ voting shares shall be deemed to be owned or controlled by such person who is not Canadian.

Section 4.5 ~~Section 5.5~~ **Exceptions**

- (1) Nothing in these articles shall be construed to apply in respect of ~~Voting Shares~~ voting shares of the Corporation that:
 - (a) are held by one or more underwriters solely for the purpose of distributing the shares to the public; or
 - (b) are held by any person that is acting in relation to the shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.
- (2) The constraints imposed herein do not apply to the extent that a person who is not Canadian holds ~~Voting Shares~~ voting shares by way of security only and such holding by way of security only is evidenced in such manner as may be prescribed by the by-laws or resolutions adopted by the shareholders or directors of the Corporation, executed copies of which security shall have been provided by such holder with the Corporation.

Section 4.6 **By-Laws**

- (1) Subject to the OBCA and the OBCA Regulations, the Board of Directors may make, amend or repeal any by-laws or other documents required to administer the constrained share provisions set out in these articles including by-laws or other documents:
 - (a) to require any person in whose name voting shares of the Corporation are registered to furnish a statutory declaration declaring whether:
 - (i) the shareholder holds, is the beneficial owner of and has control over the voting shares of the Corporation;
 - (ii) the shareholder is a Canadian;
 - (iii) the shareholder is a Single Non-Canadian Holder;
 - (iv) the shareholder is a Non-Canadian Holder Authorized to Provide Air Service; and
 - (v) the shareholder is in affiliation with any Single Non-Canadian Holder or with any Non-Canadian Holder Authorized to Provide Air Service, and, in any such circumstance, the identity of all such affiliated shareholders;

and declaring any further facts that the directors consider relevant;

- (b) to require any person seeking to have a transfer of a voting share registered in such person's name or to have a voting share issued to him or her to furnish a declaration similar to the declaration a shareholder may be required to furnish under paragraph (a) above; and
 - (c) to determine the circumstances in which any declarations are required, their form and the times when they are to be furnished.
- (2) Where a person is required to furnish a declaration pursuant to a by-law or other document made under this Section 4.6 the directors may refuse to register a transfer of a voting share in such person's name or to issue a voting share to him or her until that person has furnished the declaration.

Section 4.7 ~~Section 5.6~~ Powers of Directors

- (1) In the administration of the provisions of these articles, the Board of Directors shall have, in addition to the powers set forth herein, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose of these articles, including but not limited to all powers contemplated by the provisions relating to constrained share corporations in the OBCA and the OBCA Regulations.
- (2) In administering the provisions of these articles the Board of Directors may rely on:
- (a) a statement made in a declaration referred to in Section 4.6; and
 - (b) the knowledge of a director, officer, employee or agent of the Corporation.
- (3) Where the directors are required to determine the total number of voting shares of the Corporation held by or on behalf of persons who are not Canadians, including by or on behalf of any Single Non-Canadian Holders or Non-Canadian Holders Authorized to Provide Air Service, including any shareholders in affiliation therewith, the directors may rely upon (i) the share register of the Corporation or (ii) any other register held, or any declaration of residence collected by, the transfer agent of the Corporation or any depository, such as CDS & Co., as of any date, provided that such date is not more than four months before the day on which the determination is made.
- (4) Wherever in these articles it is necessary to determine the opinion of the Board of Directors, such opinion shall be expressed and conclusively evidenced by a resolution of the Board of Directors duly adopted, including a resolution in writing executed pursuant to Section 129 of the OBCA.
- (5) ~~(2)~~ No shareholder of the Corporation ~~ne~~ nor any other person claiming an interest in shares of the Corporation shall have any claim or action against the Corporation or against any director or officer of the Corporation, and the Corporation shall have no claim or action against any director or officer of the Corporation, arising out of any act (including any omission to act) taken by any such director or officer pursuant to, or in intended pursuance of, the provisions of these articles or any breach or alleged breach of such provisions.

**SCHEDULE H
INTERIM ORDER**

See attached.



Court File No. CV-20-00636741-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE

JUSTICE

HAINES

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)
)

WEDNESDAY, THE 26th

DAY OF FEBRUARY, 2020

IN THE MATTER OF an application under section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B. 16;

AND IN THE MATTER OF Rule 14.05(2) of the *Rules of Civil Procedure*

AND IN THE MATTER OF a proposed arrangement of Cargojet Inc.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Cargojet Inc. ("**Cargojet**"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B. 16 (the "**OBCA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on February 21, 2020 and the affidavit of Fernando Garcia sworn February 24, 2020, (the "**Garcia Affidavit**"), including the Plan of Arrangement, which is attached as Schedule F to the draft management information circular of Cargojet (the "**Information Circular**"), which is attached as Exhibit A to the Garcia Affidavit, and on hearing the submissions of counsel for Cargojet,

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Cargojet is permitted to call, hold and conduct an annual and special meeting (the "**Meeting**") of the holders of common voting shares and variable voting shares (collectively, the "**Shares**") in the capital of Cargojet (collectively, the "**Shareholders**") to be held at Stikeman Elliott LLP, 53rd Floor, Commerce Court West, Toronto, Ontario on March 30, 2020 at 1:00 p.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass special and ordinary resolutions authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the "**Notice of Meeting**") and the articles and by-laws of Cargojet, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be February 19, 2020.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of Cargojet; and
- c) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Cargojet may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Cargojet and that the quorum at the Meeting shall be not less than the holders of 25% of the Shares entitled to vote at the Meeting either as Shareholders or proxyholders, irrespective of the number of persons attending the Meeting.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Cargojet is authorized to make, subject to paragraph 9 below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof, provided same are to correct clerical errors, are non-material/ would not if disclosed, reasonably be expected to affect a Shareholder's decision to vote, or are authorized by subsequent Court order, and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement made after initial notice is provided as contemplated in paragraph 12 herein, which would, if disclosed, reasonably be expected to affect a

Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Cargojet may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Cargojet is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Cargojet, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Cargojet may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, subject to the extent section 262(4) of the OBCA is applicable, in order to effect notice of the Meeting, Cargojet shall send or cause to be sent the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy, along with such amendments or additional documents as Cargojet may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), as follows:

- a) to the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
- i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Cargojet, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Cargojet;
 - ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Cargojet, who requests such transmission in writing and, if required by Cargojet;
- b) to non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
- c) to the directors and auditor of Cargojet by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail, or by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that Cargojet is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order) (collectively, the "**Court Materials**") to the holders of Cargojet options and restricted share units of Cargojet by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, or by email, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of Cargojet or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by Cargojet to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Cargojet, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Cargojet, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that Cargojet is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Cargojet may determine ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Cargojet may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting

and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that Cargojet is authorized to use proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Cargojet may determine are necessary or desirable. Cargojet is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Cargojet may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Cargojet deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) and 110(4.1) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to section 110(4)(a) and 110(4)(b) of the OBCA: (a) may be deposited with the Corporate Secretary of Cargojet at the registered office of Cargojet as set out in the Information Circular; and (b) any such instruments must be received by Cargojet not later than the business day immediately preceding the date of the Meeting (or any adjournment or postponement thereof) or by the Chair of the Meeting on the date of the Meeting.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold common voting shares and variable voting shares of Cargojet as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of: (a) one vote per common voting share held; and (b) one vote per variable voting share held, except where (i) the number of outstanding variable voting shares exceeds 25% of the total number of all issued and outstanding voting Shares in which case the variable voting shares, as a class, shall be restricted to 25% of the aggregate votes attached to all issued and outstanding Shares, or (ii) the total number of votes cast by or on behalf of the holders of variable voting shares at the Meeting exceeds 25% of the total number of votes cast at the Meeting, in which case the total number of votes cast by all holders of variable voting shares shall be reduced to 25% of the total number of votes cast at the Meeting. In order for the Plan of Arrangement to be implemented, subject to further Order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the Shareholders, with Shareholders voting as a single class. Such votes shall be sufficient to authorize Cargojet to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of

any further approval by the Shareholders, subject only to final approval of the Arrangement by this Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Cargojet (other than in respect of the Arrangement Resolution), each common voting Shareholder is entitled to one vote for each common voting share held, and each variable voting shareholder is entitled to one vote for each variable voting share held, except where (i) the number of outstanding variable voting shares exceeds 25% of the total number of all issued and outstanding voting Shares in which case the variable voting shares, as a class, shall be restricted to 25% of the aggregate votes attached to all issued and outstanding Shares, or (ii) the total number of votes cast by or on behalf of the holders of variable voting shares at the Meeting exceeds 25% of the total number of votes cast at the Meeting, in which case the total number of votes cast by all holders of variable voting shares shall be reduced to 25% of the total number of votes cast at the Meeting.

Hearing of Application for Approval of the Arrangement

22. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Cargojet may apply to this Court for final approval of the Arrangement.

23. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 24.

24. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Cargojet, as soon as reasonably

practicable, and, in any event, no less than 2 business days before the hearing of this Application at the following addresses:

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Attn: Aaron Kreaden / Zev Smith
Fax: (416) 947-0866

Lawyers for Cargojet Inc.

25. **THIS COURT ORDERS** that, subject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Cargojet; and
- ii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

26. **THIS COURT ORDERS** that any materials to be filed by Cargojet in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Court.

27. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 24 shall be entitled to be given notice of the adjourned date.

Service and Notice

28. **THIS COURT ORDERS** that the Applicants and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these

proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Cargojet's Shareholders, creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

Precedence

29. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the common voting shares, variable voting shares, Cargojet options or restricted share units of Cargojet, or the articles or by-laws of Cargojet, this Interim Order shall govern.

Extra-Territorial Assistance

30. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

Variance

31. **THIS COURT ORDERS** that Cargojet shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Court may direct.

SUPERIOR COURT OF JUSTICE
ENTERED
FEB 26 2020
AC
COUR SUPÉRIEURE DE JUSTICE
ENTRÉ



IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE

Court File No. CV-20-00636741-00CL

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF CARGOJET INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INTERIM ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Aaron Kreaden LSO# 60157U
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zsmith@stikeman.com
Tel: (416) 869-5260
Fax: (416) 947-0866

Lawyers for the Applicant,
Cargojet Inc.



**SCHEDULE I
NOTICE OF APPLICATION**

See attached.

Court File No.

CY-20-00636 741-00 CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF
CARGOJET INC.

CARGOJET INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on **April 1, 2020 at 10:00 a.m.**, or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario and thereafter as directed by the Court.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

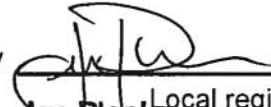
IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.



Date February 21, 2020

Issued by



Local registrar

Registrar, Superior Court of Justice

Address of court office 330 University Avenue
7th Floor
Toronto, ON M5G 1R7

- TO: ALL HOLDERS OF COMMON VOTING SHARES OF CARGOJET INC.
- AND TO: ALL HOLDERS OF VARIABLE VOTING SHARES OF CARGOJET INC.
- AND TO: ALL HOLDERS OF OPTIONS OF CARGOJET INC.
- AND TO: ALL HOLDERS OF RESTRICTED SHARE UNITS OF CARGOJET INC.
- AND TO: ALL DIRECTORS OF CARGOJET INC.
- AND TO: THE AUDITOR OF CARGOJET INC.

APPLICATION

1. THE APPLICANT MAKES APPLICATION FOR:

- (a) an interim order (the "**Interim Order**") for advice and directions pursuant to section 182(5) of the *Business Corporations Act*, R.S.O. 1990, c. B. 16, as amended (the "**OBCA**"), authorizing Cargojet Inc. ("**Cargojet**") to convene an annual and special meeting ("**Meeting**") of the holders of common voting shares ("**Common Shares**") and variable voting shares ("**Variable Shares**", and collectively, the "**Shares**") in the capital of Cargojet (the "**Shareholders**") to consider and vote on, among other things, a special resolution to approve a plan of arrangement of Cargojet under section 182 of the OBCA (the "**Arrangement**");
- (b) a final order approving the Arrangement pursuant to sections 182(3) and 182(5) of the OBCA;
- (c) an order abridging the time for the service and filing or dispensing with service of the Notice of Application and Application Record, if necessary; and
- (d) such further and other relief as to this Honourable Court seems just.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) Cargojet is a corporation governed by the provisions of the OBCA, with its registered office located in Mississauga, Ontario. Its Shares are listed and traded on the Toronto Stock Exchange under the single symbol "CJT";
- (b) Cargojet is an air carrier that holds a domestic service operating license pursuant to the *Canada Transportation Act*, S.C. 1996, c. 10 (the "**CTA**");

- (c) The CTA was amended in June 2017 (the "**CTA Amendments**") to increase the foreign ownership limits in Canadian air carriers from 25% to 49% (the "**Aggregate Limit**") and to establish two new limitations on foreign ownership, specifically that (i) no single non-Canadian can hold more than 25% of the voting interests in a Canadian air carrier; and (ii) non-Canadian air service providers cannot, in the aggregate, hold more than 25% of the voting interests in a Canadian air carrier ((i) and (ii), collectively, the "**Single Limits**");
- (d) The principal purpose of the Arrangement is to amend the articles of incorporation of Cargojet (the "**Articles**") to ensure its compliance with the CTA Amendments and to allow Cargojet to benefit from the higher Aggregate Limit for permitted non-Canadian ownership and control;
- (e) The Articles do not permit Cargojet to take advantage of the increased Aggregate Limit from 25% to 49% for permitted holdings of voting interests by non-Canadians. If Cargojet amends its Articles to accommodate the increased Aggregate Limit, there is also currently nothing in the Articles that would restrict the voting rights of a single non-Canadian or non-Canadian air service provider to 25% in accordance with the Single Limits;
- (f) If Cargojet does not amend its Articles to reflect the increased Aggregate Limit from 25% to 49%, Cargojet will be unable to take advantage of the increased access to foreign investment contemplated by the CTA Amendments. Accordingly, ensuring that the Articles reflect the CTA Amendments is of considerable importance to Cargojet and the public more generally;
- (g) Pursuant to the Arrangement, the Articles will be amended to (i) increase the 25% proportional voting limitation with respect to the Variable Shares, which are solely

held by and restricted to non-Canadians, to 49%; (ii) add a 25% voting limitation to any single non-Canadian Shareholder, either individually or in affiliation with any other person; (iii) add a 25% aggregate voting limitation to all non-Canadian Shareholders who are authorized to provide an air service, either individually or in affiliation with any other person; and (iv) provide for an automatic reduction of the voting rights attached to the Variable Shares in the event that any of the applicable limits are exceeded;

- (h) the Arrangement is an "arrangement" within the meaning of section 182(1) of the OBCA;
- (i) all statutory requirements under section 182 and other applicable provisions of the OBCA either have been fulfilled or will be fulfilled by the return date of this Application;
- (j) the directions set out and the approvals required pursuant to any interim order this Court may grant have been followed and obtained or will be followed and obtained by the return date of this Application;
- (k) certain Shareholders are resident outside of Ontario and will be served at their addresses as they appear on the books and records of Cargojet pursuant to the terms of the Interim Order and/or Rule 17.02(n) of the *Rules of Civil Procedure*, R.R.O., Reg. 194;
- (l) section 182 of the OBCA;
- (m) National Instrument No. 54-101 - *Communication with Beneficial Owners of the Securities of a Reporting Issuer* of the Canadian Securities Administrators;

- (n) Rules 1.05, 3.02(1), 14.05, 16.04(1), 16.08, 17.02 and 37 and 38 of the *Rules of Civil Procedure*; and
- (o) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) the affidavit of Fernando Garcia, to be sworn, and the exhibits thereto;
- (b) a further or supplementary affidavit to be sworn, and the exhibits thereto, on behalf of Cargojet, reporting as to compliance with any Interim Order and the results of the Meeting to be conducted pursuant to such Interim Order; and
- (c) such further and other material as counsel may advise and this Honourable Court may permit.

February 21, 2020

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IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF CARGOJET INC.

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

NOTICE OF APPLICATION

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