



**NOTICE OF ANNUAL MEETING OF
SHAREHOLDERS TO BE HELD ON MARCH 21, 2019
AND MANAGEMENT INFORMATION CIRCULAR**

Our annual meeting of shareholders will be held at
1:00 p.m. (Eastern time) on March 21, 2019 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 21, 2019



TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS.....	III
When.....	iii
Where	iii
Business of the Meeting.....	iii
Contents of This Package	iii
Record Date	iii
Voting.....	iii
MANAGEMENT INFORMATION CIRCULAR.....	1
Approval of this Circular.....	1
GENERAL PROXY MATTERS.....	2
Solicitation of Proxies.....	2
Voting By Proxy.....	2
How to Vote – Registered Shareholders	2
Completing the Form of Proxy and Discretionary Authority.....	3
How to Vote – Non-Registered Shareholders	3
How to Change Your Vote.....	5
Voting Shares.....	5
Principal Holders of Voting Shares.....	6
Record Date and Quorum	6
BUSINESS OF THE MEETING.....	6
Financial Statements.....	7
Election of Directors.....	7
Appointment of Auditors	8
Other Business	8
Interest of Certain Persons or Companies in Matters to be Acted Upon.....	9
DIRECTOR NOMINEES	9
Remuneration of Directors	12
Certain Proceedings	13
CORPORATE GOVERNANCE PRACTICES	13
The Board.....	14
Position Descriptions	15
Orientation and Continuing Education	16
Code of Ethics	17
Compensation and Nominating Committee	17
Corporate Governance Committee.....	17
Audit Committee.....	18
CORPORATE PERFORMANCE	18
2018 Key Accomplishments	18
Performance Graph.....	19
EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS.....	20
Compensation and Nominating Committee Letter to Shareholders.....	20
Introduction	22
Executive Compensation Philosophy	22
Compensation Governance.....	22
Liability Insurance	24
Named Executive Officers' Compensation.....	24
Perquisites & Benefits.....	33
Founder / President & CEO Pension Plan.....	33
Summary Compensation Table	35
OTHER IMPORTANT INFORMATION	41
Indebtedness of Directors, Executive Officers and Employees.....	41
Interests of Informed Persons in Material Transactions	41
Requesting Documents	41
SCHEDULE "A" CHARTER OF THE BOARD OF DIRECTORS	42

CARGOJET INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

When

Thursday, March 21, 2019 at 1:00 p.m. (Eastern time).

Where

To be held at the offices of Stikeman Elliott LLP, 53rd Floor, Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9.

Business of the Meeting

The business of the annual 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 for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal period ended December 31, 2018 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; and
4. to transact such other business as may properly come before the Meeting or any adjournments thereof.

Contents of This Package

This notice is accompanied by a form of proxy or a voting instruction form, a management information circular (the “**Circular**”), as applicable, the audited consolidated financial statements of the Company and management’s discussion and analysis for the fiscal period ended December 31, 2018.

Record Date

The board of directors of the Company has by resolution fixed the close of business on February 14, 2019 as the record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting or any adjournments or postponements thereof.

Voting

As a Shareholder of the Company, it is very important that you read the accompanying materials carefully and then vote your 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 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement of the Meeting. 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
21st day of February, 2019.

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 provided to you, as part of the solicitation of proxies by the management of Cargojet Inc. (the “**Company**”) for use at the annual meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common voting shares (the “**Common Voting Shares**”) and variable voting shares (the “**Variable Voting Shares**”) and, together with the Common Voting Shares, the “**Voting Shares**”) of the Company, to be held at the time and place and for the purposes set forth in the accompanying notice of annual meeting of shareholders.

In this document, “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 21, 2019, unless indicated otherwise. Consolidated financial information on Cargojet and its subsidiaries is provided in its comparative financial statements and management’s discussion and analysis for the year ended December 31, 2018.

Unless otherwise stated, the information contained in this Circular is as of February 21, 2019.

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 of this Circular

The board of directors of the Company (the “**Board**”) approved the contents and sending of this Circular and a copy 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
21st day of February, 2019.

“Ajay Virmani”

Ajay Virmani
President and Chief Executive Officer

GENERAL PROXY MATTERS

Solicitation of Proxies

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

The Board has by resolution fixed the close of business on February 14, 2019 as the record date, being the date for the determination of the registered holders of Voting Shares entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent at the address indicated on the enclosed envelope no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement of the Meeting.

Voting By Proxy

You can choose from two different ways to vote your Voting Shares by proxy:

1. by mail; or
2. by fax.

You are a registered shareholder ("Registered Shareholder") if your name appears on your share certificate or on the register maintained by our transfer agent. Your proxy form indicates whether you are a registered shareholder.

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). For most of you, your proxy form indicates whether you are a non-registered (or beneficial) shareholder.

If you are not sure whether you are a registered or non-registered shareholder, please contact the Company's transfer agent, Computershare Investor Services Inc., at:

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

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)

E-mail : Service@Computershare.com

How to Vote – Registered Shareholders

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.

Registered Shareholders who are unable to attend the Meeting are requested to 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.

If you intend to be present and vote in person at the Meeting, you do not need to complete or return your proxy form. A shareholder card will be provided at the meeting upon registration at the registration desk for admittance to the meeting.

Duly completed and executed proxies must be received by the Company's transfer agent no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement of the Meeting. Completed proxies can be submitted by mail or facsimile and must be received by the Company's transfer agent before 1:00 p.m. (Toronto time) on March 19, 2019:

By mail:

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

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

Completing the Form of Proxy and Discretionary Authority

If you vote by proxy, the directors 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 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 the Company's transfer agent.

The enclosed form of proxy and voting instructions submitted confer discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of annual meeting of Shareholders and with respect to other matters which may properly come before the Meeting. At the time of printing of this Circular, neither the directors nor officers of the Company are aware of any such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to the directors or officers of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

The Voting Shares represented by any proxy received by management will be voted for 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 and 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.

How to Vote – Non-Registered Shareholders

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, they 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.

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 no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement of the Meeting.

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.

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 the Company’s transfer agent.

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 19, 2018;
- 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.

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.

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 arrangement of the Company and as further summarized below.

As at February 14, 2019, the following Voting Shares in the capital of the Company were issued and outstanding:

Common Voting Shares	13,121,883
Variable Voting Shares	334,144

Each 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.

In May 2017, the Minister of Transport tabled in the House of Commons Bill C-49, entitled An Act to amend the Canada Transportation Act and other Acts respecting transportation and to make related and consequential amendments to other Acts ("**Bill C-49**"). Bill C-49 received royal assent in December 2018. Among other things, Bill C-49 increases foreign ownership limits in Canadian airlines 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. Accordingly, Cargojet intends to amend its articles to increase the foreign ownership limits on its Voting Shares at the 2020 annual meeting of Shareholders.

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 other than:

Name	Voting Shares Owned on a Non-Diluted Basis ⁽¹⁾⁽²⁾
Ajay Virmani and The Virmani Family Trust	1,516,141 / 11.3%

Notes:

- (1) The information as to Voting Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the Shareholders listed above. Voting Shares excludes any vested or unvested options or restricted share units awarded by the Company.
- (2) Assuming the vesting of all outstanding options or restricted share units awarded by the Company and the conversion of the Company's \$123,294,000 of outstanding 4.65% convertible debentures (the "**4.65% Convertible Debentures**") converted at the conversion price of \$58.65 per Common Voting Share, of which Ajay Virmani currently holds \$1,000,000, the number of Voting Shares owned by Ajay Virmani on a partially diluted basis 1,607,677/ 9.2%.

Record Date and Quorum

The Board has fixed the record date of February 14, 2018 for the purpose of determining Shareholders entitled to receive notice of and to vote at the Meeting. Only persons registered as Shareholders on the books of the Company as of the close of business on the record date are entitled to receive notice of and to vote at the Meeting. The failure of any Shareholder to receive notice of the Meeting does not deprive the Shareholder of the right to vote at the Meeting.

A quorum is present at the Meeting if the holders of not less than 25% of the 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. If a quorum is present at the opening of the Meeting, the shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the shareholders present or represented by proxy may adjourn the Meeting to a fixed time and place, but may not transact any other business.

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, 2018 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; and
4. to transact such other business as may properly come before the Meeting or any adjournments thereof.

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, 2018 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 website at www.cargojet.com.

Election of Directors

The Company's Board of Directors is currently comprised of five directors. The persons identified in the section "Director Nominees" will be nominated for election as directors. 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.

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 adopted a majority voting policy in 2013. 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

In March 2017, the Company adopted an advance notice by-law (the "**Advance Notice By-Law**") 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 SEDAR 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. (the "**GP**"), Cargojet Holdings Limited Partnership (the "**Partnership**"), the Virmani Family Trust, the Mills Family Trust and the Porteous Family Trust (the "**Vendor Group**") establishes certain nomination rights for directors of the Company. Pursuant to the Amended and Restated Security Holders Agreement, 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, on a diluted basis, the Company will be comprised of either five or seven directors (such number being determined by the Vendor Group). The Amended and Restated Security Holders Agreement further provides that if the Vendor Group holds an aggregate of at least 20% of the issued and outstanding Voting Shares, the Vendor Group will be entitled to nominate three directors; if the Vendor Group holds an aggregate of between 15% and 20% of the issued and outstanding Voting Shares, it will be entitled to nominate two directors; and if the Vendor Group holds an aggregate of between 10% and 15% of the issued and outstanding Voting Shares, it will be entitled to nominate one director. Based on its share ownership, the Vendor Group has the right to nominate one director at the Meeting, and its nominee is Ajay Virmani. See "General Proxy Matters – Principal Holders of Voting Shares."

Appointment of Auditors

The Board of Directors, on the advice of the Audit Committee, recommends the reappointment of Pricewaterhouse Coopers LLP ("**PwC**") as auditors of the Company for the year ending 2019 until the next annual meeting for Shareholders. Shareholders will be asked to vote on the appointment of the auditors of the Company and to authorize the directors of the Company to fix their remuneration. PwC has served as the auditor of the Company since being appointed in August 2016. During the five financial years ended December 31, 2018 our auditors were: Deloitte LLP – 2014 to 2016 and PwC – 2017 to 2018. 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.

Additional information on our auditors is available in our annual information form for the year ended December 31, 2018, which can be accessed through www.sedar.com

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.

Other Business

The Meeting will provide an opportunity to report on any other business as may properly come before the Meeting and to invite questions from Shareholders.

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

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


DIRECTOR NOMINEES

The Board has determined that, at the present time, there will be five directors, each of whom is to be elected at this Meeting and who will 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. If prior to the Meeting, any of the listed nominees become unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder. 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.


Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the election, as directors of the Company, of each of the nominees whose names are set forth below.

The following table sets out certain information regarding each of our nominee directors:


	JAMES CRANE Houston, Texas, USA Age: 65 Director since 2015 Independent 2018 Voting Results: For: 95.24% Withheld: 4.76%		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:	2018 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⁾ Nobors Industries ⁽²⁾	May 2008 February 2012
Securities Held or Controlled:					
As at	Total Securities	Total Market Value of Securities	Minimum Shareholding Requirements	Meets Requirements	
February 21, 2019	8,787 Options 102,043 Variable Voting Shares	\$7,281,318	\$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


	AJAY VIRMANI Oakville, Ontario, Canada Age: 62 Director since 2005 2018 Voting Results: For: 97.24% Withheld: 2.76%	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.		
	Board/Committee Memberships at the Date Hereof: Member of the Board	2018 Attendance 4 of 4	Attendance (Total): 4 of 4 100%	
Securities Held or Controlled:				
As at	Total Securities	Total Market Value of Securities	Minimum Shareholding Requirements⁽¹⁾	Meets Requirements
February 21, 2019	1,516,141 Common Voting Shares ⁽²⁾ \$1,000,000 4.65% Convertible Debentures 45,000 Options 29,486 Restricted Right Share Units	\$108,862,773	N/A	N/A

- (1) Minimum shareholding requirements only apply to independent directors. See "General Proxy Matters – Principal Holders of Voting Shares" for further information regarding Mr. Virmani's holdings.
(2) Mr. Virmani holds 85,641 Common Voting Shares personally and 1,430,500 Common Voting Shares through The Virmani Family Trust. See "General Proxy Matters – Principal Holders of Voting Shares."

	ARLENE DICKINSON Calgary, Alberta, Canada Age: 62 Director since 2018 Independent 2018 Voting Results: For: 99.60% Withheld: 0.40%	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 Communciations Ltd. one of Canada's largest independent full service marketing agencies. Ms. Dickinson serves as a Director of Anchor Capital Corporation and Australia Capital Inc. 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.		
	Board/Committee Memberships at the Date Hereof: Member of the Board CNC CGC (Chair) AC	2018 Attendance 4 of 4 4 of 4 4 of 4 4 of 4	Attendance (Total): 16 of 16 100%	
Securities Held or Controlled:				
As at	Total Securities	Total Market Value of Securities	Minimum Shareholding Requirements	Meets Requirements
February 21, 2019	10,000 Common Voting Shares 8,787 Options	\$765,594	\$225,000	Yes

	PAUL GODFREY Toronto, Ontario, Canada Age: 80 Director since 2009 Independent <u>2018 Voting Results:</u> For: 75.66% Withheld: 24.34%		Mr. Godfrey currently serves as the Executive Chairman of Postmedia and the 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 "Mobicity" 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.		
	Board/Committee Memberships at the Date Hereof: Member of the Board CNC (Chair) CGC AC	2018 Attendance 4 of 4 4 of 4 4 of 4 4 of 4	Attendance (Total): 16 of 16 100%		Public Company Directorships: Postmedia Network Inc. May 2010 Postmedia Network Inc. April 2010 RioCan Real Estate Investment Trust ⁽¹⁾ December 1993
Securities Held or Controlled:					
As at	Total Securities	Total Market Value of Securities	Minimum Shareholding Requirements	Meets Requirements	
February 21, 2019	24,584 Common Voting Shares 18,397 Options	\$2,024,523	\$225,000	Yes	

(1) Mr. Godfrey is also a member of the Audit, Nominating and Governance, Human Resource and Compensation, and Investment Committees.

	JOHN WEBSTER Toronto, Ontario, Canada Age: 61 Director since 2005 Independent <u>2018 Voting Results:</u> For: 95.13% Withheld: 4.87%		Mr. Webster has been the President and Chief Executive Officer of Scotia Mortgage Corporation since 2006. Mr. Webster has also been the President and Chief Executive Officer of Maple Trust Company since 1989. Maple Trust Company was acquired by Scotia in 2006. He has been the Chief Executive Officer and previously, the Chief Operating Officer, for regulated financial institutions for over twenty years. During such time Mr. Webster has participated in overseeing numerous internal and external audits as a member of senior management and as a board member. Mr. Webster's current and previous directorships include Maple Trust Company, Scotia Mortgage Corporation, Filogix Inc. and Dundee Financial Corporation. Mr. Webster received an Honours BA from Wilfred Laurier University and an LL.B and B.C.L. from McGill University.		
	Board/Committee Memberships at the Date Hereof: Lead Director CNC CGC AC (Chair)	2018 Attendance 4 of 4 4 of 4 4 of 4 4 of 4	Attendance (Total): 16 of 16 100%		Public Company Directorships: None
Securities Held or Controlled:					
As at	Total Securities	Total Market Value of Securities	Minimum Shareholding Requirements	Meets Requirements	
February 21, 2019	5,584 Common Voting Shares 18,397 Options	\$679,513	\$225,000	Yes	

Remuneration of Directors

The Board's compensation is designed to attract and retain experienced directors, leading to the long-term success of the Company. This requires that directors be adequately and competitively compensated,

Non-executive directors of the Company receive an annual Board retainer of \$75,000. The Chairman of the Board receives additional remuneration of \$100,000 and the Chairs of the Audit Committee, the Corporate Governance Committee ("CGC") and the Compensation and Nominating Committee ("CNC"), respectively, receive additional remuneration of \$20,000, \$15,000 and \$15,000. The members of the Board, the Audit Committee, CGC and CNC, respectively, receive \$1,875 per meeting.

The following table provides information regarding compensation earned by the directors for acting in such capacity during the financial year ended December 31, 2018. No compensation is paid to Mr. Virmani in his capacity as director of the Company. For a summary of compensation paid in his capacity as an executive officer of the Company, see "Executive Compensation – Summary Compensation Table.

Name ⁽¹⁾	Fees earned (\$) ⁽²⁾	Share-based awards (\$) ⁽³⁾	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) ⁽⁴⁾	Total (\$)
Jim Crane ⁽⁵⁾	265,651	38,536	100,000	-	-	-	404,187
John Webster	162,000	29,993	100,000	-	-	-	291,993
Paul Godfrey	120,000	29,993	100,000	-	-	-	249,993
Arlene Dickinson	120,000	-	100,000	-	-	120,200	340,200

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 \$1.2959 CAD to \$1.00 USD.
- (3) 467 Common Voting Shares were granted to each of Mr. John Webster and Mr. Paul Godfrey, and 600 Variable Voting Shares were granted to Mr. Crane. There are no unvested shares or other share based compensation as at February 21st, 2019.
- (4) 10,000 Common Voting Shares of Cargojet were issued to Arlene Dickinson on a non-brokered private placement basis. The private placement facilitated Ms. Dickinson's acquisition of shares under the Corporation's share ownership requirements for directors. The amount represents the difference between the market value of the shares and the private placement price paid by Ms. Dickinson.
- (5) The dollar amounts of the 2018 option awards represents the fair value of Options on the date they were granted. The grant date for the Options was May 23, 2018. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
 - i. Risk free rate: 1.75%
 - ii. Dividend yield: 1.33%
 - iii. Expected volatility: 27.97%

The Company also reimbursed directors for out-of-pocket expenses for attending meetings. No director compensation was paid to directors who were members of management of the Company or its subsidiaries.

Share Ownership Requirements

In 2014, the Company implemented share ownership guidelines for its independent directors. Independent directors are required to maintain an investment in Cargojet shares equal to 3 times their annual retainer. Each independent director must satisfy these guidelines by the later of: (i) March 1, 2019 and (ii) within 5 years of the executive's date of hire. As at the date hereof, all the directors have met the required level of investment in Cargojet shares.

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 was President and Chief Executive Officer of the National Post Inc., which was part of CanWest when it voluntarily entered into Companies' Creditors Arrangement Act ("CCAA") protection and successfully obtained an order from the Ontario Superior Court of Justice (Commercial Division) commencing proceedings under the CCAA on October 6, 2009. The National Post was outside creditor protection under the CCAA proceedings, and on October 31, 2009 was transferred from the media conglomerate's holding company Canwest Media Inc. to a new subsidiary of the publishing group. The National Post was acquired by Postmedia Network in July 2010.

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

No proposed director has been subject to: (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

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

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

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

The Board

Independence

The Board is 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, the Founder/ President & Chief Executive Officer ("**CEO**"), is not independent on the basis that he is an executive officer of the Company. All committees of the Board are comprised entirely of independent directors.

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

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
Airline-Specific Expertise	X	X			
CEO of a Company	X	X	X	X	X
Corporate Governance	X	X	X	X	X
Legal and Regulatory		X			X
Government Affairs		X		X	X
HR/Labour Relations	X	X		X	
Finance/Accounting	X	X	X	X	X
International Business	X	X	X		
Strategic Planning	X	X	X	X	X

Board Charter

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

A copy of the Charter of the Board setting out the Board's mandate, responsibilities and the duties of its members is attached as Schedule "A" to this Circular and is available on our website at www.cargojet.com.

Board Assessments

The current practice of the Board is for the Board to make ongoing, informal assessments of the performance of the Board, its committees and individual directors. The Board intends to implement a more formal assessment process,

including through the use of questionnaires and one-on-one interviews with each director by the Chairman of the Board, in order to identify opportunities to enhance the operations and effectiveness of the Board and its committees.

Director Term Limits

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

Diversity Policy and Women on the Board

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 Corporation's stakeholders, including its customers and employees and the changing demographics of the communities in which the Corporation 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 Corporation has already identified women candidates of interest as it aspires towards Board composition in which women comprise at least one-third of directors. The Corporation aspires towards Board composition in which women comprise at least one-third of directors.

The Board will promote its objectives through such measures as the periodic evaluation and assessment of individual Board and committee members, the 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.

As at the date hereof, one woman is a member of the Board and five women hold executive positions, representing approximately 20% and 21.0%, respectively, of such positions.

Position Descriptions

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

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

Chairman of the Board

James Crane, the Chairman of the Board, is a non-executive director and meets the Board's independence standards. The primary functions of the Chairman of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under its mandate. The chair's key responsibilities include duties relating to setting board meeting agendas, chairing Board and shareholder meetings, director development, providing input on potential director candidates, providing feedback to the CEO and communicating with Shareholders. The position description of the Chairman of the Board is reviewed by the CGC. For more detailed

information on the chairman's responsibilities, the position description of the Chairman of the Board 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 committee Chair's responsibilities include, among others; (i) duties relating to setting committee meeting agendas, (ii) chairing committee meetings and reporting to the Board on behalf of the committee, (iii) working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee, and (iv) carrying out other duties as requested by the Board, depending on need and circumstances. For more detailed information on the responsibilities of the Chair of each of the Audit Committee, the CNC and CGC, each position description is available on our website at www.cargojet.com.

CEO

The CEO's key responsibilities include, among others, duties relating to the stewardship of the business and affairs of the Company in accordance with the strategic plan as approved by the Board of Directors, which includes duties and responsibilities related to leadership and governance, business and organizational management and risk management. For more detailed information on the CEO's responsibilities, the position description of the CEO is available on our website at www.cargojet.com.

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

Lead Director

Mr. Webster is the Lead Director. The lead director provides leadership to the independent directors, as applicable, and is responsible with the Chairman of the Board to effectively manage the affairs of the Board and ensure 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.

Vice President Corporate Governance

The Vice President Corporate Governance of the Company is responsible for developing the processes, customs and policies affecting the way in which the Company is directed, administered and controlled. The responsibilities of the Vice President Corporate Governance include liaising with the Board and CGC regarding risk management and corporate governance practices, providing guidance on the preparation of financial statements, internal controls, nomination practices and compensation arrangements and overseeing governance-related policies. Mr. Fernando Garcia is the Vice President Corporate Governance.

Orientation and Continuing Education

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

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education of the directors, the Board, through consultation with its committees will:

- (a) periodically canvas the directors to determine their training and education needs and interests;
- (b) arrange ongoing visitation by the directors to the Company's facilities and operations;
- (c) arrange the funding for the attendance of the directors at seminars or conferences of interest and relevance to their position as a director; and
- (d) encourage and facilitate presentations by outside experts to the Board or its committees on matters of particular importance or emerging significance.

Code of Ethics

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

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

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

Compensation and Nominating Committee

The CNC is composed of Paul Godfrey, James Crane, Arlene Dickinson and John Webster, all of whom are independent. The Board has adopted a written mandate for the CNC. The responsibilities of the CNC include assisting the Board in fulfilling its oversight responsibilities with respect to, among other things, (i) the compensation paid to directors of the Board, members of standing committees of the Board, management and employees of the Company, (ii) evaluating the performance of the CEO and determining his compensation and (iii) identifying individuals qualified to be nominated as members of the Board.

See "Executive Compensation – Compensation Governance" 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 CNC include assisting the Board in fulfilling its oversight responsibilities with respect to, among other things, (i) developing corporate governance guidelines and principles for the Company, (ii) evaluating the performance of management of the

Company, the effectiveness of the Board and the contribution of its individual members and (iii) assisting the Chairman of the Board in carrying out his responsibilities.

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 James Crane, Paul Godfrey, Arlene Dickinson and John Webster. Mr. Webster is the Chair of the Audit Committee.

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

- financial reporting and internal controls;
- corporate governance issues; and
- issues relating to compensation of directors, officers and employees.

Information regarding the Company's Audit Committee is contained in the Company's annual information form (the "AIF") dated February 21, 2019 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.

CORPORATE PERFORMANCE

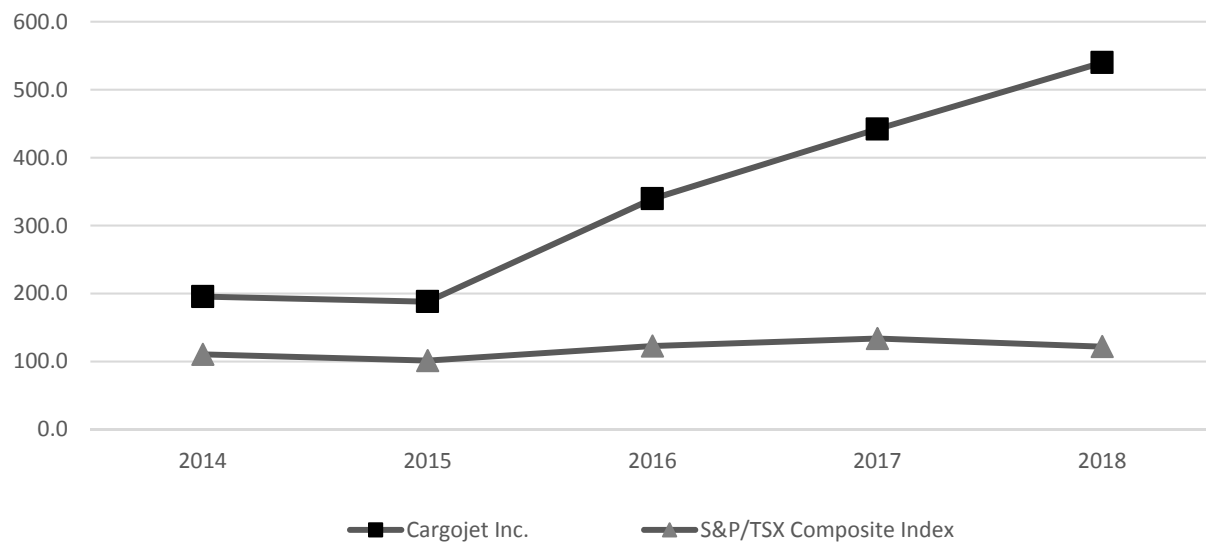
2018 Key Accomplishments

In 2018, Cargojet was able to achieve numerous important performance milestones and accomplish key strategic objectives. The following is a summary of these accomplishments, among others:

- Negotiation of a new five-year collective agreement with the Company's pilot union;
- Completion of \$75 million offering of 5.75% listed senior unsecured hybrid debentures;
- Securing additional aircraft, crew, maintenance and insurance agreements with an existing customer for flights to the USA and Mexico;
- Negotiation of amended and extended \$400 million revolving 5-year facility;
- Record revenue of \$454.9 million, \$72.0 million or 18.8% over 2017; and
- Record adjusted EBITDA of \$128.0 million, \$18.5 million or 16.9% over 2017.

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, 2014 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. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018
Cargojet Inc.	195.5	188.1	339.5	442.0	539.8
S&P/TSX Composite Index	110.6	101.4	122.7	133.9	122.0
NEOs Total Compensation (\$M)	5.4	9.0	15.7	11.1	12.9

During the period from January 1, 2014 to December 31, 2018, the Company's cumulative total shareholder return increased by 439.8% compared to the S&P/TSX Index increase of 22.0%. During this same period, the annual base salaries of the NEOs increased on average by 140%. Total compensation (excluding benefits) during this period increased by 144%. The Company's executive compensation program, which includes base salary and short-term and long-term incentive programs, are designed to align Cargojet's financial and market performance with the value its NEOs receive from these performance-based programs.

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

Compensation and Nominating Committee Letter to Shareholders

Dear fellow Shareholders,

On behalf of the Board of Directors, the Compensation and Nominating Committee (the “**CNC**”) oversees the Company’s approach to executive compensation, including decisions regarding NEO compensation. The CNC is also committed to maintaining a healthy, constructive and ongoing dialogue with you regarding our governance structure and practices, including executive compensation, and to improve continuously by aligning with appropriate recognized and emerging best practices as the Company continues to evolve and grow.

In 2018, this dialogue with you triggered a comprehensive review to improve several of the Company’s governance mechanisms. The full deployment of the following improvements will be effective as of 2019.

New Approach to Long-term Incentives

During 2018, the CNC has reviewed the NEOs’ compensation structure. Starting in 2019, the Company will introduce a non-dilutive Performance Share Unit (“**PSU**”) Plan with no guaranteed minimum vesting in the NEOs’ long-term pay mix (67% PSUs and 33% stock options). The Restricted Share Units (“**RSUs**”) vesting based only on the passage of time have been eliminated from the regular LTIP program. The new PSU plan will consist of 3-year cash-settled units vesting based on absolute return on invested capital (“**ROIC**”) and on relative total shareholder return (“**TSR**”).

Other Governance Improvements

The Board has also improved the Company’s governance as follows:

- adoption of clawback provisions to recoup incentive compensation under certain circumstances;
- adoption of anti-hedging provisions to ensure proper alignment with shareholders;
- tightening of change of control provisions to make them double trigger;
- adoption of a Board gender diversity policy reflecting our commitment to continue to increase over time the proportion of women sitting on the Board;
- hiring of a new and independent executive compensation advisor to ensure we adopt a best-in-class approach to executive compensation; and
- revision of our executive compensation peer groups to align with the Company’s most plausible executive talent pool.

2018 Cargojet Performance and CEO Compensation

2018 was a very good year for Cargojet and its Shareholders. The Company’s total shareholder return was 22.1% for the year while the S&P/TSX Composite Index recorded a negative 8.9% return. The year over year growth of revenue was of 18.8% and of adjusted EBITDA was of 16.8%.

As a result, our CEO received a STIP award corresponding to 250% of target maximum and an LTIP award equal to 250% of target maximum.

2019 CEO Compensation

The most notable year-over-year change in our CEO's 2019 compensation is the introduction of PSUs and the elimination of RSUs in the pay mix. The new PSUs are fully at-risk and will vest based on 3-year post-grant performance, whereas the size of historical time-vesting RSU grants was based on prior year results.

During 2018, the Board also reviewed the market competitiveness of our CEO's compensation relative to a North American group of peer companies and to a Canadian group of general industry companies. In light of the results, effective as of January 1, 2019, target total direct compensation was realigned with the market median. The CEO's base salary remains unchanged but the total incentive target (STIP + LTIP) was increased by 25% of base salary. In addition, given the substantial long-term alignment with shareholders Mr. Virmani already has as a result of owning 1,516,141 shares of the Company (13,456,027 of shares outstanding as of February 14, 2019), the Board decided to reallocate incentives from the long-term incentive component to the short-term incentive component.

We are committed to engaging effectively and continuously with shareholders. We value the feedback we receive through these interactions, as evidenced by this year's important governance and compensation changes, 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 compensation discussion and analysis.

Sincerely,

Paul Godfrey, Chair

Compensation and Nominating Committee

Introduction

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of its Founder / President & CEO, the CFO and the Company's three most highly compensated executive officers (other than the CEO and CFO) whose total salary and bonus exceeds \$150,000 (together with the CEO and CFO, the "**Named Executive Officers**" or "**NEOs**").

This compensation discussion and analysis ("**CD&A**") is intended to provide Shareholders with an understanding of the Company's approach to compensation, including a description of the decisions and processes involved, the different components of the Company's compensation program, what the Company paid NEOs for the financial year ended December 31, 2018, and why. The NEOs for the financial year ended December 31, 2018 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 Marketing, Public & Government Relations
- (d) John Kim, Chief Financial Officer ("**CFO**")
- (e) George Sugar, Senior Vice President Flight Operations
- (f) 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 Governance

The members of the CNC met four times in 2018 and the Chair of the CNC worked closely with management and the independent executive compensation advisor to ensure that the Company's compensation programs are aligned more closely with Shareholders' interest and fully support the Company's business strategy.

The role of the CNC in the compensation governance process includes the power to: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

CNC's Mandate

The mandate of the CNC includes the following responsibilities:

- ensure 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;
- review the performance and compensation of the President and Chief Executive Officer and other executive officers;
- review performance objectives for STIP and LTIP purposes and review long-term incentive grants;
- review of the executive officer's succession and development plan;
- assists the Board concerning the appointment, hiring, compensation, benefits and termination of executive officers and all other significant employees of the Company;
- review all aspects of compensation paid to the members of the Board; and
- review the Company's approach to matters of nominations to the Board.

Risk Oversight

The CNC is responsible for reviewing the implications of risks associated with the Company's compensation policies and practices and reporting any identified risks that are reasonably likely to have a material adverse effect on the Company. The CNC considers the balance between long-term objectives and short term financial goals incorporated into the Company's executive compensation program and whether or not NEO's are potentially encouraged to expose the Company to inappropriate or excessive risk. More specifically, the Company has adopted the following practices to mitigate compensation-related risks:

- a cap on all STIP and PSU payouts;
- a clawback provision, to be adopted in 2019, will enable 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 for a situation involving serious misconduct, a breach to Company's Code of Ethics, 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; and
- an anti-hedging policy, to be adopted in 2019, prohibiting 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.

Composition of the CNC

As of February 21, 2019, 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 highlight their skills and experiences that are relevant to their responsibilities with respect to executive compensation as described in the biographies and skills of the nominee directors above

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 carry out a market benchmark of the CEO’s total compensation, review the long-term incentive plan design, and assist with the review of the Company’s compensation governance practices. The CNC retained Mercer Canada Limited (“**Mercer**”) to provide retirement consulting services under the direction of the CNC for a designated employee, Mr. Ajay Virmani, CEO of the Company for the year ending December 31, 2017.

The following table presents the fees paid to Hexarem and Mercer.

Fiscal Year	Advisor	Executive compensation-related fees (\$)	All other fees (\$)
2018	Hexarem	\$30,956	--
2017	Mercer	\$37,410	\$6,797

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, 2018 to November 1, 2019, the Company paid an annual premium of \$80,080 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 Named Executive Officers consists primarily of the following three components described in this section:

- base salary;
- short-term incentive plan; and
- long-term incentive plan.

The Company has made significant changes to its executive compensation in 2018 and starting in 2019, LTIP value will be granted in the form of a combination of PSUs, settled in cash, and stock options.

	Old LTIP	New LTIP (effective 2019)
Vehicle	<ul style="list-style-type: none"> • RSUs settled in share • 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 ROIC and relative TSR results. The final payout will range between 0.0x and 2.5x target • Stock options will remain time-vesting, however two-thirds of the LTIP value will be performance-based

2018 Target Pay Mix

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 primary compensation components for the NEOs for fiscal 2018 is shown in the following table:

NAME	Percentage of Target Total Direct Compensation ⁽¹⁾			Percentage of variable compensation ⁽¹⁾
	Base salary	Short-term incentives	Long-term incentives	
Ajay Virmani	16%	42%	42%	84%
Jamie Porteous	33%	38%	29%	67%
Pauline Dhillon	43%	27%	30%	57%
John Kim	47%	25%	29%	54%
George Sugar	47%	25%	29%	54%
Paul Rinaldo	47%	25%	29%	54%

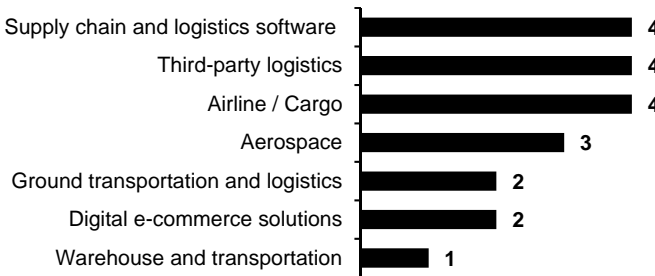
Note:

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

Competitive Benchmarking

In order to attract and retain the leadership it needs, the Company seeks to ensure that its executive compensation programs remain competitive with its market. In 2018, the CNC has asked Hexarem to benchmark the CEO’s total compensation against relevant market practices reflecting current job scope, company challenges and individual track record.

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  <p><i>Compensation data were also supplemented with statistics from a group of similarly-sized Canadian publicly-traded companies from the general industry</i></p>
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.	

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	2017 Base salary	2018 Base salary
	Ajay Virmani	\$975,000
Jamie Porteous	\$495,000	\$495,000
Pauline Dhillon	\$300,000	\$300,000
John Kim	\$275,000	\$275,000
George Sugar	\$250,000	\$250,000
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 can represent a substantial proportion of total compensation.

The STIP and LTIP are based on the Company meeting specific 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 targets.

At the end of the fiscal year, management determines the results for each of the STIP and LTIP performance measures, and these are compared to the pre-established financial and non-financial targets. No STIP or LTIP awards are normally paid for a performance measure if the result falls below the established threshold.

2018 Performance and Compensation Decisions

At the beginning of 2018, management and the CNC agreed in regard to the STIP and LTIP on a targeted Adjusted EBITDA of \$128.1 million before management bonuses for the year ending December 31, 2018.

For the fiscal year ending on December 31, 2018, the Board has approved the following STIP and LTIP payouts to each NEO based on the 2018 actual Adjusted EBITDA of \$136.6 million before management bonuses and their personal performance:

2018 Adjusted EBITDA before management bonuses		Name	STIP based on the Adjusted EBITDA and individual performance		LTIP based on the Adjusted EBITDA and individual performance	
Targeted	Actual		Target at maximum	2018 actual	Target at maximum	2018 actual
\$128.1 million	\$136.6 million	Ajay Virmani	250.0%	250.0%	250.0%	250.0%
		Jamie Porteous	113.8%	113.8%	87.5%	87.5%
		Pauline Dhillon	61.3%	61.3%	70.0%	70.0%
		John Kim	52.5%	52.5%	60.0%	60.0%
		George Sugar	52.5%	52.5%	60.0%	60.0%
		Paul Rinaldo	52.5%	52.5%	60.0%	60.0%

2018 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 financial and personal targets. Pursuant to the LTIP, awards are comprised of grants from the Company's RSU Plan and Option Plan.

The 2018 RSU and stock options grants were as follow:

NAME	Number of RSUs Granted	Grant Value \$	Number of Stock Options Granted	Grant Value \$
Ajay Virmani	30,362	1,950,027	45,000	685,386
Jamie Porteous	6,744	433,139	15,000	228,462
Pauline Dhillon	3,270	210,019	15,000	228,462
John Kim	2,569	164,996	15,000	228,462
George Sugar	2,336	150,032	10,000	152,308
Paul Rinaldo	2,336	150,032	10,000	152,308

Starting in 2019, RSUs will be replaced with PSUs vesting after three years based on absolute ROIC and relative TSR results.

The following tables outline the Burn Rate for the past three years as of December 31, 2018, calculated using the TSX prescribed methodology. The burn rate is calculated by dividing the number of RSUs or 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	RSUs Granted	Weighted Average Number of Securities Outstanding	Annual Burn Rate
2016	29,297	10,450,454	0.3%
2017	63,089	12,117,861	0.5%
2018	56,566	13,410,024	0.4%

YEAR	Options Granted	Weighted Average Number of Securities Outstanding	Annual Burn Rate
2016	280,406	10,450,454	2.7%
2017	-	12,117,861	-
2018	185,148	13,410,024	1.4%

The following table provides a summary, as at December 31, 2018, 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, 2018	Weighted-average exercise price of outstanding options, warrants and rights as at December 31, 2018 (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) as at December 31, 2018
Equity Compensation Plan Approved by Shareholders			
• RSUs	57,675	--	372,820 ⁽¹⁾
• Stock Options	208,656	61.87	463,993 ⁽²⁾
Equity Compensation Plan not Approved by Shareholders	--	--	--

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, 2018
- (2) This number represents the aggregate number of securities available for future issuance under the Option Plan and represents 3.4% of the issued and outstanding Voting Shares as at December 31, 2018.

The following are summaries of the RSU Plan and the Option Plan, which were approved by Shareholders and the TSX.

Restricted Share Units

The number of RSUs awarded will be credited to the participant's account effective on the grant date of the RSUs. An RSU represents a right to receive one Common Voting Share or Variable Voting Share, as applicable, issued from treasury on the later of: (i) the date which is the first day after a restricted period as determined by the Committee (the "**Restricted Period**"); and (ii) a date determined by an eligible participant that is after the Restricted Period but is not later than the participant's retirement date or termination date (a "**Deferred Payment Date**"). Participants seeking to set a Deferred Payment Date may do so by giving the Company at least 60 days' notice prior to the expiration of the Restricted Period. The Committee may also make the vesting of RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants.

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

The number of Common Voting Shares or Variable Voting Shares, or any combination thereof, to be reserved for issuance under the RSU Plan shall be that number that is equal to 3.2% of the issued and outstanding Voting Shares from time to time. As of the date hereof, this represents 430,593 Voting Shares. The maximum number of Common Voting Shares or Variable Voting Shares, or any combination thereof, issuable to insiders, at any time, pursuant to the RSU Plan and any other security-based compensation arrangements of the Company is 10% of the total number of Voting Shares then outstanding. The maximum number of Common Voting Shares or Variable Voting Shares, or any combination thereof, issuable to insiders, within any one year period, pursuant to the RSU Plan and any other security-based compensation arrangements of the Company is 10% of the total number of Voting Shares then outstanding.

The RSU Plan is an "ever green" plan as contemplated under the *TSX Guide to Security Based Compensation Arrangements*. Any increase in the issued and outstanding Voting Shares will result in an increase in the available number of Common Voting Shares and Variable Voting Shares, or any combination thereof, issuable under the RSU Plan. Any issuance of Voting Shares from treasury, including issuances of Common Voting Shares or Variable Voting Shares, as applicable, pursuant to the settlement of RSUs, shall automatically replenish the number of Common Voting Shares or Variable Voting Shares, as applicable, issuable under the RSU Plan. When an RSU is settled, cancelled or terminated, a Common Voting Share or Variable Voting Share, as applicable, shall automatically be available for the grant of a new RSU under the RSU Plan. Grants of RSUs and grants under all other security-based compensation arrangements of the Company to non-employee directors should not exceed an annual equity value of \$150,000 to each non-employee director (based on the grant date fair value of the RSUs).

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

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

price of a Voting Shares on the date on which dividends were paid by the Company. If the foregoing shall result in a fractional RSU, the fraction shall be disregarded.

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

The CNC may from time to time in the absolute discretion of the CNC (without Shareholder approval) amend, modify and change the provisions of the RSU Plan, including, without limitation: (i) to make amendments of a house keeping nature, including amendments to the RSU Plan necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange and any amendment to the RSU Plan to correct any ambiguity, defective provision or error or omission therein; (ii) to amend the Restricted Period of any RSU; or (iii) to make any other amendment that does not require Shareholder approval under applicable laws or stock exchange rules.

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

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

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

Stock Option Plan

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

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

compensation arrangements of the Company to non-employee directors should not exceed an annual equity value of \$150,000 to each non-employee director (based on the grant date fair value of the Options).

The Option Plan is an “ever green” plan as contemplated under the *TSX Guide to Security Based Compensation Arrangements*. As a result, should the Company issue any Voting Shares in the future, the aggregate number of Common Voting Shares and Variable Voting Shares issuable under the Option Plan will increase accordingly. Common Voting Shares or Variable Voting Shares in respect of which Options are exercised, expired or cancelled shall become available for the grant of subsequent Options under the Option Plan. The maximum aggregate number of Common Voting Shares or Variable Voting Shares, or any combination thereof, that may be reserved for issuance for all purposes under the Option Plan is 5% of the issued and outstanding Voting Shares at the time of grant. As of the date hereof, this represents 672,801 Voting Shares.

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

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

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

In 2018, the Board amended the Option Plan to provide that, in the event that an optionee exercises an option pursuant to a cashless option, the optionee is entitled to receive, at the optionee's election, either (i) Common Voting Shares or Variable Voting Shares, as described above, or (ii) a cash payment. If the cashless exercise is to be satisfied in cash, the cash payment shall be equal to the Market Price of the Common Voting Shares or Variable Voting Shares, as applicable.

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

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

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

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

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

Under the Option Plan, the Board may from time to time amend or revise the terms of the Option Plan without the consent of the optionees provided that such amendment shall materially affect the rights of the optionees under any Option previously granted under the Option Plan. Certain amendments require Shareholder approval, including, among other things, changes to the maximum aggregate number or percentage of Common Voting Shares and Variable Voting Shares issuable under the Option Plan, amendments to provide for financial assistance, the reduction of Option exercise prices, or extending Option expiry dates beyond their original terms, and any amendments to the amendment provisions of the Option Plan. All other amendments to the Option Plan not specified to require Shareholder approval under the Option Plan may be made by the Board without obtaining Shareholder approval, including (without limitation) amendments of a house-keeping nature.

Perquisites & Benefits

The Company takes a conservative approach to perquisites. Mr. Virmani and Mr. Porteous are provided with an annual car allowance and home office allowance, health and other benefits. For 2018, the aggregate annual perquisites and benefits amounted to \$211,200 for Mr. Virmani and \$110,400 for Mr. Porteous. For 2018, Ms. Dhillon, Mr. Kim, Mr. Sugar and Mr. Rinaldo were each provided an annual car allowance of \$48,000.

Founder / President & CEO Pension Plan

The Board approved an Individual Pension Plan ("IPP") and Supplemental Pension Plan ("SRP") for the Founder / President & Chief Executive Officer effective December 31, 2016. The Board considered the exceptional growth achieved by the Company under the CEO's leadership and recognized that Cargojet had reached a substantially higher level of market capitalization over the past several years. The Board determined that the CEO was essential to the past and future success of Cargojet. In light of Cargojet's success, the Board completed a comprehensive compensation analysis of the competitive and comparative companies in the industry. To recognize the CEO's many years of service with 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 \$26,500 for 2018 and for 2019 will be \$27,230. The amount contributed by the Company will be made to an account with London Life Insurance Company and will be invested in accordance with instructions provided by the Company and applicable laws. Under the IPP, the amount of the pension payable to the CEO on his retirement or death will be an amount that can be purchased from the net balance in the IPP account. The CEO may elect to take the pension in monthly intervals in accordance with the *Pension Benefits Standards Act* for the remainder of his lifetime or over a guaranteed period not exceeding 15 years. If the CEO dies, his spouse will be entitled to 60% of the amount payable to the CEO in respect of his pension under the IPP.

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

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

See the following tables in respect of the SRP and the IPP which reflect the current status of each plan as at December 31, 2018:

Supplemental Pension Plan ("SRP")

Name and Principal Position	Number of years credited service ⁽¹⁾	Annual benefits payable (\$) ⁽²⁾		Opening present value of defined benefit obligation (\$) ⁽³⁾	Compensatory changes (\$) ⁽⁴⁾	Non-compensatory changes (\$) ⁽⁵⁾	Closing present value of defined benefit obligation (\$) ⁽⁶⁾
		At year end	At age 65				
Ajay Virmani Founder / President & Chief Executive Officer	17.25	763,600	1,070,833	10,487,000	1,023,000	1,644,000	13,154,000

Notes:

- (1) The number of years credited service reflects Mr. Virmani's actual tenure with the Company as at December 31, 2018.
- (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, 2016 and is based on actuarial assumptions as at December 31, 2016. The actual assumptions include the following:
 - i. Discount Rate: 3.9% per year
 - ii. Increase in pensionable earnings: 2.75% 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, 2018 and is based on actuarial assumptions as at December 31, 2018. The actuarial assumptions include the following:
 - i. Discount Rate: 3.6% 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

Individual Pension Plan (“IPP”)

Name and Principal Position	Accumulated value at start of year (\$)	Compensatory (\$)	Non Compensatory (\$)	Accumulated value at end of year (\$)
Ajay Virmani Founder / President & Chief Executive Officer	26,230	26,500	(1,976)	50,754

Summary Compensation Table

The following table provides information for the financial years ended December 31, 2018, 2017 and 2016 regarding compensation paid to or earned by the NEOs.

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽³⁾	Option Based Awards (\$) ⁽³⁾	Non-Equity Annual Incentive Plans (STIP) (\$)	Pension Value (\$) ⁽¹⁾⁽²⁾	All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
Ajay Virmani ⁽³⁾ Founder, President & Chief Executive Officer	2018	975,000	2,437,500	685,386	2,437,500	2,667,000	211,200	9,413,586
	2017	975,000	1,950,027	-	1,950,000	1,808,430	211,200	6,894,657
	2016	911,346	1,312,498	100,000	1,312,500	8,705,000	153,600	12,494,944
Jamie Porteous ⁽³⁾ Executive Vice President and Chief Commercial Officer	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
	2016	495,000	433,130	100,000	563,063	13,005	260,400	1,864,598
Pauline Dhillon Executive Vice President Marketing, Public & Government Relations	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
	2016	250,000	150,008	-	178,125	10,096	48,000	636,229
John Kim Chief Financial Officer and Vice-President Governance and Corporate Secretary	2018	275,000	165,000	228,462	144,375	13,010	48,000	873,847
	2017	275,000	164,996	-	144,375	11,000	48,000	643,371
	2016	275,000	165,009	-	144,375	11,000	48,000	643,384
George Sugar Senior Vice President Flight Operations	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
	2016	250,000	150,008	-	131,250	12,500	48,000	591,758
Paul Rinaldo Senior Vice President Engineering and Maintenance	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
	2016	250,000	150,008	-	131,250	12,500	48,000	591,758

Notes:

- (1) The entire amount for Mr. Virmani’s 2016, 2017 & 2018 pension values represents the accrual of future pension benefits for his 15.25, 16.25 and 17.25 years of past service as at the financial years ended December 31, 2016, 2017 and 2018 and is a non-cash charge. No amounts will be paid to Mr. Virmani until he retires (see the table in “Supplemental Pension Plan”).
- (2) Pension value amounts for the other NEOs are the amounts contributed by the Company to the Company’s Deferred Profit Sharing Plan.
- (3) See “Details of Share-Based and Option-Based Awards”. Mr. Virmani’s award was adjusted to \$2,437,500 from \$1,950,000 as per the terms of his incentive agreement.
- (4) No compensation was paid to Mr. Virmani in his capacity as a director. Mr. Virmani’s annual salary was increased to \$975,000 effective January 1, 2017.
- (5) Details of all other compensation are provided in the following table.

Name and Principal Position	Year	Automobile Allowance (\$) ⁽¹⁾	Home Office Allowance (\$)	Health Club and Other Memberships (\$)	Total All Other Compensation (\$)
Ajay Virmani President and Chief Executive Officer	2018	120,000	43,200	48,000	211,200
	2017	120,000	43,200	48,000	211,200
	2016	120,000	21,600	12,000	211,200
Jamie Porteous Executive Vice President and Chief Commercial Officer	2018	84,000	14,400	12,000	110,400
	2017	84,000	14,400	12,000	110,400
	2016	84,000	14,400	12,000	110,400
Pauline Dhillon Executive Vice President Marketing, Public & Government Relations	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000
	2016	48,000	-	-	48,000
John Kim Chief Financial Officer and Vice-President Governance and Corporate Secretary	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000
	2016	48,000	-	-	48,000
George Sugar Senior Vice President Flight Operations	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000
	2016	48,000	-	-	48,000
Paul Rinaldo Senior Vice President Engineering and Maintenance	2018	48,000	-	-	48,000
	2017	48,000	-	-	48,000
	2016	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.

Name and Principal Position	Share Based Awards (\$)			Option Based Awards (\$)			
	Year	LTIP Awards RSU's ⁽¹⁾	Other Awards RSU's ⁽³⁾	Total Share Based Awards	LTIP Awards Options	Other Awards Options ⁽²⁾⁽⁴⁾⁽⁵⁾	Total Option Based Awards
Ajay Virmani	2018	2,437,500	-	2,437,500	-	685,386	685,386
President and Chief Executive Officer	2017	1,950,027	-	1,950,027	-	-	-
	2016	1,312,498	-	1,312,498	-	100,000	100,000
Jamie Porteous	2018	433,125	-	433,125	-	228,462	228,462
Executive Vice President and Chief Commercial Officer	2017	433,139	-	433,139	-	-	-
	2016	433,130	150,000	583,130	-	100,000	100,000
Pauline Dhillon	2018	210,000	-	210,000	-	228,462	228,462
Executive Vice President	2017	210,019	-	210,019	-	-	-
Marketing, Public & Government Relations	2016	150,008	-	150,008	-	-	-
John Kim	2018	165,000	-	165,000	-	228,462	228,462
Chief Financial Officer and Vice-President	2017	164,996	-	164,996	-	-	-
Governance and Corporate Secretary	2016	165,009	-	165,009	-	-	-
George Sugar	2018	150,000	-	150,000	-	152,308	152,308
Senior Vice President	2017	150,032	-	150,032	-	-	-
Flight Operations	2016	150,008	-	150,008	-	-	-
Paul Rinaldo	2018	150,000	-	150,000	-	152,308	152,308
Senior Vice President	2017	150,032	-	150,032	-	-	-
Engineering and Maintenance	2016	150,008	-	150,008	-	-	-

Notes:

- (1) The LTIP RSU awards for 2018 will be granted in 2019 at least 10 trading days after the release of the Company's financial results. The final mix of RSUs and Options will be determined at the time the award is granted. The mix of share-based and option-based LTIP awards for 2018 has been estimated as 100% share-based and 0% option based. The dollar amounts of the 2016 and 2017 awards represent the fair value of RSUs on the date they were granted. The grant date for the RSUs was at least 10 trading days after the release of Cargojet's financial results. The value of each RSU was determined based on the volume weighted average price of the Company's common shares on the Toronto Stock Exchange for the 5 trading days preceding the grant date. RSUs vest annually. Two-thirds of these granted awards have vested as of February 21, 2019.
- (2) As recognition of the contributions of the CEO to the successful transition of a major new customer contract and the implementation of significant cost reduction initiatives in 2015, the CEO and CCO were awarded \$100,000 of Options in 2016 that were granted and vested in 2016. These amounts were in addition to the CEO's and CCO's STIP and LTIP awards.
- (3) As further recognition of the contributions of the CCO to the successful transition of a major new customer contract and the implementation of significant cost reduction initiatives in 2015, the Board awarded the CCO \$150,000 of RSU's in 2016 that were paid in cash in 2018 in lieu of RSUs. This amount was in addition to the CCO's STIP and LTIP awards for 2016.
- (4) In recognition of the contributions by the NEOs, all were awarded with a special grant of options in 2018. The dollar amounts of the 2018 option awards represents the fair value of Options on the date they were granted. The grant date for the Options was May 23, 2018. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
 - iv. Risk free rate: 1.75%
 - v. Dividend yield: 1.33%
 - vi. Expected volatility: 27.97%
- (5) The dollar amounts of the 2016 option awards represents the fair value of Options on the date they were granted. The grant date for the Options was November 17, 2016. The value of each Option was determined by the using the Black-Scholes valuation method which is the industry standard method to value options. The following assumptions were used:
 - vii. Risk free rate: 1.75%
 - viii. Dividend yield: 1.41%
 - ix. Expected volatility: 32.96%

Incentive Plan Awards

The following tables provide information regarding the value on pay-out or vesting of incentive plan awards for the financial year ended December 31, 2018:

Outstanding Share-based and Option-based Awards

Name	Option-based Awards				Share-based Awards			
	Number of Unexercised Options	Option Exercise Price	Option Expiry Date	Value of Unexercised in-the-money Options ⁽¹⁾	Number of RSUs that have not vested	Market Value of RSUs that have not vested ⁽¹⁾	RSU Award Date	Market Value of vested RSUs that have not been distributed ⁽²⁾
Ajay Virmani	45,000	\$64.23	May 23, 2023	\$ 295,385	20,241 9,245	\$ 1,432,860 \$ 654,454	May 23, 2018 Jun 27, 2017	\$ -
Jamie Porteous	15,000	\$64.23	May 23, 2023	\$ 98,462	4,496 3,051	\$ 318,272 \$ 215,980	May 23, 2018 Jun 27, 2017	\$ -
Pauline Dhillon	15,000	\$64.23	May 23, 2023	\$ 98,462	2,180 1,056	\$ 154,322 \$ 74,754	May 23, 2018 Jun 27, 2017	\$ -
John Kim	15,000	\$64.23	May 23, 2023	\$ 98,462	1,713 1,162	\$ 121,263 \$ 82,258	May 23, 2018 Jun 27, 2017	\$ -
George Sugar	10,000	\$64.23	May 23, 2023	\$ 65,641	1,557 1,056	\$ 110,220 \$ 74,754	May 23, 2018 Jun 27, 2017	\$ -
Paul Rinaldo	10,000	\$64.23	May 23, 2023	\$ 65,641	1,557 1,056	\$ 110,220 \$ 74,754	May 23, 2018 Jun 27, 2017	\$ -

Notes:

- (1) The Company's Common Voting Shares, trading under the symbol "CJT" on the TSX, closed at \$70.79 per share on December 31, 2018.
- (2) There were no vested but undistributed Common Voting Shares as at December 31, 2018.
- (3) The market value of unexercised in-the-money Options was calculated as the difference between exercise strike price and the closing price of the Company's Common Voting Shares, trading under the symbol "CJT" on the TSX on December 31, 2018 multiplied by the number of unexercised in-the-money Options.
- (4) The market value of the RSUs that have not vested was calculated as the closing price of the Company's Common Voting Shares, trading under the symbol "CJT" on the TSX on December 31, 2018 multiplied by the number of RSUs that have not vested

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

Name	Number of options vested and exercised during the year ⁽¹⁾	Value of option-based awards vested and exercised during the year ⁽¹⁾	Number of common voting shares vested during the year	Value of share-based awards vested during the year	Value of non-equity incentive plan compensation earned during the year
Ajay Virmani	52,660	\$2,633,210	25,842	\$ 1,714,455	\$ 2,437,500
Jamie Porteous	33,346	\$1,267,391	9,033	\$ 603,773	\$ 563,063
Pauline Dhillon	7,078	\$356,376	3,594	\$ 239,545	\$ 183,750
John Kim	7,786	\$298,736	3,608	\$ 241,308	\$ 144,375
George Sugar	6,408	\$268,604	3,141	\$ 209,956	\$ 131,250
Paul Rinaldo	6,408	\$323,071	3,141	\$ 209,956	\$ 131,250

Note:

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

Name	Number of Vested Options	Option Exercise Price	Option Expiration Date	Option Vesting Date	Option Exercised Date	Exercise Price of Cargojet Shares at exercising Date	Value of Vested In-the-money Options
Ajay Virmani	15,060	\$25.47	Jun 15, 2020	Mar 23, 2018	Aug 24, 2018	\$76.21	\$ 764,170
	37,600	\$26.50	Mar 28, 2021	Mar 23, 2018	Aug 24, 2018	\$76.21	\$ 1,869,040
Jamie Porteous	9,036	\$25.47	Jun 15, 2020	Mar 23, 2018	May 23, 2018	\$64.23	\$ 350,240
	24,310	\$26.50	Mar 28, 2021	Mar 23, 2018	May 23, 2018	\$64.23	\$ 917,151
Pauline Dhillon	4,393	\$25.47	Jun 15, 2020	Mar 23, 2018	Aug 24, 2018	\$76.21	\$ 222,908
	2,685	\$26.50	Mar 28, 2021	Mar 23, 2018	Aug 24, 2018	\$76.21	\$ 133,467
John Kim	4,831	\$25.47	Jun 15, 2020	Mar 23, 2018	May 23, 2018	\$64.23	\$ 187,252
	2,955	\$26.50	Mar 28, 2021	Mar 23, 2018	May 23, 2018	\$64.23	\$ 111,484
George Sugar	4,393	\$25.47	Jun 15, 2020	Mar 23, 2018	Mar 23, 2018	\$67.71	\$ 185,568
	2,015	\$26.50	Mar 28, 2021	Mar 23, 2018	Mar 23, 2018	\$67.71	\$ 83,035
Paul Rinaldo	4,393	\$25.47	Jun 15, 2020	Mar 23, 2018	Aug 24, 2018	\$76.21	\$ 222,908
	2,015	\$26.50	Mar 28, 2021	Mar 23, 2018	Aug 24, 2018	\$76.21	\$ 100,163

Note:

- (1) The payout 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 Common Voting Shares, trading under the symbol "CJT" on the TSX on the exercise dates multiplied by the number of vested in-the-money Options.

Pension Plan Benefits – Deferred compensation plans

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

Termination and Change of Control Benefits

Pursuant to their respective employment agreements, a NEO may resign by providing not less than six months written notice, with certain exceptions. All NEO employment agreements provide that if the NEO is terminated without cause, he 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, Sugar and Rinaldo are bound by non-competition provisions during the period of their employment and for a period of one year after the termination of their employment for cause or voluntarily by Ms. Dhillon and Messrs. Kim, Sugar and Rinaldo, or for a period of one year after the termination of their employment without cause, with certain exceptions. Additionally, the employment agreements of each of Ms. Dhillon and Messrs. Kim, Sugar and Rinaldo include a non-solicitation provision during the term of employment of Ms. Dhillon and Messrs. Kim, Sugar and Rinaldo and for a period of one year following the termination of his employment, with or without cause.

The following table provides details regarding the estimated incremental payments from the Company to each NEO on termination without cause, assuming a triggering event occurred on December 31, 2018.

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾⁽²⁾
Ajay Virmani	36	2,925,000	19,728,704	649,344	23,303,048
Jamie Porteous	24	990,000	5,555,682	229,700	6,775,382
Pauline Dhillon	12	300,000	Nil	Nil	300,000
John Kim	12	275,000	Nil	Nil	275,000
George Sugar	12	250,000	Nil	48,000	298,000
Paul Rinaldo	12	250,000	Nil	Nil	250,000
Totals		4,990,000	25,284,386	927,044	31,201,431

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, 2018.

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, 2018:

Name	Severance Period (# of months)	Base Salary (\$)	STIP and LTIP (\$)	All Other Compensation (\$)	Total Incremental Payment (\$) ⁽¹⁾⁽²⁾
Ajay Virmani	36	2,925,000	19,728,704	649,344	23,303,048
Jamie Porteous	24	990,000	5,555,682	229,700	6,775,382
Pauline Dhillon	24	600,000	Nil	Nil	600,000
John Kim	22	504,167	Nil	Nil	504,167
George Sugar	24	500,000	Nil	96,000	596,000
Paul Rinaldo	24	500,000	Nil	Nil	500,000
Totals		6,019,167	25,284,386	975,044	32,278,597

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, 2018.

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.

Requesting Documents

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

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” CHARTER OF THE BOARD OF DIRECTORS

I. Purpose

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

II. Composition

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

III. Responsibilities

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

Appointing an independent chairman who will be responsible for the leadership of the Board of Directors and for specific functions to ensure the independence of the Board of Directors.

The assignment to committees of directors of the Corporation, the general responsibility for developing the Corporation’s approach to: (i) financial reporting and internal controls; (ii) corporate governance issues; and (iii) issues relating to compensation of directors, officers and employees;

With the assistance of the Audit Committee:

- recommending the appointment of auditors and assessing the independence of the auditors;
- ensuring the integrity of the Corporation’s internal control and management information systems;
- identifying the principal risks of the Corporation’s business and ensuring that appropriate systems are in place to manage these risks;
- approving interim and annual financial statements of the Corporation; and
- reviewing the Charter of the Audit Committee, at least annually.

With the assistance of the Compensation and Nominating Committee:

- approving the compensation of directors, senior management and all other significant employees;

- ensuring that an appropriate selection process for new nominees to the Board of Directors of the Corporation is in place and developing the Corporation's approach to nomination and review of directors, officers and employees; and
- developing the corporate objectives that the Chief Executive Officer is responsible for meeting, and assessing the Chief Executive Officer against these objectives.

With the assistance of the Corporate Governance Committee:

- developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;
- approving the formal charters of the Audit Committee, Compensation and Nominating Committee and Corporate Governance Committee; and
- adopting a communication policy for the Corporation.

Assessing, at least annually, the effectiveness the Board of Directors of the Corporation as a whole, the Audit Committee, Compensation and Nominating Committee and Corporate Governance Committee and the contribution of individual directors, including consideration of the appropriate size of the Board of Directors of the Corporation.

Ensuring that an appropriate orientation and education program for new recruits to the Board of Directors of the Corporation is in place and providing continuing education opportunities for all directors.

Succession planning and the appointment, training and monitoring of the Chief Executive Officer and other senior management.

Developing a position description for the Chair of the Board of Directors and the Chair of each Board Committee.

Developing, together with the Chief Executive Officer, a position description for the Chief Executive Officer, including the definition of the limits to management's responsibilities.

Approving securities compliance policies, including communications policies of the Corporation and reviewing these policies at least annually.

The adoption of a strategic planning process and the approval and review, on at least an annual basis, of a strategic plan that takes into account business opportunities and business risks.

The adoption of a formal process to consider what competencies and skills the board, as a whole, should possess and what competencies and skills each existing director possesses.

The adoption of a formal code of business ethics or business conduct for the Corporation that governs the behaviour of Directors of the Corporation and directors, officers and employees of subsidiaries of the Corporation.

Monitoring compliance with the code of business ethics or business conduct and granting any waivers from compliance with the code for Directors of the Corporation and directors and officers of subsidiaries of the Corporation.

Ensuring that the Charter of the Audit Committee is published in the Corporation's annual report or annual information form as required.

Performing such other functions as prescribed by law or assigned to the Board of Directors of the Corporation in the constating documents governing the Corporation.

IV. Administrative Procedures

The members of the Board of Directors are expected to attend all meetings of Board of Directors unless prior notification of absence is provided.

The members of the Board of Directors are required to have reviewed board materials in advance of the meeting and be prepared to discuss such materials at the meeting.

The Board of Directors shall provide contact information on the website of Cargojet Inc. for the Chairman of the Board of Directors, who will be responsible for receiving feedback from shareholders.